

A Review of Indian Tourism Industry with SWOT Analysis

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Abstract

India is a country with beautiful landscapes, flora and fauna along with rich cultural heritage. Furthermore, the presence of huge skilled and unskilled labour provides India a unique opportunity for seeking inflow of the foreign tourists. Tourism sector in India was not a priority sector for the government after independence and it came into prominence only after 1990. 'Incredible India' and 'Atithi Devo Bhav' Campaign launched by the previous government are appreciable; however, the share of world tourist arrival to India is still minimal. India is among the very few countries which faces adverse foreign situation in terms of tourism as the number of Indians travelling abroad are just double the foreigners coming into India. With the stable government at the centre and the new initiatives like 'Clean India' 'Digital India' and 'Visa on Arrival' announced by the government, the tourism sector may hope to have some positive changes. This paper seeks to analyze the problems being faced by the inbound tourism industry and the vast potential through SWOT analysis.

Keywords: Inbound tourism; Travel; Hospitality

Introduction

A SWOT analysis (alternatively SWOT matrix) is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

The World Tourism Organization 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" [1].

This global spread of tourism in industrialized and developed states has produced economic and employment benefits in many related sectors - from construction to agriculture or telecommunications [2]. Tourism has expanded from luxury to mass, and attracts all classes of people from nearly all the countries of the world. Tourism is a multi-dimensional industry and can contribute significantly in improvement of economic health of the nation. It is basically a service-based industry. It is a unique amalgamation of many channel partners (Figure 1).

Tourism is not only a growth engine but also an employment generator. According to the Economic Survey 2011-12, the sector has the capacity to create large scale employment both direct and indirect, for diverse sections in society, from the most specialized to unskilled workforce. It provides 6-7 per cent of the world's total jobs directly and millions more indirectly through the multiplier effect as per the UN's World Tourism Organization [1].

Indian tourism industry: Some key facts

Mark Twain had said, "So far, as I am able to judge, nothing has been left undone by man or nature to make India the most extraordinary country that the sun visits on his rounds". The importance of tourism as a creator of job opportunities can be understood from the fact that in India every one million invested in tourism creates 47.5 jobs directly and around 85-90 jobs indirectly. In comparison, agriculture creates only 44.6 jobs and manufacturing a mere 12.6 jobs. Moreover tourism is the third largest foreign exchange earner after gems and jewellery and readymade garments [2].

The Travel and Tourism Competitiveness Report ranks India 52nd out of 141 countries overall. The report ranks the price competitiveness of India's tourism sector 8th out of 144 countries. It mentions that India has quite good air transport (ranked 39th), particularly given the country's stage of development, and reasonable ground transport infrastructure (ranked 42nd) [3]. Some other aspects of its tourism infrastructure remain somewhat underdeveloped, however. For example, the nation has very few hotel rooms per capita by international comparison and low ATM penetration.

Being one of the oldest civilization of the world, a country so rich in terms of flora and fauna and five seasons, abode of 32 world heritage sites, India's vast potential in tourism cannot be ignored. Inbound tourism means tourist visiting India from other countries of the world for various purposes like holiday, spas, medical, yoga and meditation, business, meeting etc. The Table 1 below indicates the tourism statistics for India in 2013.

SWOT Analysis

Strengths

India can cater to almost every tourist expectation and even can surpass the expectations. India is quite blessed to have such a gracious natural beauty, and can cater to almost every type of traveler whether they are seeking adventure, wellness, culture and heritage or cuisines. Even geographically India is blessed to have five seasons, and that too with a vast size can be experienced in a single visit. One can feel the heat of summer in Mumbai and chili weather in north at the same time [4].

India is home of 70% of the world's tiger. India tiger population has grown by 30% according to government, rising from 1706 four years back to 2226. A study conducted by charity showed that a single tiger

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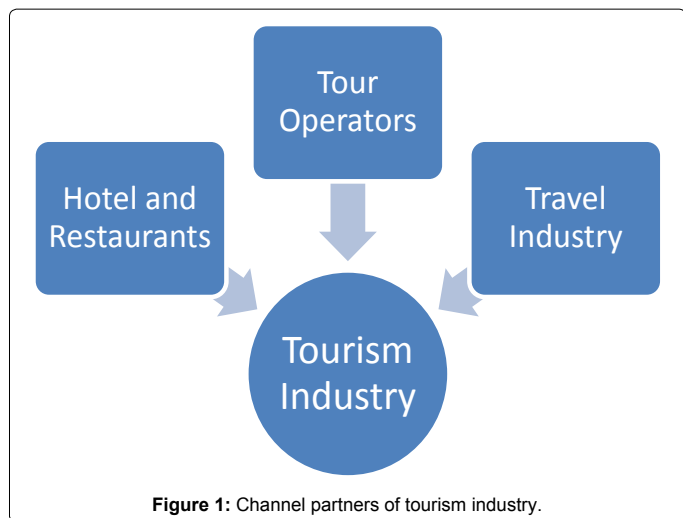


Figure 1: Channel partners of tourism industry.

