



**MAKE IN INDIA –BIG BOOST TO TOURISM AND HOSPITALITY**

**Leena Kakkar**

**Head & Assistant Professor, Post Graduate Department of Commerce,  
Dev Samaj College for Women, Ferozepur City (Punjab)**

**Sapna**

**Assistant Professor, Post Graduate Department of English,  
Dev Samaj College for Women, Ferozepur City (Punjab)**

**ABSTRACT**

*Tourism industry is such a money earner industry that it has the potential to generate foreign exchange and also to make a very active contribution towards growth of overall economy and creation of employment opportunities. In India , people in this sector have understood the pulse of the times .They understand the far reaching effects of our PM Narendra Modi’s call for “Make in India “that will definitely lead to the increase in the number of tourists visiting the shores of India. Added to that, the Government has also taken market initiatives in the form of ‘Incredible India’ and ‘Atithi Devo Bhava’ to provide a hint of its focused approach. In recent times, the Indian Govt. has been promoting Eco Tourism, Adventure and Rural Tourism, Cruise Tourism and the list is endless. Added to that, India can boast of Medical Tourism or M Visa to encourage Medical Tourism in India. Earlier India was promoted as a spiritual hub as it was considered a country of saints and ‘Fakirs’only. But now the Government is projecting it as a country having the potential of a place that can comfortably be placed into the category of ‘Must Experience’ destinations of the world. For this, Modi Government had prepared a National Tourism Policy 2015 draft. This policy aimed to encash the wanderlust of the tourists. The overall aim of the Government is to give a push to the tourist footfall in India. In our paper we have tried to analyze how Modi’s invitation to people all over the world is going to bring a rise in the number of people visiting this beautiful country and also how tourism industry holds the possibility to make the Economy healthy , strong and vibrant. We will try to find out whether it was only a passing reference or is Government serious about Make in India concept and how Tourism fits into that.*



## 1. INTRODUCTION

India is discovering new friends and also straightens out the crease in bilateral relations. The credit should be given to the “Make in India” campaign established by PM Modi on Sep 25, 2014 to gain more business from all round the world. His purpose for investing and manufacturing in India not only evoked Pan- India concern but also enticed other nations to be party to this opening. The campaign is proposed to change the economy from the services- driven growth model to labour-intensive manufacturing-driven growth. The major aim behind the initiative is to concentrate on job creation and skill enhancement in 25 sectors of the economy which include Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence, Manufacturing, Electrical Machinery, Electronic system, Food Processing, Information Technology and Business Process Management, Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways, Renewable Energy, Roads and Highways, Space, Textiles and Garments, Thermal Power, Tourism and Hospitality and Wellness. Tourism and Hospitality have always been the centring point of many speeches of Prime Minister Narendra Modi. His strong notion in Tour & Travel Industry is even judged from the fact that the Ministry of Tourism is transmitting half of its budget on uprising destinations, circuits and mega & rural tourism infrastructure projects. Even in the past, the ruling government had introduced many initiatives, such as Incredible India and Atithi Devo Bhava to attract tourists, especially the foreigners. These and many other growth drivers put Tourism and Hospitality in the spotlight of PM Modi’s challenging ‘Make in India’ campaign.

For India, the direct share of travel and tourism to GDP is expected to grow 7.2 per cent per annum to US\$ 88.6 billion (2.5 per cent of GDP) by 2025. Interestingly, as per the data released by Department of Industrial Policy and Promotion (DIPP), during the period April 2000- May 2015, travel and tourism sector has pulled in around US \$ 8.1 billion in FDI. Also, the tourism and hospitality sector is among the top 15 sectors in India to draw the highest foreign direct investment (FDI). When we speak about Tourism and Hospitality sector, Wellness Tourism sector takes the lead because of the cheap and effective medical treatment available in India. According to a research steered by SRI International, India is expected to be the quickest growing nation in the wellness tourism sector over the next five years, hitting a growth rate of over 20 percent through 2017. According to Phocuswright, a travel data aggregator, the online penetration in travel and tourism bookings is proposed to increase from 41 percent in 2014 to 46 percent in 2017. This is magnificent news for the online travel agencies – Make my trip, Yatra.com and Clear trip. At the



same time, improving income levels, varying lifestyles, and regulatory backing by the government are playing an indispensable role in moulding the travel and tourism sector in India. The growth opportunities in the travel and tourism can be understood only with the progress of the hospitality sector. With the high amount of tourist influx over the past few years, it is a major subscriber to Indian economy. The Indian tourism and hospitality industry has come forth as one of the key drivers of growth among the services sector in India. Tourism in India has important potential considering the abundant cultural and historical heritage, diversity in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. The industry is expected to generate 13.45 million jobs across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/Tour Operators (0.66 million). The Ministry of Tourism plans to assist the industry run across the increasing demand of competent and trained manpower by providing hospitality education to students as well as attesting and promoting skills of existing service providers.

