

# Indian tourism macro analysis

Business



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A Comprehensive project ON “ Tourism Industry Analysis” Submitted to (Global Institute of Management) IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE AWARD FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION In Gujarat Technological University UNDER THE GUIDANCE OF Varsha Turi Assistance Professor Submitted by [Mohammed Faeem Shaikh (En no-107940592052), Irshad Khan Pathan (En no-107940592105)] [Batch: 2010-12] MBA SEMESTER III/IV (Global Institute of Management) MBA PROGRAMME Affiliated to Gujarat Technological University Ahmadabad Nov, 2011 Student Declaration We, Faeem Shaikh & Irshad Khan, hereby declare that the report for Comprehensive Project entitled “ Analysis Of Tourism Industry In India” is a result of our own work and our indebtedness to other work publications, references, if any, have been duly acknowledged. Place : Gandhinagar (Signature) Date: (Faeem Shaikh) (Irshad Khan) INSTITUTE’S CERTIFICATE Certified that this Comprehensive Project Report Titled “ Analysis Of Tourism Industry In India” is the bonfied work of Faeem Shaikh (107940592052) and Irshad Khan (107940592105) who carried out the research under my supervision. I also certify further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Signature of the Faculty Guide PREFACE “ Learning is the best teacher” – this is a very true statement especially when you are a management student aspiring to be a manager who can manage a unit under him. The real test of acquired knowledge comes when it is put into practice, and based on the same fundamental is the concept of comprehensive research being

formulated. Classroom learning makes you knowledgeable, but it is the practical learning which makes you smart and lets you know the applicability of various aspects associated with studies. The practical implementation of various topics helps a student in completing his formal education. Research work constitutes the backbone of any management education programme. A management student has to do research work quite frequently during his entire span.

The research work entitles “ Analysis Of Tourism Industry In India” aims to analyze tourism industry of india. The scope of the project is to put the information derived from the research in use for academic purposes. There may be some errors and omissions in the report making for which we may ask an excuse due to the purpose and the level of the researchers.

**ACKNOWLEDGEMENT** On the eve of completion and submission of grand project we would like to express our deep sense of gratitude to our Management Institute and Gujarat Technological University for providing us Platform of management studies. We are immensely thankful to our guide Prof.

Varsha Turi for providing us great insight into the project and for sparing his valuable time with us. Without his co-operation it was impossible to reach up to this stage. We humbly express our feelings and heartily thank to our entire faculty member who have helped us in one or the other way during the completion of this report. Finally we would also like to thank our family members, who are always a source for inspiration for us, for showing their understanding, patience and for all their possible help for the preparation of

this project. [pic] Chapter 1 Growth and Evolution of Industry in India

Tourism has played a pivotal in social progress.

It is also an important vehicle in widening socio-economic and cultural contacts. A wide array of interests-entertainment, sports, religion, culture, adventure, education, health and business-drives tourism. Tourist expenditure generates multiple effects with extensive outreach along its value chain. Adding to the demand for a variety of goods and services, tourism offers potential to exploit synergies across a large number of sectors such as agriculture, horticulture, poultry, handicrafts, transport, construction etc. , where growth of income has favorable impact on poverty alleviation. The tourism industry in India is substantial and vibrant, and the country is fast becoming a major global destination.

India's travel and tourism industry is one of them most profitable industries in the country, and also credited with contributing a substantial amount of foreign exchange. This is illustrated by the fact that during 2006, four million tourists visited India and spent US \$8. 9 billion. Tourism facilitates business contacts, widens markets and helps diffusion of growth impulses across territories to promote broad based employment and income generation. Investment in tourist infrastructure adds to economic growth, catalyses generation of income and employment, which in turn, leads to further growth in demand for tourism and stimulates subsequent rounds of investment in a virtuous circle.

Market Research Division of Ministry of Tourism compiles data on “ domestic and foreign tourist visits to States/ UTs” received from Ministries/

Departments of Tourism of various State Governments and UT

Administrations. Following are the important highlights of data for 2010: (a)

Domestic Tourist Visits to States/ UTs During 2010, the number of domestic tourist visits to the States/ UTs was 740 million as compared to 669 million in 2009 and 563 million in 2008. • During 2010, the number of domestic tourist visits to States/UTs registered an increase of 10. 7% over 2009 as compared to increase of 18. 8% in 2009 over 2008.

- The top ten States in terms of number of domestic tourist visits (in millions) during 2010 were Andhra Pradesh (155. 8), Uttar Pradesh (144. 8), Tamil Nadu (111. 6), Maharashtra (48. 5), Karnataka (38.

2), Madhya Pradesh (38. ), Uttarakhand (30. 2), Rajasthan (25. 5), West Bengal (21. 1) and Gujarat (18.

9). • The contribution of top 10 States was about 85. 5% to the total number of domestic tourist visits during 2010. The percentage shares of top 5 States were Andhra Pradesh (21%), Uttar Pradesh (19. 6%), Tamil Nadu (15.

