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Tourism & Hospitality Industry: Problems and Prospects of India

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Abstract

The Tourism and Hospitality Industry plays a vital role in the economic development of India. It encompasses a wide range of services including accommodation, food and beverage, transportation, and various forms of entertainment and recreation. India, with its rich cultural heritage, diverse landscapes, and historical landmarks, has immense potential to be a global tourism hub. However, despite its promising prospects, the industry faces several significant challenges that impede its growth. Tourism is one of the most promising drivers of growth for the world economy. It is creating jobs, reducing poverty, and promoting sustainable human development, tourism has gained popularity. India's tourism industry is thriving, and the nation is quickly becoming as a top international destination for both inbound and outbound travel. The CII National Committee on Tourism works as a catalyst to advance the cause of tourism by projecting and marketing it as a "Mainstream Industry" and a significant engine of employment and economic progress. This paper mainly focused was problems, prospects, challenges of tourism and hospitality industry and recent trends, today hospitality 2.0 of tourism and hospitality in India.

Keywords: tourism and hospitality, challenges, planning.

Introduction

Hospitality is one of the largest and fastest growing industries worldwide. The hospitality and tourism industries are interdependent because when someone plans a trip, he or she always considers options like lodging and food, which are necessities for human survival, in that location. Likewise, when someone plans an outing, they consider locations with attractions, etc. Generally speaking, we can define hospitality as being treated how one would like to be treated. The goal of hospitality is to provide a guest or tourist with all they need, including lodging, food, drink, entertainment, safety and security, and overall contentment. Both tourists and residents need hospitality services. Most often, hospitality services are integrated with qualities that are intangible in nature yet very important to the buyer at the same time they are produced. Services include tasks that have a financial payoff but don't always result in a tangible good. Products, on the other hand, are tangible and come in two varieties: (i) Narrow Form and (ii) Broad Form. The simultaneous provision of goods and services is what gives the hospitality industry its distinctiveness. Physical product (such as food), service product (such as a plan for how the wait staff will accept food orders), service environment (such as the use of pressed and starched tablecloths and fine china and cutlery), and service delivery (such as how the service is provided) are the four main components of service. Products and services for the hospitality industry are inseparable.

India has a diverse ecology, geography, and sites of natural beauty distributed throughout its 3,287,263 sq. km. total territory, which stretches from the snow-covered Himalayan heights to the tropical rain forests in the south. This offers a crucial chance to fully realise the tourism industry's potential. Being one of the most well-liked tourist destinations in the world, India's tourism and hospitality sector has become one of the main forces behind the expansion of the country's services economy. India's tourism industry has a lot of potential since, like many other nations, it is a key source of foreign exchange. The foreign exchange earnings increased at a CAGR of 7% from 2016 to 2019, however they decreased in 2020 as a result of the COVID-19 epidemic. The tourist and hospitality industry, which includes

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travel and hospitality services like hotels and restaurants, is widely regarded to be a development agent, a catalyst for socioeconomic expansion, and a significant source of foreign exchange profits in many nations. Tourism not only promotes India's rich and beautiful history, culture, and variety, but it also has a big positive impact on the country's economy. The tourism industry has been able to bounce back from the shock of the COVID-19 pandemic and resume pre-pandemic operations thanks to the constant efforts of the federal and state governments.

Market Size

According to WTTC, India is ranked 10th among 185 countries in terms of travel & tourism's total contribution to GDP in 2019. During 2019, contribution of travel & tourism to GDP was 6.8% of the total economy, Rs. 1,368,100 crore (US\$ 194.30 billion). In 2020, the Indian tourism sector accounted for 39 million jobs, which was 8% of the total employment in the country. From an expected US\$ 75 billion in FY20, the Indian travel market is predicted to grow to US\$ 125 billion by FY27. Due to improved airport facilities and increased access to passports, the estimated \$20 billion Indian airline travel market is expected to quadruple in size by FY27. The Indian hotel market, which includes domestic, international, and outbound travel, was estimated to be worth US\$ 32 billion in FY20 and is anticipated to grow to US\$ 52 billion by FY27, thanks to rising traveller demand and persistent market expansion by travel agencies.

