

## Contribution of Tourism Sector to Make in India

Shweta Bhatnagar<sup>1</sup>, Dr. Deepti Maheshwari<sup>2</sup>, Dr. Sangeeta Jauhari<sup>3</sup>

<sup>1</sup> Sr. Asst. Professor, BSSS & Research Scholar, RNTU, Bhopal (M.P.) India

<sup>2</sup> Dean, Faculty of Commerce, RNTU, Bhopal (M.P.) India

<sup>3</sup> Head, Dept. of Management, RNTU, Bhopal (M.P.) India

### ABSTRACT

*'Make in India' is an ambitious initiative of the central government which aims at increasing the pace of growth of national economy. But consistency in the growth to bring about sustainable development in the Indian economy is the biggest challenge of the program. India stands at a gross domestic product of 7.3 percent in the third quarter of 2016 and are expected to continue at the similar rate for 2016-2017. This rate of growth is an outcome of improvement in the economic fundamentals and major initiatives by the government. Due to various policy reforms introduced by the government there has been a huge influx of funds under FDI enabling the economy to move along the growth trajectory. By enhancing the purchasing power and increasing demand, Make in India aims to spur the development. Tourism and Hospitality is one of the 25 targeted sectors of the economy under the program. Labour intensive nature of this sector makes it a key focus area that best suits the requirement of Indian economy. This study aims at looking at the phenomenon of Make in India from the perspective of tourism sector. How tourism integrates with this program and meets the challenges of contributing to maintaining the consistency and further enhancement of present economic growth? Also the study focuses upon how far Tourism sector would match to its global objective of Sustainable Development under this scheme?*

**Key words:** Make in India, Tourism and Hospitality sector, FDI, GDP and Sustainable Development.

### I INTRODUCTION

India possesses tremendous potential to prove its global supremacy. Its 200 years of colonial history is a proof of the fact that the then advanced economies identified the country as a valuable destination for raw material to feed their industries. However, capital and technology the two key aspects which it lacks deters its growth objective. Realising the potential that India can be converted into a manufacturing hub the present union government has announced ambitious 'Make in India' program in September 2014. It is an action oriented comprehensive program aims at; (i) inspiring confidence of potential investors and partners in India's capabilities, (ii) empowering through providing required technical information on identified 25 industry sectors, and (iii) enabling to reach out to vast local and global audience to update them about the opportunities. (make in india). Led by the department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India, program also aims at improving Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable. Automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defense manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, **tourism and hospitality**, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems are the 25 focus sectors. 'Brand India' is promoted at almost all major international platforms. (ibef/economy/make-in-india)

### II TOURISM SECTOR IN INDIA

Tourism in India has emerged through phases, with a single comprehensive National Tourism Policy in 1982 to state wise declaration of tourism as an industry between 1990-2000. Government policies gave a fillip to the hotel industry. With revised National Tourism policy in 2002 focus came onto robust infrastructure, online travel portals and low cost air travels to boost domestic tourism as well until 2005. Post 2005 till recently government have been really aggressive in marketing tourism to attract both inbound as well as outbound tourists with over 14 overseas offices (WWTC). Tourism contribution to Indian economy has two folds, first is contribution to GDP (6.88% for 2012-13) and second is towards Foreign Exchange Earnings (FEE) which stands USD 21.07 billion for the year 2015 a 4.1% growth over 2014.

Its economic significance increases more with the multiplier effect of tourism sector due to its forward and backward linkages with other sectors of the economy especially its major handholding with the hospitality sector. Growth statistics in terms of number of travelers have been impressive for both domestic with 1290.12 million tourists as well as international tourism with 8.03 million Foreign Tourist Arrivals (FTAs) during 2015. It has been well recognized by the government that tourism contributes to holistic development by generating employment and brings an inclusive growth through PPP i.e. public and private partnership. (UNWTO Report on India's Tourism Performance).