India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index.

## 2. REVIEW OF LITERATURE

Moushumi Banerjee (2015) in her paper "Food Tourism: An effective Marketing Tool for Indian tourism Industry" sought to analyze that Tourism programming is exploratory to evolution of flourishing tourism management.

Dr. T. V. Ramana (2015) in his paper "Make in India: Illusion or Possible Reality project?" tried to discuss that an ambitious attempt was made to present the new investment project of Prime Minister Mr. Narendra Modi that 'Make in India' is the new phrase and the target was to boost the production of goods within the country and Making India the manufacturing hub of the world economy with a superior, competent, younger manpower taking the positions in the future.

Archana Bhatia (2013) in her article "SWOT Analysis of Indian tourism Industry", tried to study the strengths, weaknesses, opportunities and threats of Indian tourism industry so that the similar can be employed to enhance its foreign footsteps.

Mr. Chanduji Thakor and Mr. Mitul Deliya (2012) in their paper on "Role of Hospitality Services in Gujarat Tourism" sought to know the important role of Tourism in India's GDP, the function played by the Hospitality services in Tourism, the market segments and the financial functioning of Hospitality.

Neeraj Kaushik, Jyoti Kaushik, Priyanka Sharma and Savita Rani (2009) in their work on “Factors influencing choice of tourist destinations: A study of North India” attempted to ascertain the components accountable for determining the attractiveness of a tourist destination in North India and found that there are seven factors which are reckoned significant by the tourists while choosing their destinations. These factors are- communication, objectivity, basic amenities, attraction, support services, distinctive local features and psychological and physical environment.

Nageshwar Rao and R.P. Das (2002) in their article on “Reorienting HRD strategies for tourists’ satisfaction” highlighted as to how the Indian Tourism Industry can cause to turn its HRD strategies in order to please its customers to exist in the global competition.

Russell A. Green in one of his path-breaking papers sought to aware the future employment ways for India for the next 20 years keeping in mind the challenges of manufacturing growth and high quality job creation in India

### **3. OBJECTIVES OF THE STUDY**

- 1) To judge the expected foot fall of foreign tourists on the shores of India.
- 2) To know the major initiatives taken by the Government of India to give a boost to the tourism and hospitality
- 3) To know the contribution of Tourism and Hospitality on Indian Economy.

### **4. RESEARCH METHODOLOGY**

Research Type: Descriptive Research

The present study is based on secondary data. The required information has been gained from:

1. Different books.
2. Articles from Magazines and Journals, and
3. from the various related web-sites.

### **5. LIMITATIONS OF THE STUDY**

1. The study is based on published data and information.
2. Time constraint remained the major limitation in the study
3. The biasness can always be there.

### **6. FOREIGN TOURISTS ARRIVAL IN INDIA**



According to the data collected by World Travel and Tourism Council, the number of foreign tourists arriving in India increased at a galloping speed from 2005 to 2015. In the study conducted by this council it was found that the figures have almost doubled within the span of a decade. It is heartening to assume that in the next decade the footfall will increase all the more because of better infrastructure, facilities, visa norms etc. Online hotel bookings in India are showing an upward trend year after year due to the increasing penetration of the internet and smart phones.

## 7. FORCES BEHIND INCREASE IN TOURIST TRAFFIC

The following factors are responsible for increase in tourist traffic in India:

### Domestic Tourist Traffic

- Growing income leading to high purchasing power of the middle class
- Better connectivity of roads
- Lifestyle Changes

### International Tourist Traffic

- Worth of money/ destination that is easy on the pocket.
- Destination with dual advantage: Business and Pleasure
- Projection of different states as the most acclaimed tourist destinations in India with their distinctive brand image.
- Opening of more private sectors /inclusion of more foreign investment
- Open Skies Policy has led to better connectivity of different countries of the world with India
- Positive results of "Incredible India" campaign as well as of other tourism promotion measures

## 8. LONG-TERM TOURISM TRENDS PROJECTED BY THE WORLD TOURISM ORGANISATION

Over the last around 60 years, tourism has proved the fastest growing sector and is still expanding and diversifying. Many new destinations have been chalked out. They have challenged the traditional tourist hubs of Europe and North America.