International visitors are anticipated to total 30.5 billion by 2028, bringing in more than \$59 billion in revenue. Post-pandemic, growth is anticipated to be driven by domestic travellers. International hotel chains are expanding in the nation, and by 2020 and 2022, they will control about 47% and 50% of India's tourism and hospitality sectors, respectively. By 2028, international tourist arrivals are expected to reach 30.5 billion and generate revenue over US\$ 59 billion. However, domestic tourists are expected to drive the growth, post pandemic. International hotel chains are increasing their presence in the country, and it will account for around 47% share in the tourism and hospitality sector of India by 2020 and 50% by 2022. The number of foreign tourist arrivals (FTAs) increased by 437.3% from 92,728 in August 2021 to 498,243 in August 2022. FTAs increased from 638,524 in January-August 2021 to 3,263,219 in January-August 2022. Among the top 15 source countries, Bangladesh contributed the highest percentage of foreign tourist arrivals in India in August 2022 (24.89%), followed by the United States (16.93%), the United Kingdom (10.74%), Australia (3.77%), Canada (3.44%), Sri Lanka (3.18%), Nepal (2.56%), Malaysia (2.54%), Germany (2.16%), France (2.01%), Oman (1.98%), Singapore (1.73%), the United Arab Emirates (1.45%), Italy (1.19%), and Japan (1.17%). The following table shows that the Market size of the tourism sector worldwide from 2013 to 2022, with a forecast for 2023 (in billion U.S. dollars)

Table 1: Market Size of The Tourism Sector Worldwide From 2013 TO 2022 (in billion U.S. dollars).

Year	Market Size of the Tourism Sector	Growth Rate
2023	2285.6	-
2022	2006.4	-0.12
2021	1423.4	-0.29
2020	1318	-0.07
2019	2201.7	0.67
2018	2201.5	0.00
2017	2069.7	-0.06
2016	1933.2	-0.07
2015	1927.2	0.00
2014	1990.7	0.03
2013	1930.7	-0.03

India is estimated to contribute 250 Bn \$ GDP from Tourism, 137 Mn jobs in the Tourism sector, \$56 Bn in Foreign Exchange Earnings and 25 Mn foreign arrivals are expected to be achieved by 2030. Indian tourism and hospitality is expected to earn \$50.9 Bn as visitor exports compared with \$ 28.9 Bn in 2018. International tourist arrivals are expected to reach 30.5 Mn by 2028 The travel market in India is projected to reach \$125 Bn by FY27 from an estimated \$75 Bn in FY20. In FY20, tourism sector in India accounted for 39 Mn jobs, which was 8.0% of the total employment in the country. By 2029, it is expected to account for about 53 Mn jobs. It is estimated that outbound trips from India will touch 29 Mn by 2025 and cross the \$24 Bn mark by 2024. Over the last 8.5 years, India has built extensive tourism infrastructure worth approximately \$1 Bn (INR 7,000 Cr) to improve tourist experience. The highlights of Union Budget 2023. The following factors of tourism.

- 50 tourist destinations will be selected through challenge mode to be developed as a whole package for domestic and international tourism.

- 50 additional airports, heliports, water aerodromes, advanced landing grounds will be revived to improve of regional air connectivity.