(a) **Tourism: a Focus Sector under Make in India**-Tourism is largely perceived as service sector, therefore, it is important to identify that what makes tourism fall in the purview of Make in India. The program mainly aims to create jobs, enhance skills and boost high quality manufacturing with zero defect at the same time minimizing its negative effects environmental and ecological impacts i.e. zero effect to bring about sustainable development. Tourism and hospitality sector has been identified under the 25 sectors under the program bears the following characteristics which makes it worth considering;

- (i) Twin impact of tourism on employment and economic growth. The sector has huge potential to employ people ranging from skilled professional jobs to unskilled supportive workforce. The contribution of tourism to total GDP (direct and indirect) of the country and the total employment through tourism (direct and indirect) during 2012-13 were 6.88% and 67.0 million, respectively. (Press Information Bureau)
- (ii) An incremental growth of 2.2% in Foreign Exchange earnings from USD 17.74 billion in 2012 to USD 18.13 billion in 2013, tourism has become the third largest contributor after gems and jewellery and readymade garments. During 2013, foreign exchange earnings from tourism registered a growth of 12% rising from INR 944.87 billion to INR 1058.36 billion.
- (iii) India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index. (IBEF) With 8.03 million foreign tourist arrivals in 2015, it registers an annual growth of 4.5% over the previous year
- (iv) Its forward-backward linkages with other sectors of the economy tourism passes back the economic benefits to the local communities and businesses.
- (v) Particularly, strengthening economic linkages between tourism and agriculture will enable the local agriculture industry to be competitive by meeting demand with high-quality products. The potential exists for such linkages to be created between local food producers and purchasing authorities for the tourism industry so that the needs of each party can be expressed and mitigated and the food producers and purchasers can build lasting and sustainable relationships. (Tourism & Agriculture - American University)

These economic benefits of tourism and hospitality make it a key driver of growth amongst the service sector in the country.

(b) **Tourism Sector Initiatives**-Ever since the Make in India program is introduced, various initiatives have been taken by the government by way of policy interventions and infrastructure development to transform and uplift 'Incredible India' to 'must revisit, must experience' destination. The outcome of the initiatives will translate into growth indicators such as FTAs, FEEs, employment opportunities, GDP contribution, etc. Some major initiatives and facilitations provided to the sector include;

(i) **Policy Initiatives & Investments**

- **FDI Policy:** 100% FDI is permitted in tourism and hospitality through automatic route for all construction development projects for improving infrastructure and facilities. Although, FDI is subject to a minimum three year lock in but the conditions of minimum capitalization and area restrictions have been removed.
- **E- Tourist Visas (e-TV):** Earlier known as Visa on Arrival enabled with Electronic Travel Authorisation was initially launched with 43 countries. The e-TV scheme now includes 155 countries, available at 16 airports and 5 major ports. The fee for e-TV has been revised to four slabs of 0, USD 25, USD 48 and USD 60 which was uniformly USD 60 for all countries earlier. Also Bank charges have been reduced from 2.5% to 2% of the fee. There is no bank charge for zero visa fees and the validity of visa is for 60 days.
- **Service Exports from India Scheme (SEIS):** Served from India Scheme (SFIS) under Foreign Trade Policy 2015-20 has been replaced by Service Exports from India Scheme (SEIS). It applies to 'service providers located in India' instead of Indian service providers and provides them rewards for providing services from India irrespective of their constitution and profile. The rewards are based on net FEE which is 3% and 5% for tourism and travel related services, in the form of 'duty credit scrip'.