According to Tourism Towards 2030, UNWTO's long-term outlook and assessment of future tourism trends, the number of international tourists arrivals worldwide is expected to grow by 3.3% a year on average from 2010 to 2030. This indicates some 43 million more international tourists arrivals every year, reaching a total of 1.8 billion footfalls by 2030.

During the last year, evolving economy destinations have shown better results than advanced economy destinations, and this atmosphere will continue to prevail in the times to come. Between 2010 and 2030, arrivals to emerging economies are expected to increase at double the pace (+4.4% a year) of those to advanced economies (+2.2% a year)

The positive outcome of the whole affair is that the market share of emerging economies has increased from 30% in 1980 to 47% in 2011, and is expected to reach 57% by 2030, which is equivalent to over one billion international tourist arrivals.

(Source: UNWTO, 2012)

## 9. INVESTMENTS

The tourism and hospitality sector is among the top 15 sectors in India with the potential to attract the highest Foreign Direct Investment (FDI). During the period April 2000-September 2015, the hotel and tourism sector attracted around US\$ 8.48 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP).

Anticipating more tourists from around the world and keeping in mind India's potential, a number of companies have invested in the tourism and hospitality sector. Some of the recent investments in this sector are as follows:

- Thomas Cook owned by Fairfax has acquired Swiss tour operator Kuoni Group's business in India and Hong Kong for about Rs 535 crore (US\$ 80.3 million) in order to scale up inbound tour business
- US-based Vantage Hospitality Group has signed a franchise agreement with India-based Miraya Hotel Management to establish its mid-market brands in the country.
- Thai firm Onyx Hospitality and Kingsbridge India hotel asset management firm have set up a joint venture (JV) to open seven hotels in the country by 2018 for which the JV will raise US\$ 100 million.

- ITC is planning to invest about Rs 9,000 crore (US\$ 1.35 billion) in the next three to four years to expand its hotel portfolio to 150 hotels. ITC will launch five other hotels - in Mahabalipuram, Kolkata, Ahmedabad, Hyderabad and Colombo - by 2018.
- Goldman Sachs, New-York based multinational investment banking fund, has invested Rs 255 crore (US\$ 38.3 million) in Vatika Hotels.
- Japanese conglomerate Soft Bank will lead the Rs 630 crore (US\$ 94.5 million) funding round in Gurgaon based OYO Rooms.
- Make My Trip will acquire the travel planning website Mygola and its assets for an undisclosed sum, and will together look to focus on innovating the online travel segment

#### 10. INITIATIVE OF GOVERNMENT

The Government of India as well as the Ministry of Tourism has made a significant contribution towards the growth and development of the industry by providing various policy measures, tax incentives and infrastructural support such as:

- Promotion of rural tourism by Ministry of Tourism in collaboration with the United Nations Development Programme.
- Availability of Medical Visa for tourists visiting the country for medical treatment.
- 100% FDI allowed through automatic route in the hotel and tourism sector.
- Insurance of visa on arrival for tourists from a few countries like Finland, Japan, New Zealand etc.
- Capital subsidy programmes for budget hotels
- Exclusion of customs duty for import of raw materials, equipment, liquor etc.
- Five-Year income tax holidays for 2-4 star hotels established in specified districts that have been declared as World Heritage Sites by UNESCO.

#### 11. FACTORS BEHIND BOOM IN TRAVEL AND TOURISM INDUSTRY IN INDIA

India is the largest democracy in the world. It is gifted with rich cultural heritage, splendid geographical location and wide variety of flora and fauna which makes it one of the finest destinations in the world to explore. In recent years travel and tourism has become one of the largest service industries in India. The industry recorded the growth of 7.5% in 2016 exceeding the growth rate of 6.9% in 2015. According to World Travel and Tourism Council's "Travel and Tourism Economic Impact 2015" report the direct contribution of this industry to the country's GDP in 2014 was 2.2%. It is forecast that the contribution will rise significantly to 2.5% of total GDP in 2025. The

improved connectivity, better lodging facility and favourable government policy on visa reforms like Visa-on-arrival have helped the Indian Tourism to thrive and flourish.

