

TOURISM AND HOSPITALITY INDUSTRY

INTRODUCTION

The Tourism and Hospitality industry is one of the largest service industries in India. Tourism is an integral pillar of the Make in India program. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. The country also offers niche tourism products like cruises, adventure, medical, eco-tourism, etc. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. India has moved 13 positions ahead from 65th to 52nd rank in Tourism and Travel Competitive Index (WEF); UNWTO Tourism Barometer (2016) currently ranks India at #40 in terms of global tourist footfalls.

KEY PLAYERS

Some of the major tourism companies in India are Cox and Kings, Thomas Cook, Make My Trip, Expedia, Yatra etc. and some of the major hospitality companies in India are Oyo, Airbnb, Taj group of hotels, Club Mahindra, Royal Orchid Group, Lemon Tree Hotels and Accor Hotels amongst others.

MARKET SIZE

India ranks first in the world in terms of direct contribution to employment (2016) by Travel and Tourism industry in India. Around 40.3 million jobs were supported by Travel and Tourism in 2016 which accounted for 9.3% of the country's total jobs. Additionally, 25.9 million new jobs were created by the industry in 2017. In 2016, foreign tourist arrival (FTAs) in India stood at 8.8 million while domestic tourist visits to States/UTs stood at 1.6 bn. A growth of 8.4% was witnessed in FTAs in January 2018 over January 2017. 58.5% growth in FTAs was recorded for e-Tourist Visa in January 2018 over January 2017. By 2027, international tourist arrivals in India are expected to reach 15 million, according to the World Economic Forum.

The major growth drivers are:

- Incredible India campaign
- Availability of E-Tourist VISA facility
- Special Tourism Zones
- Medical tourism
- Coastal tourism
- Rising disposable incomes
- Evolving information technology that simplifies and personalizes travel or room booking

The travel & tourism sector in India accounted for 8 per cent of the total employment opportunities generated in the country in 2017, providing employment to around 41.6 million people during the same year. The number is expected to rise by 2 per cent annum to 52.3 million jobs by 2028.

INVESTMENTS AND GOVERNMENT INITIATIVES

During the period April 2000-March 2019, the hotel and tourism sector attracted around US\$ 12.35 billion of FDI, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT). Under Budget 2019-20, the government allotted Rs 1,160 crore (US\$ 160.78 million) for development of tourist circuits under Swadesh Darshan. In 2017, President Ram Nath Kovind launched “Incredible India 2.0 Campaign” and “Adopt a Heritage” project. Incredible India 2.0 campaign will be focusing on specific promotional plans, with greater emphasis to be given to social media, whereas, ‘Adopt A Heritage’ Project plans to entrust heritage sites to the public sector and private sector companies and individuals for the development of tourist amenities.

KEY CHALLENGES

The tourism infrastructure at several major tourist destinations in India is inadequate to support sustainable tourism; the primary areas of concern include poor and unsafe road transportation, insufficient regional air connectivity, unsanitary conditions and safety of travelers.

Unregulated tourism activities at several tourist spots, including some heritage sites in the country, are adversely affecting the ecological balance in those places.

Tourism and hospitality is a labour-intensive sector, and the country’s complex labour laws at the centre as well as at the state level affect the existing and new businesses trying to enter the Indian market.

FUTURE OUTLOOK

The tourism industry is also looking forward to the expansion of E-visa scheme which is expected to double the tourist inflow to India. India’s travel and tourism industry has the potential to expand by 2.5 per cent on the back of higher budgetary allocation and low cost healthcare facility, according to a joint study conducted by Assocham and Yes Bank.

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