(ii) **Integrated Development of Tourist Circuits on Specific Themes**

- **Swadesh Darshan:** This scheme was launched by Ministry of tourism in March 2015 where theme based circuits will be developed for mass as well as niche tourism. Thirteen theme tourist circuits have been identified under the scheme for development. Five Pan India

- Mega circuits have also been identified for Spiritual and Adventure Tourism.
- **PRASAD:** Pilgrimage Rejuvenation and Spiritual Augmentation Drive Scheme was launched by the Ministry of Tourism in March 2015 for beautification and development of pilgrimage sites for targeting domestic tourists and also foreign tourists driven by spiritual and religious sentiments. Initially thirteen cities with religious and pilgrimage importance are identified for development under PRASAD scheme.
  - **HRIDAY:** The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.27 million).
  - **Project Mausam:** The Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries. (Tourism & Hospitality, Sectoral report, 2017)
- (iii) **Development of Niche Tourism**
- **Medical and Wellness Tourism:** 96,856 Medical Visas were issued between Jan- Jun 2016 to promote growth in this segment. This will be further facilitated by expanding the list of permissible activities under e-Tourist Visa for attending Yoga Program and Medical Treatment of short term nature.
  - **Golf Tourism:** IGTC has approved eight golf events for FY 2015-2016 with a financial aid of INR281.71 lakh
  - **Adventure Tourism:** Financial assistance of INR64.59 lakh has been given to Indian Institute of Skiing and Mountaineering (IISM) and INR47.06 lakh to Indian Mountaineering Foundation for adventure activities.
  - **Cruise Tourism:** For development of vast coastline and promotion of Cruise tourism a Task Force is constituted with Secretary Tourism as Chairman and Secretary Shipping as Co- Chairman.
- (iv) **Other Initiatives**
- **Promoting North Eastern Region:** To highlight tourism potential of the region
- National Tourism Mart is organized every year at different prominent places.
- **Adarsh Smarak:** 100 monuments are identified for development as Model Monuments by providing by necessary tourist facilities such as Wifi, encroachment free areas, interpretation centres and signboards of Swachh Bharat Abhiyan.
  - **The Biennial Buddhist International Conclave:** To showcase rich Buddhist heritage and to promote inbound tourism to Buddhist sites the conclave is organized. (Tourism & Hospitality Sector- Achievement Report, 2016)
- (v) **Achievements of Tourism Sector under Make in India Program**
- Tourism footfall registered an impressive growth both in terms of Foreign Tourist Arrivals (FTA) and Domestic Tourist Visits (DTV). During FY 2016-2017 (Jan- Oct 2016) FTAs were 69.62 lakh as compared to 62.98 lakh during the same time in FY 2015-2016. Also DTVs to various states and UTs was 1432 million in 2015 as compared to 1282.8 million in 2014 registering a growth of 11.63%.
  - The e- Tourist visa scheme has attracted large number of tourists US, Germany and UK. 86.4% growth is registered in FTA on e- Tourist Visa from 56,477 in Oct 2015 to 1,05,268 in Oct 2016. The figures are more impressive in terms annual data for FY 2016-17 (Jan- Oct 2016) with FTA 7.8 lakh as compared to 2.58 lakh during FY 2015-2016 (Jan-Oct 2015) registering a 202.3% growth.
  - Foreign Exchange Earnings (FEEs) from tourism in rupee terms during FY 2016-17 (Jan-Oct 2016) were INR 1,24,371 crore with a growth of 14.7% as compared to FEE of INR 1,08,392 crore during FY 2015-16 ( Jan – Oct, 2015).
  - Hotel and Tourism is amongst the top ten sectors attracting highest FDI equity inflow registering an increase of 72% in FY 2015-2016 over the previous FY 2014-2015 from USD 777 million to USD 1.33 billion.
  - There has been a large scale skill enhancement during last two financial years with 180,376 persons being trained under ‘Hunar se Rozgarkar’ and ‘Skill testing and certification schemes

by the government. Setting up of 3 State Institutes of Hotel Management (SIHMs), 12 Institutes of Hospitality Management in North Eastern states has been approved in-principle. Out of these Central Institute of Ho-tel Management (CIHM) Guwahati, Shilong, Gangtok and Food Craft Institute (FCI) Nawgaon are operational. Approval is also accorded to 3 FCIs in one in MP and two in Rajasthan. Also Indian Culinary Institute has been set up at Tirupati with a 3 years B.Sc course in Culinary Arts offering 30 seats for its first academic batch 2016-2019.(Tourism & Hospitality Sector- Achievement Report, 2016)