1%), Maharashtra (6. 5%) and Karnataka (5. 2%) (b) Foreign Tourist visits to States/ UTs • During 2010, the number of foreign tourist visits (FTVs) to the States/ UTs was 17. 9 million as compared to 14. 4 million in 2009 and 2008.

- During 2010, the number of FTVs to States/UTs registered an impressive growth of 24.

2% over 2009 as compared to a decline of 0. 1% in 2009 over 2008. • The top ten States in terms of number of FTVs (in millions) during 2010 were Maharashtra (5. 1), Tamil Nadu (2. 8), Delhi (1.

9), Uttar Pradesh (1. 7), Rajasthan (1. 3), West Bengal (1. 2), Kerala (0. 66), Bihar (0.

64), Himachal Pradesh (0. 45) and Goa (0. 44). • The contribution of top 10 States was about 90. 3% to the total number of FTVs in the country during 2010.

The percentage shares of top 5 States were Maharashtra (28. 5%), Tamil Nadu (15. 7%), Delhi (10. 6%), Uttar Pradesh (9. 4%) and Rajasthan (7. 2%) Data shows that after a slight decline in 2009, the foreign tourist visits registered an impressive growth of 24.

2% in 2010. The domestic tourist visits continue to grow at a double digit rate in 2010 also. Table 1 [pic] Source: www. tourism. gov.

in Table 2 [pic] Source: www. tourism. gov. in Data shown in the above tables shows the growth of the foreign tourist arrival in India from 1997 to 2010(approximate) that shows the constant growth till 2008 after 2008 it decrease at 2% it may because of terrorist attack in Mumbai after 2009 in 2010 it's also increased. Disposable income in India has grown by 10. 11% annually from 2001-2006, and much of that is being spent on travel.

Tourist arrivals are projected to increase by over 22% per year through till 2010, with a 33% increase in foreign exchange earnings recorded in 2004. Chapter 2 Product Profile Golf Tourism Ministry of Tourism, Government of India endeavours to work as a catalyst and active supporter for the development of Golf Tourism in the country. Sports tourism in India is gaining interest, especially after the successful completion of

Commonwealth Games 2010. One of the latest trends in golf tourism is the fact that there has been a recent surge in the interest levels amongst youth, the world over. India has several golf courses of international standards. Further, golf events held in India also attract domestic and international tourists.

With international tourists expected to grow in the next few years, it is important that India has the right product to meet the need of the visitors. Recognizing this potential to develop Golf as a niche tourism product for attracting both International and domestic tourists, the Ministry of Tourism, Government of India organized a one day Workshop on “ Promotion of Golf Tourism” on 21 Jan 2011. Polo Tourism India has rich historical ties with many of the sporting traditions including Polo. The game of Polo originated in India is one of the few countries in the world where this game is still preserved and practiced. The Kolkata Polo Club is the oldest Polo club in the world and is 150 year old. Therefore Polo can rightly be termed as “ Heritage Sports” of India.

The Ministry of Tourism promotes Polo in collaboration with the Indian Polo Association and has drafted guideline identifying broad areas of support for promotion of this game as Niche Tourism Product. These guideline are presently under consideration. Rural Tourism The development of infrastructure in rural areas having potential for tourism is being supported under the existing scheme of destination development. The objective is to showcase rural life, art, culture and heritage at rural locations and in villages, which have core competence in art & craft, handloom, and textiles as also an asset base in the natural environment. The intention is to benefit the local

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community economically and socially as well as enable interaction between tourists and local population for a mutually enriching experience. Under this scheme, the thrust is to promote village tourism as the primary tourism product to spread tourism and its socio-economic benefits to rural and its new geographic regions, thereby stopping the exodus from rural to urban areas.

The Village Level Council (VLC) is the interactive forum for local community participation in work plan implementation, further supported by other community level institutions. For the visitor, whose expenditure creates revenue for host community service providers, rural tourism adds value through packaged programmes in art & craft imparted by skilled local artisans. Village entertainment groups unveil local history and culture, natural and oral treasures. The visitor thus comes face to face with India's rural traditions. So far, 153 rural tourism projects in 28 States/Union Territories have been sanctioned by the Ministry of Tourism including 36 rural sites where UNDP has supported for capacity building. Cruise & Shipping tourism 'Cruise Shipping' is one of the most dynamic and fastest growing components of the leisure industry worldwide.

It is fast emerging as a new marketable product. India with its vast and beautiful coastline, virgin forests and undisturbed idyllic islands, rich historical and cultural heritage, can be a fabulous tourist destination for cruise tourists. With the Indian economy developing at a steady pace, middle class growing in number and increasingly possessing disposal incomes which could be spent on leisure activities, Indians could also take on cruise shipping in a big way. The Ministry of Tourism through its various schemes

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for Central Financial Assistance for development of tourism infrastructure in the country supports initiatives like infrastructure development of port, purchase of ferries, development of river cruise circuits, etc. Adventure tourism Adventure travel involves exploration or travel to remote exotic areas.