The industry is broadly classified into two segments:

- **Tourism:** The tourism sector includes medical and healthcare tourism, adventure tourism, heritage tourism, ecotourism, rural tourism, wildlife tourism and pilgrimage tourism.
- **Hotels:** These include business hotels, suite hotels, resort hotels, airport hotels, extended stay hotels, apartment hotels, resort hotels, timeshare hotels, casino hotels, convention centres and conference centres.

According to the Planning Commission, the Tourism and Hotel Industry has the potential to create more jobs per million rupees of investment in comparison with any other sector of the economy. It can provide employment to a wide range of job seekers-from the unskilled to the specialized- even in the remote areas of the country. Even the World Travel & Tourism Council (WTTC) has highlighted the employment-generation potential of this sector which says India's travel and tourism sector is expected to be the second-largest employer in the world, employing approximately 50 million people, directly or indirectly by 2019.

## 12. EMPLOYMENT OPPORTUNITIES

The hospitality industry has a great potential to provide employment to a very healthy number of people and India can boast of the fact that here there is a great amount of English speaking individuals, who prove quite helpful in the advancement and prosperity of the industry. There are a hundred and one areas in which the different individuals-literate and semi-literate, young and middle aged, men and women-can fit in. There are the regular jobs of a travel agent, tour guide, air hostess, chef, waiter and managers. The new trends that have been emerging in recent times are as follows:

- Cruise Ship Management
- Club Management and Recreation and Healthcare Management
- Airline Catering and Cabin Service
- Hotel Tourism and Association
- Fast Food Joint Management and Restaurant Management
- Beverage, food and confectionery production
- Institutional and Industrial Catering and

- Government owned catering departments like armed forces mess, ministerial conventions and railways services.

### 13. THE FUTURE OF HOSPITALITY

The Indian economy is spreading its wings in a wider horizon as it continues to move side by side with the world economy. Therefore, the merits of starting business with and in India are many. This has brought a variety of jobs to the shores of India, bringing in its wake transit travellers, business travellers, business meets and holiday seekers.

India was the ninth largest civil aviation market in the world in 2014. The sector is projected to be the third largest aviation market globally by 2020. India's aviation market catered to 117 million domestic and 43 million international passengers in 2014. Over the next decade the market could reach 337 million domestic and 84 million international passengers.

### 14. CONTRIBUTION OF TOURISM AND HOSPITALITY SECTOR TO ECONOMY

Ministry of Tourism makes sufficient policies and programmes to lure more tourists. Some of the major initiatives taken by the Ministry of Tourism to attract more foreign tourists in the country are as follows:

#### 14.1 CENTRAL FINANCIAL ASSISTANCE (CFA)

Ministry of Tourism operates various schemes through which Central Financial Assistance (CFA) is provided to States/UTs for overall development and promotion of Tourism. Recently, Ministry of Tourism has launched the following two new schemes for development of tourism in a thematic manner.

**Swadesh Darshan:** Swadesh Darshan was initiated for development of theme based tourist circuits. It caters to both elite and mass tourism in a holistic manner. Twelve Circuits namely North-East India Circuit, Buddhist Circuit, Himalayan Circuit, Coastal Circuit, Krishna Circuit, Desert Circuit, Tribal Circuit, Eco Circuit, Wildlife Circuit, Rural Circuit, Spiritual Circuit and Ramayana Circuit have been identified for development under this scheme.

**National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD):** This new Scheme was launched for the development and beautification of pilgrimage sites to tap the growth of domestic tourists driven by religious sentiments and to intensify tourism infrastructure at places of pilgrimage to facilitate pilgrims/tourists. In the first phase, cities namely Amritsar, Kedarnath, Ajmer, Mathura, Varanasi, Gaya, Puri, Dwarka, Amravati, Kanchipuram, Vellankanni, Guwahati and Patna have been identified for infrastructure development.

#### 14.2 PUBLICITY AND TOURISM

The Ministry of Tourism, Government of India, makes indefatigable efforts to promote India as a holistic destination in the international markets. As part of its promotional activities, the MoT releases campaigns in the international markets under the Incredible India brand-line to showcase various tourism destinations and products including its cultural heritage.

In addition to that, a series of promotional activities are being undertaken in tourist generating markets overseas through the India Tourism Offices abroad with the objective of showcasing India's tourism potential and promoting tourism in the country. These promotional activities include participation in travel fairs and exhibitions; organising road shows, Know India seminars & workshops; organizing and supporting Indian food and cultural festivals; publication of brochures, offering joint advertising and brochure support, and inviting media personalities, tour operators and opinion makers to visit the country under the Hospitality programme of the ministry.