### **III CHALLENGES OF SUSTAINABLE DEVELOPMENT**

Tourism has been identified as one of the most progressive sectors of the economy under the highly ambitious plan of Make in India. But tourism sector has a major challenge of matching with its global objective of sustainable development. Sustainability refers to development and maintenance of the area or community, environment or resources in such a manner and at such a scale that it remains viable over an indefinite period and does not degrade the physical environment in which it exists to a degree that it prohibits the successful development and wellbeing of others.(Butler, 1993). Therefore, sustainable tourism should ensure that; (a) tourist visits will be maintained and tourism resource will be retained indefinitely, and (b) no adverse impacts should be caused to society, culture and environment. Keeping in line the principles of sustainable development tourism sector has the following key missions'

- (a) Promoting sustainable tourism on priority.
- (b) Enhancing the tourism infrastructure and competitiveness to global standards.
- (c) Ensuring greater visibility of tourism facilities.
- (d) A concrete Central policy on Tourism and all the state tourism policies should be redraft in adherence to that so the uniform policy framework can be ensured throughout the country.
- (e) Regulatory authority is required to be kept in place and conferred with sufficient powers to govern the sector as cut different domains of economic and social activities.

Out of all key ingredient to sustainability tourism sector in India lacks strong uniform policy to lead the dynamic industry in one direction. Regulatory front

requires strengthening up keeping in mind the complexities of tourism industry which is a combination of other industries as well. This can be done to significant extent by identifying key industries in tourism sector, such as, hospitality, tour operators, travel agents and other service providers.

### **IV CONCLUSION**

The patterns of travel and tourism are changing in the world, thereby, creating numerous opportunities for tourism sector to increase its contribution to the economy. Make in India initiative with adequate policy support provides large influx of capital through FDI and funding by the government to the tourism sector to enable it to reciprocate well to the requirements of growth and development under the program. Restoring to the objective of bringing about sustainable development Tourism sector has to follow an integrated approach with all its allied sectors to transform in accordance with the requirements of future. Initiatives and innovations are keys to take Make in India to another level. Apart from the efforts of Ministry of Tourism it is essential to seek PPP (public private partnership) for effective branding and marketing of tourism products, services and facilities. Government should equip all channels and medium through which world class tourism experience can be offered.

### **REFERENCES**

- [1] Butler, R. (1993). *Tourism and Sustainable Development: Monitoring, Planning & Managing*.
- [2] Economy/ Make in India. (2016, May). Retrieved February 9, 2017, from Indian Brand Equity Foundation: [www.ibef.org](http://www.ibef.org)
- [3] [ibef/economy/make-in-india](http://www.ibef.org/economy/make-in-india).(n.d.). Retrieved from [www.ibef.org](http://www.ibef.org)
- [4] make in india. (n.d.). Retrieved Feb 1, 2017, from [www.makeinindia.com](http://www.makeinindia.com)
- [5] Tourism & Agriculture - American University. (n.d.). Retrieved February 2017, from [american.edu](http://www1.american.edu/ted/niagra.htm): <http://www1.american.edu/ted/niagra.htm>
- [6] Tourism & Hospitality Sector- Achievement Report. (2016, December 29). Retrieved February 2017, from DIPP, Ministry of Commerce & Industry, Government of India: <http://www.makeinindia.com>

- [7] Tourism & Hospitality, Sectoral report.  
(2017, January). Retrieved February 2017,  
from IBEF:  
<http://www.ibef.org/industry/tourism-hospitality-india.aspx>
- [8] UNWTO Report on India's Tourism  
Performance. (n.d.). Retrieved from  
<http://asiapacific.unwto.org>:  
<http://asiapacific.unwto.org>