Adventure tourism is rapidly growing in popularity as a tourist seeks different kinds of vacations. Any constructive activity which tests the endurance of both a person and his equipment to its extreme limit is termed as Adventure. Initiatives of Ministry of Tourism to Promote Adventure Tourism: As per the policy for the diversification of tourism product of India, special attention is being given for the development of Adventure Tourism in the country. The Ministry of Tourism has also issued Guidelines for Approval of Adventure Tour Operators, which is a voluntary scheme, open to all bonafide adventure tour operators. The Ministry of Tourism has also formulated a set of guidelines on Safety and Quality Norms on Adventure Tourism as BASIC MINIMUM STANDARDS FOR ADVENTURE TOURISM ACTIVITIES.

These guidelines cover Land, Air and Water based activities which include mountaineering, trekking hand gliding, paragliding, bungee jumping and river rafting. Medical Tourism Medical tourism (also called medical travel, health tourism or global healthcare) is a term used to describe the rapidly-growing practice of travelling across international borders to seek healthcare services. Services typically sought by travelers include elective procedures as well as complex surgeries, etc. India holds advantage as a medical tourism destination due to following factors: • Most of the doctors and surgeons at Indian hospitals are trained or have worked at some of the <https://assignbuster.com/indian-tourism-macro-analysis/>

medical institutions in the US, Europe, or other developed nations. • Most doctors and nurses are fluent in English. • Top -of-the-line medical and diagnostic equipment from global international conglomerates is available at many Indian hospitals.

Indian nurses are among the best in the world. Nearly 1000 recognized nurses-training centers in India, mostly attached to teaching hospitals, graduate nearly 10, 000 nurses annually. • Even the most budget-conscious traveler can afford first-rate service and luxury amenities. Wellness Tourism The potential of wellness systems, developed through centuries of wisdom of this ancient civilization would be fully tapped. This is being done by positioning India as a centre of Ayurveda, Yoga, Sidha, Naturopathy, etc.

ogether with the spiritual philosophy that has been integral to the Indian way of life. he Ministry of Tourism has also extended its Market Development Assistance (MDA) scheme to wellness tourism service providers including accredited wellness centers. Presently the wellness centers accredited by State Tourism Departments are also eligible for the MDA. After the accreditation guidelines of NABH is in place, all wellness centers seeking MDA would be asked to be as close to the accreditation guidelines of NABH as possible. Eco TourismThe Ministry of Tourism has the specific agenda to promote tourism in the country in a responsible and sustainable manner and as per this mandate promotion of ecotourism assumes larger importance. Eco-Tourism has been broadly defined as tourism which is ecologically sustainable.

The concept of ecological sustainability subsumes the environmental carrying capacity of a given area. The general principal of ecotourism guiding the initiatives of the Ministry is as under: (a) The local community should be involved leading to the overall economic development of the area. b) The likely conflicts between resource use for eco-tourism and the livelihood of local inhabitants should be identified and attempts made to minimize the same (c) The type and scale of eco-tourism development should be compatible with the environment and socio-cultural characteristics of the local community, and (d) It should be planned as a part of the overall area development strategy, guided by an integrated land-use plan avoiding inter-sectoral conflicts and ensuring sartorial integration, associated with commensurate expansion of public services. Considering this trend a series of meetings were organized by Ministry of Tourism with the stakeholders, State Governments and Ministry of Environment & Forests under the initiative “ Tigers – Our National Beauties” and the stake holders had raised serious concern about growing dangers to wildlife in our National Parks and wildlife sanctuaries due to unplanned growth of infrastructure in these areas which is also affecting the corridors for movement animals in the parks.

**Caravan Tourism**The concept of Caravan tourism has gained immense popularity across the globe owing to the freedom and flexibility it provides, while New Tourism Products Annual Report 2009-10 33 holidaying vis-a-vis itineraries and accommodation. This would include Caravans, i.

e. , vehicles viz. Recreational Vehicle (RV), Campervans, Motor Homes etc. Caravans are unique tourism products, which promote family oriented tours even at circuits/ destinations where adequate hotel accommodations are not

available. One of the essential pre-requisites for Caravan tourism is the presence of sufficient Caravan Parks in the identified circuits. A Caravan Park is a place providing basic or advanced amenities and facilities where Caravans can stay overnight in allotted spaces.

Spiritual Tourism India is spotted with a number of spiritual destinations. A visit to them is important as one of the corridors of spiritual self-discovery. In fact, divine tours of India allow one to care for the spirituality within oneself by delving deep into the rich religious history of the country. MICE tourism The latest type of business tourism is the fastest growing part of the international tourism market. It is expected that the total world market for MICE tourism was in surplus of US\$280 billion.