Review of Literature

Nayak, P., & Mishra, S. K. (2013) ¹Meghalaya, the abode of clouds, is one of the smallest states in India having a geographical area of 22,429 sq km along with a forest cover of 9,496 km². The state is endowed with gift of nature such as lofty mountain ranges with interplay of lush green valley, cascading rivers, sprawling water bodies, waterfalls, caves, and living root bridges. Not only is the state having national parks and wildlife sanctuaries it is an ideal habitat for flora and fauna with a pleasant and bracing

¹ Nayak, P., & Mishra, S. K. (2013, March). Problems and prospects of promoting tourism in Meghalaya. In *National Seminar on 'promotion of international tourism circuits in North East India: prospects, priorities and strategic options'* organized by the Department of Business Administration, Assam University, Silchar, India (pp. 8-9).

climate. The state has over 100 tourist spots. Because of her natural assets, ethnic diversity and the societal ethos, tourism holds high potential in the state. The state government though has taken a number of steps to improve the tourism sector yet it is at the nascent stage and has a long way to develop. Air and road connectivity, infrastructural facilities at tourist sites in terms of accommodation, transport, banking including credit card use, drinking water, sanitation, health care, etc is either lacking or not developed or deplorable. Over and above of all these, tourists do not often find themselves at ease with the local public. The workforce in the transportation and hospitality sector are yet to be sensitized regarding professional ethos, decorum and visitor-friendly courtesy.

Objectives of the Study

1. To study the problems and prospects of the tourism and hospitality in India.
2. To examine the challenges and trends and hospitality in India.

Research Methodology

The researcher collected from secondary data only. The secondary data collected through journal, books, published and unpublished paper, Ministry of tourism, Government of India.

Prospects of Indian Tourism

India is blessed with the greatest cultural diversity. Moreover, geography and art draw a tremendous number of travellers to the country. The development of the nation's tourist business is also being aided by the introduction of numerous new types of travel in recent years. Among foreigners, medical tourism, eco-tourism, adventure tourism, and cruise tourism have all experienced great growth. Currently and soon have a significant potential for growth. India's best resource for adventure tourism is the Himalaya.

Challenges & Problems of Indian Tourism

Lack of Proper infrastructure or foundation: Several components make up the established framework of the foundation. stability, adequate health care, and transportation. Moreover, constant connectivity and other human resources are essential for long-term tourism. India is ranked 48th in the component measuring ICT readiness. Moreover, India ranks 34th in the 2020 WEF Travel and Tourism Competitiveness Index's health and hygiene categories. So we don't feel particularly proud just now. This is a reflection of the subpar infrastructure in our country. And the fundamental reason for this is the inefficient distribution of financial resources to the travel and tourist industry.

Human Resources & Planning: Men and women with exceptional talent and potential are a necessary component of the tourist industry. The growth of our Indian travel and tourism industry requires a sizable number of skilled men or women at various levels. Also, it is essential that those who are already working upgrade their skills. In recent years, employment in fields such as banking, engineering, and medical has increased dramatically. Also, this eventually led to a decline in the number of human resources available to the tourism industry. As a result, both the hospitality and tourism industries today have a

strong demand for labour.

Insufficient Digital Promotion and Marketing: The development of a country's travel business requires extensive promotion and the right digital marketing push. The Indian tourism industry's digital marketing is still in its early stages. Additionally, in comparison to other tourist locations, the travel business has grown somewhat less. In India, the development of the travel and tourism industries was aided by the financial banking industry.

Taxation issues with Indian Tourism: Heavy taxes on all aspects of production for hotels, tour operators, and aviation facilities. They are rather pricey. When it comes to tourism, that is by far the main cause of losses to other nations with lower costs.

Security issues: one of the major issues facing Indian tourism is security. Female sexual abuse, theft, and credit card fraud are all on the rise. Furthermore, terrorism, food poisoning, and identity theft. Public violence is also having a significant negative impact on Indian tourism. Severe crises like COVID-19 also have a big impact on how quickly tourism may pick up.

Inaccessibility: Due to high transportation costs, inadequate connectivity with cities, and the fact that 2% of tourists cannot access many of the country's tourist attractions, there are many tourist places that are inaccessible to the poor, women, and elderly. The only industry that both creates and supports jobs in the tertiary sector is tourism. It is therefore imperative that we endeavour to improve this industry so that more people will be able to learn about our culture and there will be an increase in international visitors in the coming years.