The Ministry of Tourism provides financial assistance to Stakeholders and Tourism Departments of States/Union Territories for undertaking promotional activities under the marketing Development Assistance (MDA) Scheme.

#### 14.3 E-TOURIST VISA (E-TV)

The Government of India has introduced the facility of e-TV for the citizens of 113 countries at 16 airports. Introduction of e-TV is a Path breaking measure by the Government in easing entry formalities in the country.

Government of India has also revised the e-TV fee in four slabs of 0, US\$25, US\$48 and US\$60 from November 3, 2015. Earlier e-TV application fee was US\$60 and bank charge as US\$2 which was uniform for all the countries. The revision of Visa fee has been done on the principle of reciprocity. Bank charges have also been reduced from US\$2 to 2.5 % of the e-TV fee. During the period January to October, 2015 a total of 2,58,182 e-TV holders visited India indicating the success of the new online process.

#### 15. INDIA - TRAVEL & TOURISM TOTAL CONTRIBUTION TO GDP

Date	Value % share	% Change
2015	6.8	0.0%
2014	6.8	3.03%
2013	6.6	1.54%
2012	6.5	-1.52%
2011	6.6	1.54%
2010	6.5	2.99%
2009	6.7	-6.94%
2008	7.2	0.00%

2007	7.2	1.41%
2006	7.1	1.43%
2005	7.0	-19.54%
2004	8.7	

Table 1: Source: World Travel and Tourism Council Data, 2015

This table shows the contribution of Travel and Tourism to GDP which was 6.8% in the year 2015. The journey towards contribution to GDP has not been without its pitfalls. The scenario was not very healthy in 2005 when the contribution was heading towards downfall from heartening 8.7 to 7.0 value% share. After that it rose upwards for 2-3 years till 2008 but in 2009 it registered a decrease with 6.7 value % share but now because of the tourists' friendly policies of the government, the contribution is jumping upwards and there is every possibility that there will be no looking back in the times to come.

#### 16. FOREIGN INVESTORS

The Government has efficiently roped in foreign investors for the success of Tourism and Hospitality industry. The following are some of the leading brands who have contributed for the success of this mission

- Accor (France)
- The Four Seasons Group (Canada)
- Starwood Hotels (USA)
- Thomas Cook (UK)
- Marriott Hotels (USA)
- Expedia (USA)
- Premier Travel Inn (UK)
- Cox & Kings (UK)
- Mandarin Oriental (Hong Kong)
- Jumeirah (UAE)

#### 17. FDI POLICY

- 100% FDI is allowed under the automatic route in tourism and hospitality, subject to applicable regulations and laws.
- 100% FDI allowed in tourism construction projects, including the development of hotels, resorts and recreational facilities.

#### 18. ROAD AHEAD



India's travel and tourism industry has huge growth potential. The medical tourism market in India was projected to reach US\$ 3.9 in size in 2016 having grown at a CAGR of 27 per cent over the last three years, according to a joint report by FICCI and KPMG. Also, inflow of medical tourists which was 85 million in 2012 is expected to cross four times by the end of 2017. The tourism industry is also looking forward to the expansion of E-visa scheme which is expected to double the tourist inflow to India. Rating agency ICRA Ltd estimates the revenue growth of Indian hotel industry strengthening to 9-11 per cent in 2015-16. India is projected to be the fastest growing nation 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.

The Tourism sector in India is providing an important contribution towards the growth of the country's economy, with the sector recording double digit growth in FEEs and FTVs in the recent past. Further, the Government measures, such as promoting India through 'Incredible India' project, is not only providing a holistic experience to the tourists visiting India but is also showcasing the opportunities to the investors in the tourism sector. The sector is further expected to gain through the development of a comprehensive and coordinated framework, by capitalising on the existing infrastructure and building upon the strength of India's position as the fastest growing free market economy.

Travel and Tourism industry has to be nurtured so that it attracts more FDI to help build the whole ecosystem surrounding this industry. According to a report on Tourism in India published in January 2015, going forward the domestic visitors will be contributing almost 85% share of expenditure by the year 2024 and remaining 15% by international visitors. Hence the travel and tourism sector is to increase its economic contribution and provide employment opportunities to aspiring young population of the country.

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