Of this, the allocation of Asia-Pacific region alone was US\$60 billion and India's share would be US\$4.8 billion. Chapter 3 Demand Determination For demand determination in tourism industry we will consider price as an essential part in demand of any thing in tourism industry price not as much affect rather than the availability of attraction in the country for example Switzerland tour one have to pay 75,000 Rs to 80,000 Rs. One who wants to travel in Swiss they only find for leisure time and best service provider for there tour for domestic tour people try to find out best price but in foreign country every one seek for the major attraction and convince in tour. India is especially famous and attracts the tourist for integrated culture, historical places, and heritage. Demand of India as a tour place is only increase after exploiting more heritage and historical places as India have very large space their they can create the landscapes, golf field and other sports to attract the tourist for India have to use different penetrations strategy.

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Penetration level in tourism industry depends on the government policy and initiative Chapter 4 Players in the Industry In every country for tourism three things are consider as a player in the industry that is hotels, resorts and government initiatives to promote the tourism. There are various players in the hotel and resort that plays the big role, now in India it's becoming the MICE tourism spot because of now India is playing a major role in global economy. Major Players in hotels and resort: Hotels in India have on offer something for everybody. There are various types of hotels that cater to customers requirements. Traveling to a vast and diverse country means that at every step the traveler will encounter something very new in terms of culture, language, food and lifestyle.

Most hotels organize sight seeing and other tours for their guests which is affordable and hassle free. These tours can offer a unique experience to guests if they wish to travel the length and breadth of this hugely diverse country. The hotels charge very affordable; guests can easily avail all the services without feeling the pinch in their pockets. Hotels in India provide detailed overview of the various categories of hotels, and the important groups of hotels that play a major role in the field of tourism. Located in all major tourist and commercial destinations of India, the hotels are known for their warm hospitality and comfortable accommodation.

A number of hotels in India are counted among some of the best hotels in the world. Categorization of Hotels in India The hotels in India can be divided into various classes on the basis of room types, amenities and location.

Some of the prominent categories of hotels in India include: Heritage Hotels Reflecting the old glory and grandeur of India, most of the havelis and

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mansions of ancient times have been turned into Heritage Hotels, that provide the tourists with an opportunity to experience royal pleasure in traditional ambiance. Most of the Heritage Hotels in India are concentrated in the princely states of Rajasthan, Delhi, and Madhya Pradesh • **Luxury Hotels** Equipped with world class infrastructural amenities, the Luxury Hotels in India offer the tourists with a fine lodging and dinning experience. Catering primarily to the upper class executives, the luxury hotels extend a warm welcome to all the customers • **Budget Hotels** A home away from home, the budget hotels accommodate customers from upper middle and middle class. Also referred to as Economy Class Hotel, Business Hotels and Discount Hotels, the Budget Hotels support all the modern infrastructural facilities for a comfortable and pleasant stay • **Resorts** Resorts are mostly found in hill stations and sea side tourist destinations of India.

Located amidst natural scenic beauty, the Resorts are the ideal place to enjoy some valuable time with family and friends or in solitude **Important Hotel Groups in India** Hotel Industry is a booming business sector of India that has given a boost to tourism in the country. Taj Group of Hotels, Park Group of Hotels, Radisson Hotels India and ITC Hotels are some of the luminaries in the field of hotel industry that are famous for unique amenities and superb accommodation arrangements. Some of the important Luxury Hotels that come under the important hotel groups of India include: • ITC Maurya Delhi ITC Maratha Mumbai • Fort Radisson of Radisson Group in Kolkata • Radisson Jass Hotel Shimla • The Taj Hotels • The ITC Hotels • Taj Coromandel, Chennai • Sahara Star hotels. • Viceroy Hotel • UAE based ITC Hotels • Netherlands Based Golden Tulip Hospitality Group • DLF

Universal • Hotel Orchid • Jaypee Hotels etc. Indian Railway Catering and Tourism Corporation Indian Railway Catering and Tourism

Corporation (IRCTC) is a subsidiary of the Indian Railways that handles the catering, tourism and online ticketing operations of the railways.

CateringAs per new Railway Catering Policy 2010(Introduced by Hon'ble Railways Minister Mamata Banerjee) Catering services provided by IRCTC were handed over to INDIAN Railways. Now IRCTC is in charge of catering services on Few trains such as All Duranto Exp, Frakkha Exp, Maitree Express( Train between INDIA and BANGLADESH), Kandhari Exp and some Rajdhani Exp rest all of train operated by Zonal Railways railway stations across India. However IRCTC still operate Janaahar at railway station. IRCTC also started NRC project(NON RAILWAY CATERING) under which cafeteria were operated in many Indian Ministries and Institutes. Online ticketing IRCTC is better known for changing the face of railway ticketing in India. It pioneered Internet-based rail ticket booking through its website, as well as from the mobile phones via GPRS or SMS.

Ticket cancellations or modifications can also be done online. In addition to E-tickets, IRCTC also offers I-tickets that are basically like regular tickets except that they are booked online and delivered by post. The Tickets PNR Status is also made available here recently. Commuters on Mumbai's suburban railway can also book season tickets through the IRCTC website. IRCTC has also recently launched a loyalty program called " Shubh Yatra" for frequent travellers.