No. of Foreign Tourist arrival in India	6.97 Million
Average Growth Rate	5.9%
Number of Indian National Departures from India	10.63 Million
Average Growth Rate	11.4%
Foreign Exchange Earnings of the Sector	1,07,671 Crore
Average Growth Rate	14%
Share of India in international Tourist Arrivals	.64%
India; A rank in world tourist arrival	42

Source: Ministry of tourism government of India.

Table 1: Indian tourism statistics at a glance: 2013 [5].

in a well visited reserve is now worth an estimated \$ 750,000 per year in tourism revenue.

India’s huge labour force both skilled and un-skilled can act as a very strong point as tourism being a total service- based industry. English is quite commonly spoken and understood around India, it gives India an added advantage as compared to other south-east Asian nations [4].

India’s gems and jewellery, handicrafts are quite popular among tourist. A tourist on an average spends 40% of his budget on shopping if souvenirs’ and other merchandise. Today India is emerging as most preferred destination for Medical Tourism. We have world-class medical facilities with top class doctors, personalized nursing care, offering specialized treatments at a cost 1/4th that of developed countries. India is the best place to rejuvenate with traditional medical concepts of Ayurveda, Unani and Homeopathy along with complimentary therapies like Yoga, Acupuncture and Aroma assisting in the process of healing.

Indian government pro-tourism approach is also being welcomed by the Industry. Tourist Visa on Arrival (VoA) enabled by Electronic Travel Authorization (ETA) has been introduced for the citizens of 43 countries, simplification of procedures for classification / reclassification of hotels and restaurants, improving infrastructure development, identification and improving major tourist circuits, intensification of promotional and marketing strategies to further build brand ‘Incredible India’ and translating of ministry’s promotional website www.incredibleindia.org in various languages including Chinese, Arabic, French, German, Korean, and Japanese languages to further position India as a leading tourist destination.

Ministry of tourism has recently launched ‘Incredible India’ mobile application that will assist international and domestic tourist to access information about ministry recognized service operators. Tripigator.com, a travel planning engine, was launched in Delhi in partnership with Incredible India of Ministry of Tourism, on May 5, 2014. The website instantly generates personalized travel itineraries with fewer inputs and significantly reduces users’ efforts by replacing 10 tabs with one tab.

Weaknesses

If one analyzes the history of development of tourist centric infrastructure, he will find that major investment was done when the government took the decision to host any international sports or conferences. Malhotra writing the foreword in a book by Maneet Kumaron Indian tourism industry laments on the country’s standing “One fails to understand why this position is persisting despite the most mosaic personality of the Indian nation. India is a land of spectacular landscape, enchanting coastline, colourful seasons, wildlife paradise aesthetic and exquisite tradition of architecture and a land of rich music and dance the above versatile characteristics of India attracted may voyagers to India but today our tourism industry is not keeping pace with the volume of trade elsewhere in the world” [5].

As the tourism industry is closely integrated with several other industries like hotel and accommodation, aviation, railway, roadways, healthcare, entertainment etc., the combined weaknesses of all the sectors make it more vulnerable. Travelling around India is problematic, despite several attempts to improve transfers between airlines, railways and buses. We may have well developed aviation sector, biggest network of trains in the world coupled with the buses and taxicab services, but all these system works independently, that often results in long waiting hours and create confusing situation for the tourist. The problem is that each of these transports systems works independently. An integrated approach, as perfected by more tourism-focused countries, is essential.

Additionally, the cost of travel and accommodation in India is often higher than flying to a neighboring country. India needs more hotel rooms and lower taxes on flying. A limited supply of hotels and excessive taxation in aviation means that an increasing number of Indians prefer to go abroad for their holidays. About 17 million Indians travel out of the country each year, more than double the number of inbound tourists.

The hotel industry in India is terribly underserved. The whole country has just over 100,000 hotel rooms while the greater New York area has almost 80,000, according to industry estimates. India will need to double this capacity if it is to meet the demands of new tourists, and this is where the state governments should be proactive.

We have lagged behind in marketing India as a destination, we are still focusing on mystical charm, ancient civilization, but India has a lot more to offer better than any south-east Asian nation. Infrastructure seems to be the biggest bottleneck, condition and maintenance of roads, problems of electricity, communication facilities, hygiene factors, pollution and litter on the roads create an annoying situation for the tourist. First of all information are not properly displayed to the tourist and if that is not the case, language creates a barrier especially for non-English speakers. India has a vast variety of cuisine to offer to the tourist, but we have not been able to make the tourist experience the presence of world-class food nor have we marketed our own cuisine.

