

Chapter 10

Travel and Tourism Sector in India: Potential, Opportunities, and Framework for Sustainable Growth

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ABSTRACT

The travel and tourism industry has emerged as one of the fastest growing sectors contributing significantly to global economic growth and development. While traditionally Europe and America have remained among the tourism markets, new emerging markets are expected to witness high growth in international tourist visits over the next decade. India has significant potential to become a preferred tourist destination globally. Its rich and diverse cultural heritage, abundant natural resources and bio-diversity provides numerous tourist attractions. The total tourist visits in India have been growing at a steady rate of about 16 per cent over the past five years. The travel and tourism sector in India provides significant socio economic benefits. Several industry drivers such as government initiatives, diverse product offerings, growing economy, increasing disposable income levels and marketing initiatives along with key trends such as increasing number of women and senior citizen travellers, multiple short trips and weekend holidays, introduction of innovative tourism concepts and customised tour packages are playing a pivotal role in shaping the Indian tourism sector. Total tourist visits in various states of India over a five year period reveal that while states of Karnataka, Delhi, Punjab, Chhattisgarh, Tamil Nadu and Jammu and Kashmir have improved their positions in 2012 as compared to 2008, those of Uttar Pradesh, Rajasthan, Uttarakhand, West Bengal, Himachal Pradesh and Kerala have witnessed decline. Key attributable reason to the success of tourism in states is the increase in state investments towards the tourism sector. While the key commercial and leisure destinations of Delhi and Maharashtra enjoy good quality transport and accommodation infrastructure, states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh, Rajasthan and Jharkhand may need significant improvements in their rail, road and airport infrastructure. Abundant natural and cultural resources in the northern states provide ample opportunities for development of diverse tourism products along with a single integrated tourism circuit.

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While an array of ancient and modern temples may provide an opportunity for developing states in northern India to emerge pilgrimage destinations, presence of palaces, forts and historical monuments help define their multi-cultural heritage. Also, wildlife sanctuaries with a wide variety of flora and fauna, mighty Himalayas, rivers, deserts, climate and diverse landscape provide attractive opportunities for thrill and adventure activities. It is worthwhile to mention here that tourism sector cannot develop without support of travel. Both are closely linked to each other and hence both the sector should be studied together. The research paper is intended to cover the potential, opportunities and framework for sustainable growth of travel and tourism industry in India. The main source of data will be of secondary type collected through various reliable sources.

INTRODUCTION

Tourism in the present time has great significance in terms of employment, socio-economic benefits, national income and means to make cultures and heritages sustainable. According to The World Travel & Tourism Council Indian tourism generated 6.4 trillion or 6.6% of the nation's GDP in 2012. It supported 39.5 million jobs, 7.7% of its total employment. As per UN's World Tourism Organization it provides 6-7% of the world's total job. Besides, it is also a major source of foreign exchange providing over eighty thousand crore rupees annually. Tourism also supports other sectors like agriculture, transport, hospitality, education, banking and many more.

After going through the relevant literature of tourism and travel industry it can be concluded that both the industry are incomplete without each other and hence it seems better to look both the industry as a single industry. The definition of tourist provided by World Tourism Organization also reflects this. It defines tourists as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". Therefore the factor which affects to tourism industry also affects to travel industry or vice versa.

Theobald (1994) suggested that etymologically, the word "tour" is derived from the Latin 'tornare' and the Greek 'tornos,' meaning 'a lathe or circle; the movement around a central point or axis.' This meaning changed in modern English to represent 'one's turn.' The Macmillan Dictionary defines "Tourism as the business of providing services for people who are travelling for their holiday".

Tourism can also be defined as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.

Tourism is an important catalyst in the socio-economic development in the modern times, contributing in multiple ways and strengthen the inter-connected processes. While often portrayed as panacea for many evils such as underdevelopment, unemployment, poverty eradication, social discrimination and so on; its contribution in creating a global and regional socio-political environment for peaceful co-existence of the cultures and societies has been equally established at various levels. There are number of components of Tourism Industry (Figure 1).

Recent trends in the tourism financial flows highlighted the 'unglobalised' nature of FDI in tourism. There is relatively poor flow of funds internationally. FDI in tourism only contributes 1-2% of the total outward flows from largest source countries and a relatively smaller portion of inward FDI stocks for largest host countries. Besides it also put the potential of increasing the flows in the near future by concentrating interest on this sector.

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