Tourism IRCTC also organizes budget and deluxe package tours for domestic and foreign tourists. A popular tourism package for budget tourists covering important tourist destination across India is Bharat Darshan. Luxury tourism packages are also available, that involve special luxury trains such as: ?

Palace on Wheels ? Royal Orient Express ? Golden Chariot ? Deccan

Odyssey ? Royal Rajasthan on Wheels ? Buddhist Circuit Train and IRCTC is a partner in the Maharajas' Express operation. Incredible India Incredible India initiative started by the Indian Central Government with the help of all state government to create the harmony and synergy to attract the foreign tourist according the initiative they started many campaign to promote the cultural tourism & heritage tourism in India for that many initiatives is currently in function like: Samvedan Sheelta or Sensitization- Here we will sensitize the various sections of the tourism industry about how each of them to contribute for the growth of the tourism industry and how they will benefit from it. Prashikshan or Training and Induction – This involves explaining to them the needs and expectation of the tourist, how they should respond and behave in order to satisfy them needs and meet those expectations.

Prerna or Motivation – This is motivation to participate in this program through various measures e. g. awards for the best worker in the segment. Because when you are enthused you can do wonders. Pratipushti or Feedback – Feedback shall be obtained from tourists about the Service they have received and the experience they had, in order to improve the training program on a continuous basis. Samanya Bodh or General Awareness – The mass media communication campaign will be undertaken to create general



awareness among the public about the necessity and the benefits of the Atithi Devo Bhavah programme.

Swamitwa or Ownership- The Atithi Devo Bhavah programme is a movement we will urge all segments of the Indian society to adopt, and look upon as their own. Chapter 5 Distribution channel in the Industry In every success full industry to earn above average profit it's essential to create effective supply chain and control the cost of transits the good or service. In tourism industry that is equally important to develop the better distribution channel distribution channel directly affects the industry if the channel is comfortable and affordable that can be impact to attract the foreign tourist for example poor infrastructure may affect the transportation that can affect the tourism. Chart 1 Distribution Channel of Industry [pic] Rail Transport Rail transport is a commonly used mode of long-distance transportation in India. Almost all rail operations in India are handled by a state-owned organisation, Indian Railways, Ministry of Railways.

The rail network traverses the length and breadth of the country, covering a total length of 64, 015 kilometres (39, 777 mi). It is said to be the 4th largest railway network in the world, transporting over 10 billion passengers and over 1050 million tonnes of freight annually. Air Transport India had bilateral air services agreements with 93 countries as on May 31, 1999. Air India Limited is the major international carrier of the country. It operates services to USA Europe, the Russian Confederation, the Gulf/Middle East, East Asia, Far East and Africa. Air India owns a fleet of 26 aircraft consisting of six B-747-200, two B747-300 (Combi), seven B747-400, three A 300-B4 and eight A 310-300 aircraft.

During 1998-99, Air India carried 3.15 million passengers as against 3.06 million in 1997-98. Indian Airlines is the major domestic air carrier of the country. It operates to 57 domestic stations (including Alliance Air operations) and 17 international stations in 14 countries, viz.

, Pakistan, Maldives, Nepal, Sri Lanka, Malaysia, Bangladesh, Thailand, Singapore, UAE, Oman, Myanmar, Kuwait, Qatar and Bahrain. Its operations, including Alliance Air cover 76 destinations including 16 abroad. The Airlines owns a fleet of eleven A-300, thirty A-320, twelve B-737 and three Dornier - 228 aircraft. All Boeing B-737 aircrafts are being operated by its wholly owned subsidiary Alliance Air.

**Travel Agents** A Travel Agent is one who makes arrangements of tickets for travel by air, rail, ship, passport, visa, etc. It may also arrange accommodation, tours, entertainment and other tourism related services.

**Inbound Tour Operators** An Inbound tour operator is one who makes arrangements for transport, accommodation, sightseeing, entertainment and other tourism related services for foreign tourists

**Tourist Transport Operators** A Tourist Transport Operator Organization is one, who provides tourist transport like cars, coaches, boats etc. to tourists for transfers, sightseeing and journeys to tourist places etc.

**Adventure Tour Operators** An Adventure Tour Operator is one who is engaged in activities related to Adventure Tourism in India namely, water sports, aero sports, mountaineering, trekking and safaris of various kinds, etc.

In addition to that he may also make arrangements for transport, accommodation, etc.

**Domestic Tour Operators** A domestic tour operator is

one who makes arrangements for transport, accommodation, sightseeing, entertainment and other tourism related services for domestic tourists.

Tourist information and guiding services Ministry of Tourism, Government of India advises use of only authorized and approved tour guides and tour operators for a pleasurable and trouble free holiday in India. All approved tour guides are required to carry a photo identity issued by the Ministry of Tourism and the Archaeological Survey of India and are required to present it on request. Major Tour Operators For international and foreign tourist there are many tour operators who serve them various packages as per their need the major companies are Thomas Cook India Pvt. Ltd.