Opportunities

In 2014, the tourism sector contributed Rs. 7.64 trillion to the GDP and provided employment to 36.7 million people. By the end of 2015, these numbers are expected to increase to Rs. 8.22 trillion and 37.4 million respectively. This would mean that tourism will account for 7 per cent of India's GDP in 2015," according to FICCI-EY jointly Knowledge Paper on 'Unexplored Tourism Destinations of India' [4]. India has got immense potential for tourism, how we can channelize it for growth depends upon all the stakeholders.

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%.

A five year tax holiday has been given to organizations that set up 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\$11.41 billion in inbound investments over the next two years.

Booming Information Technology and Outsourcing industry can also be a contributor in increasing tourist traffic to India. Increasing internet penetration and smart phones have synced all the stakeholders and helps in facilitating the dissemination of information. Use of app-based services will also help in boosting the sector. Use of social media destinations like facebook, twitter, Pinterest and Instagram can be quite helpful for marketing of hotels and destinations.

Indian movies and their actors are quite popular in south-east Asia. Shooting on Indian locations can increase the popularity of the destinations. Promotion of Indian movies across the borders also can contribute significantly in terms of tourist arrivals.

India is projected to be number one for growth globally in the wellness tourism sector in the next five years, clocking over 20 per cent gains annually through 2017, according to a study conducted by SRI International [6].

The fluctuating and depreciated value of Indian Rupee against US dollar is also a positive signal for the growth of inbound tourism in India.

Taking the 'Clean India' movement forward, Government is also looking for corporate partners to manage the historical monuments and in this series 36 monuments have been identified. ONGC has taken the responsibility of management and cleanliness of Tajmahal.

The foreign direct investment (FDI) inflows in hotel and tourism sector during the period April 2000–March 2014 stood at US\$ 7,348.09 million, as per the data released by Department of Industrial Policy and Promotion (DIPP) [7].

Right now, India is among the top-five nations for medical tourism, and it has the potential to be number one in wellness tourism.

In summers, all the monuments can be opened till midnight; it will provide revenues to the department and also please the tourist.

Promotion of fairs and events like Goa Carnival, Kumbha Mela, Varanasi ghats, Pushkar fair can mesmerise and thrill the visitors.

Threats

India faces many security risks. Active terrorist groups linked to al-Qaeda have been connected to attacks against Westerners. Regional border tensions, particularly in Kashmir and states in the north-east, mean these areas are particularly volatile. The majority of tourist areas are safe, but border regions can be more dangerous, and as the 2008 Mumbai terrorist attacks demonstrated, even mainstream tourist destinations are at risk.

An increase in crime, including recent high-profile attacks against women. Switzerland and Japan have issued guidelines for the women travelers visiting India. India ranked 97 among 141 global economies on safety and security parameters, according to the World Economic Forum's Travel and Tourism Competitiveness Report 2015 [8].

- Widespread poverty, presence of beggars, theft annoy the visitors and they often go back promising the will never come back to India.
- Large-scale political demonstrations increase security risk in the country as we have seen the instances where mob got uncontrolled and damaged public property.
- Unregulated infrastructure development for tourism can lead to ecological and environmental imbalances. Disposal of waste, destruction of forest depletion of water level, pollution caused by vehicles can be threatening for the environment.
- The market is at risk from extreme weather events like floods, rain and scorching summers.

Way Ahead

Tourism can be a significant contributor in foreign exchange, employment and income. If the slew of favorable announcements that have come from policymakers in the last few months in relation to tourism in the country is anything to go by, it would certainly make one believe that balls have ultimately started rolling for the tourism industry in India. The recent decision of the Planning Commission to recommend comprehensive reforms in Indian visa processing is, of course, the latest initiative [9].

Tourist Visa on Arrival (VoA) enabled by Electronic Travel Authorization (ETA) has been introduced for the citizens of 43 countries, allowing tourists to obtain a 30-day visa at the airport upon arrival instead of applying in advance, which will help to reduce bureaucratic obstacles to travel thanks to the proactive Modi government that included tourism in its manifesto, and undertook measures to boost the sector in the country. Challenges can be overcome by taking the right steps; here the role of state government is critical. Tourism is a state subject in federal India and, as a result, the national government can't do much beyond frame policies. All implementation must be done by state tourism bodies, and here the track record is uneven. Some states have done well, others less so. Regional Indian governments will have to work together to create a seamless and uniform ecosystem that allows tourists to experience India with ease.

In sum there are various factors which could contribute as key drivers of inbound tourism such as new product offerings, price competitiveness, rich natural/cultural resources and geographical diversity, government initiative and policy support, multiple marketing and promotion activities, healthy economic growth levels, host nations

for major international events and many more. The managers of tourism and hospitality industry should make best use of such potential so that Indian tourism industry can stand tall in the highly competitive market.

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