, Kuoni India Ltd. , Cox & Kings India Ltd. , Raj Travels & Tours Ltd. , prominent Hotels & Resorts such as Taj Hotels, The Oberoi Group, Hyatt Corporation, ITC Welcom group. Chapter 6 Key Issues and Current Trends We have not been able to utilize our potentials in full. We lack positive mind set to do something big & that is also reflected in tourism field also.

The biggest challenge for us to change our attitude. We have to understand our real problems and many of those are influenced by internal factors and external factors. Internal one includes a firm determination to formulate a clear-cut policy which should have tourism friendly directives. The Policy is totally inconsistent and policy is even changing with change of Government. Tourism is an easy prey to put loads of taxes by successive Governments – no tax incentive, no priority to tourism, no human resource development incentives – with taxes the destination has become an overpriced product – we can't give the matching price which our competitors are offering.

We are losing business to our competitors on this account. In external terrorism is a big challenge. This is going to continue which has further been aggravated by rising energy prices, inflation, interest rates, upward insurance fees, spread of avian flu- these are serious threat for tourism sector and we need to put in place crisis management programme. We are yet to do our homework united. We are too dependent on cash rich long distance European/USA Canada Region for our international tourist arrivals. Anything negative happens in India, tourism becomes the first casualty and these tourists avoid India – these countries are over smart in issuing advisories and we do not response to fast first.

To counter attack we have to work out strategies to attract middle budget tourist's from the neighboring countries. Inter-regional-SARC region, middle east, which are within 3 to 4 hrs flying time & can give us traffic through out the year. We have many things to offer, many unique products – it is hard to communicate all that to all visitors and now it stand as a challenge to properly position these products in these neighboring markets. All these products are acceptable to them. We have failed to reach new markets as we lack funds to do market research. We are now quite late to know about the Chinese market.

They are moving to many unexplored destinations and they are quite high spenders, spending \$ 175-200 per day per person. When going abroad like Indians spend lot of their savings in shopping. We have to reach this lucrative market. Business to business provide essential links & India should make right platform for reaching this new market. This is going to give real

volume to our arrivals. New communications technologies are changing fast with visible impact on our way of life.

The internet today has dramatically changed the world. What could not be ascertained by personal visits now can be known with comfort and authenticity with a button click. Our tour operators have to meet this challenge by updating their system. Concept of Border free world is in fashion & there is new grouping – E. U. , Middle East, African Union, COTAL and Visa free and easy movements within the region.

We have to ensure we follow a visa free or liberal visa policy. We have still a very rigid entry formality – visa, RAP, PAP, Inner line permit and photography restrictions, high fees which are very annoying for tourists. ESSENTIALS We are not moving with new trends. A new industry structure is emerging like acquisitions of Thomas Cook in the travel industry, Air Sahara in the travel industry which is new mantra of success i. e.

look for global giants and net work with them but there will be smaller & faster moving players. These companies have their, own set of challenges. The giants will bring its own set of complexity along with an opportunity to exploit its size and scope as well as large number of professionals with durable competitive age. The smaller & faster moving players will depend on speed & their nimbleness to create a distinct advantage. Indian Tourism has to understand the unique value propositions and develop business support, incentives. Accordingly – This will ultimately bring the ultimate benefits to clients.

**HUMAN RESOURCE DEVELOPMENT ISSUES** The battle field for talent hunt is in operation. For a long time new travel & tourism industry facing scarcity in well-trained talent & this is going to intensify further. since the same talent pool is going to be targeted by new emerging industries – BPO'S to give an example. If the travel & tourism industry is to grow & increase its contribution to GDP, we need to generate a huge talent pool which can take the Indian Travel & Tourism Industry to the higher level. The talent issue needs to be at two levels.

One at the grass root level here we need to create infrastructure by working with training institutes to revamp the curriculum that will meet the changing needs of the industry as it evolves to face the challenges of the new economy and more informed and demanding travelers. At the other end, we need to look at creating future leaders from the talent pool that exist within the industry by training them regularly to upgrade their skills which will enable them to face new challenges with confidence and lead travel & tourism industry to higher levels. Chapter 7 PESTEL Analysis

**Political factors:**  
1. India has a stable democratic government. This ensures stability for the tourism industry.

2. The centre has a specific ministry of tourism whose prime purpose is to device plans and strategies for the welfare of Indian tourism industry. 3.

There are certain points which make India a hot destination for investment in tourism department. First is the positive attitude of the government, who has allowed 100 percent FDI in this sector.

Last year in the Indian union budget 2010, the Indian government has given more than INR1, 000 crore to the Ministry of Tourism. 4. Second, the tax holidays are being given to the organizations who want to invest in this sector. All this makes India's tourism industry a great investment option. 5.

The Ministry of Tourism, Government of India organized the Second Southern Regional Conference of Tourism Ministers at Kollam, Kerala on 20th and 21st August 2011. 6. The two day conference aimed at bringing together all the State Governments, Union Territory Administrations and the private sector stakeholders of the Southern Region on a common platform to discuss and take forward a holistic and integrated development of tourism in the region. . India as a nation is divided into various smaller state and every state has its own tourism department. These departments often fight with each other in ensuring higher tourist inflow into their respective states.

Though this competitiveness ensures efficiency in the individual states but is detrimental for overall tourism as a whole. Since India is a diverse nation with every state having something to offer along with competition what is really essential is proper coordination between various states. 8. With a view to stimulate domestic and international investments in this sector, the government has permitted 100 percent FDI in the automatic route –allowing full FDI into all construction development projects including construction of hotels and resorts, recreational facilities, and city and regional level infrastructure. 100 percent FDI is now allowed in all airport expansion projects subject to the condition that FDI for up gradation of existing airports requires Foreign Investment Promotion Board (FIPB) approval beyond 74 percent. A five year tax holiday has been given to organizations that set up

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hotels, resorts and convention centers at specific destinations, subject to fulfillment with the agreed conditions.

Some international hospitality majors such as Hilton, Accor, Marriott International, Berggruen Hotels, Cabana Hotels, Premier Travel Inn (PTI) and InterContinental Hotels group have already announced major venture plans in India in recent years. It is expected that the hospitality division is expected to see an additional US\$11.1 billion in inbound investments over the next two years.

Economic Factors: 1. India is among the fastest growing economies of the world. In the last decade its GDP has grown with almost 8.78% per annum. A higher economic growth ensures rise in annual income hence increase in domestic tourism.

2. A higher economic growth also ensures increase, in investments in the infrastructure, promotional expenditures, construction of newer tourist avenues, beautification of cities and towns etc. These ensure a boost to the tourism industry. 3. High growth results in higher number of business visits. 4.

Now Indian Tourism is on “discovery stage” at business life cycle stage and it's emerging day by day in different sectors like Medical Tourism, Spiritual Tourism and government also taking effective stage to promote and push the launch stage. 5. Because of globalization and important role in WTO MICE Tourism is also increasing day by day. Socio Cultural: [pic] 1. India a diverse nation with end numbers of different languages, cultures, traditions, cuisines; make it an ideal destination of cultural tourism.

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The depth of diversity can be concluded from the fact that India has more than 22 constitutional languages and 1600 dialects. 2. Indian culture has always emphasized on respecting and entertaining their guests very well. The Sanskrit Shloka “ ATHITHI DEVO BAHVAH” (guest is god) is the essence of Indian tradition. This warmth and love for their guests has always been appreciated by tourists in general and foreign ones in particular.

3. India has a vibrant and rich history of cultures that can also attract many culture lovers and scholars for further studies and exploration. . Due to 200 years of British rule English is an integral part of Indian education system. Most of the people at India can communicate and understand in English.

This gives an added advantage to India in comparison to its neighboring counterparts in attracting foreign tourist. 5. As a initiative of Incredible India Campaign the culture is emerging and understanding the necessity of respect and take care of the tourist and tourism industry. Thre are some major imitative is taken by the Incredible India Campaign. Samvedan Sheelta or Sensitization-Here we will sensitise the various sections of the tourism industry about how each of them to contribute for the growth of the tourism industry and how they will benefit from it. Prashikshan or Training and Induction – This involves explaining to them the needs and expectation of the tourist, how they should respond and behave in order to satisfy them needs and meet those expectations.

Prerna or Motivation – This is motivation to participate in this program through various measures e. g. awards for the best worker in the segment. Because when you are enthused you can do wonders. Pramani Karan or

Certification – Certification to ensure standards shall be done at an appropriate stage in the training program. Pratipushti or Feedback – Feedback shall be obtained from tourists about the Service they have received and the experience they had, in order to improve the training program on a continuous basis.

Samanya Bodh or General Awareness – The mass media communication campaign will be undertaken to create general awareness among the public about the necessity and the benefits of the Atithi Devo Bhavah programme. Swamitwa or Ownership-The Atithi Devo Bhavah programme is a movement we will urge all segments of the Indian society to adopt, and look upon as their own. Major Components of the Atithi Devo Bhavah Program Training- In this we are going to train key stakeholders (of the tourism industry) in terms of changing their attitude and behaviour towards foreign tourists. The programme shall cover 4 areas: Hygiene – This include personal hygiene of the person and also that of the product / service. Conduct and Behavior – Politeness and basic courtesies in interacting with the foreign tourists. Integrity – This implies that the person does not cheat the tourists and charges him a fair price for the service.

Safety and security – Person look after safety and security of the foreign tourists. Since these segments have diverse backgrounds, education and levels of sophistication, the training is divided into 2 categories: Level 1 : Covers taxi drives, tourist guides and baggage handlers and porters. Level 2 : The tour operators, shop owners / staff, hotel staff, immigration and customs officials. This training program is initiated at the following places – Delhi, Mumbai, Hyderabad, Jaipur, Agra, Aurangabad, and Goa. In the next <https://assignbuster.com/indian-tourism-macro-analysis/>

financial year this programme will be rolled out to other important cities in India. These people will be given certificates which shall be valid for about 6 months after which they have to come and get themselves re-trained.

Till 31st March 2005, we plan to train about 26, 000 people. From April 2005 to March 2006 these 26, 000 people will be retrained and another substantially large number of people will be trained. Once a threshold level in terms of number of people trained is achieved (likely by October 2005), we shall introduce Atithi Devo Bhavah as a symbol of quality. Foreign tourists will be told to look out for the Atithi Devo Bhavah badge / sticker which will mean that the service is of certain minimum quality. PR Road Shows Besides training we are also undertaking PR Road shows with the tourism trade in order to get their active participation and ownership of the Atithi Devo Bhavah programme. Right now the contact programmes are being conducted in 7 cities mentioned earlier.

After April 2005 contact programmes will be conducted in other cities in conjugation with the roll out of the training programme. Mass Media Communication We shall also be carrying out mass media communication in newspapers, TV, cinema and outdoors to create general awareness about the “ Atithi Devo Bhavah programme” and to communicate to key stakeholders as to how it is in their own interest that foreign tourists be treated well and should go back happily from our country. Technological:- 1. At present Information Technology plays a very important role in tour planning and its implementation. Starting from searching the tourists spots to booking hotels and transportation to transferring money every where web based platforms are used.

In the Indian context there are plenty of such web based portals such as makemytrip. com, yatra. com etc. India being an IT superpower is capable enough for future development of such avenues in a very cost efficient and technologically superior way. 2. In spite of India being an It superpower the overall home pc penetration is still low at just 26%.

This disassociates a very large chunk of domestic users from using such web based portals. 3. For the success of tourism it is essential that a country must be equipped with state of the art transportation facilities. It must have very efficient transportation system that can help in transporting both large volume of people and goods in a very cost effective, fast and comfortable fashion. Thanks to its huge population and late opening up of economy its transportation system still not of international standard.

4. In India, the Department of Tourism took the first initiative to introduce information technology in tourism in the year 1989 by establishing TOURNET with the technical assistance of CMC Ltd. The network consisted of 35 information nodes installed in the field offices of the Department of Tourism located in different parts of the country. Each node contained a CD-drive apart from the usual configuration of floppy drives and hard discs. Each node was provided with a CD containing textual database on all the major tourist destinations in the country.

. Recently, multimedia databases on tourism have been developed by Rajasthan and Maharashtra Tourism Departments with the assistance of some of the private software development firms. Apart from the government initiatives, a few private firms are also active in the field and a few CDs on

Indian tourism are already available through their efforts. 6. The Central Department of Tourism is presently trying to tie-up with some of the private software development firms to produce a series of multimedia CDs covering all the tourist destinations in India.

The intention is to bring out a marketable product for sale within India and abroad. 7. In the online field, the CRS Amadeus and PARS are already operational in India. Amadeus was established in 1993 and PARS came in 1995. INTERNET facilities are also presently available in India.

Taxes and Levies Duty and Excise: 8. A tourist arriving in India shall be allowed clearance free of duty articles in his bonafide baggage to the extent as mentioned below:- 9. | | Articles allowed free of duty | | | Tourists of Indian origin other than those | (i) Used personal effects and travel souvenirs, if - | | | coming from Pakistan by land route | (a) These goods are for personal use of the tourist, and | | | (b) These goods, other than those consumed during the stay in India, | | | are re-exported when the tourist leaves India for a foreign | | | destination. | | | (ii) duty free allowances applicable to Indian Residents. | II | Tourists of foreign origin other than | (i) Used personal effects and travel souvenirs, if | | | those of Nepalese origin coming | (a) These goods are for personal use of the tourist, and | | | from Nepal or of Bhutanese origin coming | (b) These goods, other than those consumed during the stay in India, | | | from Bhutan or of Pakistani origin coming | are re-exported when the tourist leaves India for a foreign | | | from Pakistan. | destination.

||| (ii) Articles upto a value of Rs-8000/- for making gifts. || III | Tourists of Nepalese origin coming | No free allowance. || | from Nepal or of Bhutanese || | | origin coming from Bhutan. || IV | Tourists of Pakistani origin or foreign |(i) Used personal effects and travel souvenirs, if || | tourists coming from Pakistan or tourists |(a) These goods are for personal use of the tourist, and || | of Indian origin coming from Pakistan by |(b) These goods, other than those consumed during the stay in India, || | land route | are re-exported when the tourist leaves India for a foreign || | destination. || | |(ii) Articles upto a value of Rs-6000 for making gifts.

| ————— Tourist(s) Rail Transport Travel Agents or Facility provided by the Hotels & Resorts for Domestic or local transportation Travel Agents Inbound tour operators Tourist Transport Operators Adventure Tour Operators In House facility Air Transport Sea Transport Hotel & Resorts Destination Sight Seen, Adventure Spots and Medical Treatment etc.