Recent Trends in Hospitality In 2023

1. Bleisure travelers & hotel work spaces
2. Holistic hospitality, health & well-being
3. Digitalized guest experiences
4. Hyper-Personalization
5. Experience economy & essentialism
6. Asset management strategy
7. Artificial Intelligence (AI)
8. Renewable energy
9. Virtual & augmented reality (VR & AR)
10. Deal-Seekers

Hospitality Industry 2.0

Standardization can no longer be the norm: Personalizing and adjusting the services to the requirements and tastes of the tourist is becoming increasingly important.

To create value, focus on niche markets: For hospitality businesses, more value creation may be made possible by greater personalization and specialisation. But take care, this necessitates more than "just branding and rebranding," as one respondent noted, it necessitates thinking carefully about the value proposition of your business.

Exploit technology as an accelerator for business: Technology will be central to the hotel experience in the room, before the trip, and after. This will encourage the creation of fresh ideas and more creativity within the sector, which will help an increasingly specialised offer emerge.

Social responsibility is a moral and economic obligation: Nowadays, the effects of global warming can be seen as a huge risk for society as a whole as well as for businesses, which could lose out on sales and earnings. Therefore, it is

crucial for firms as well as governments to adopt more sustainable business practises: "not just green, but actual sustainable business models." Individuals are becoming more aware of social and environmental issues. This "needs to be considered in branding, but beware of green-washers: customers are now well-aware that window-dressing exists and they will not buy it," one person remarked in response.

Develop more responsive and resilient business models

Despite ever-increasing traveller flows, "tourism will become riskier and more vulnerable to crises" as the number of travellers increases over time. In reaction to an unjustified growth in tourist flows in some areas, this will be complemented by more regulation. (e.g. Venice or Barcelona). Delivery services have become a new part of our everyday lives as a result of the Covid-19 outbreak, which is now, thankfully, behind us. The pandemic disrupted work and childcare routines. Consumers are increasingly wanting to upgrade their takeaway orders from the standard pizza, Chinese or Indian takeaway that they used to (usually) get. They are now attempting to replicate the experience at home since they do not want to give up the luxuries of gourmet dining. This is made possible by F&B establishments incorporating drinks deliveries and providing extras like ambiance candles, QR-code playlists, and unanticipated gifts. While hotels have expanded their offerings as a result of the epidemic, many now provide alternatives to working from home for individuals who are sick of doing so.

Manage talents actively: The era of long-term staff retention and passive, hierarchical management approaches are unquestionably over. The issue of finding, developing, and retaining the best talent for the hospitality sector is still very much present.

PROBLEMS FACED BY THE TOURISM & HOSPITALITY INDUSTRY IN INDIA:

Infrastructure Deficiency: One of the most critical issues is the inadequacy of infrastructure. Many tourist destinations lack proper roads, airports, and other basic amenities, making accessibility a major concern.

Quality of Services: Inconsistent service quality is a recurring problem. While some establishments uphold international standards, others struggle to meet even basic expectations. This inconsistency erodes the credibility of the industry.

Regulatory Hurdles: Cumbersome regulatory procedures and bureaucratic red tape hinder the development of tourism-related projects. Obtaining licenses, permits, and adhering to various compliance standards can be time-consuming and complicated.

Lack of Skilled Manpower: The industry faces a shortage of skilled and trained personnel, particularly in areas like hotel management, tour guiding, and customer service. This leads to a gap in the delivery of high-quality services.

Security Concerns: Safety is a significant concern for both domestic and international tourists. Incidents of crime, especially against tourists, can have severe repercussions on the industry's reputation.

ENVIRONMENTAL AND CULTURAL IMPACTS:

Environmental Degradation: Irresponsible tourism practices can lead to environmental degradation. Improper waste disposal, damage to natural habitats, and over-exploitation of resources can harm ecosystems.

Cultural Insensitivity: Uncontrolled tourism can lead to cultural insensitivity and erosion of local traditions and customs. Over-commercialization can dilute the authentic experience that tourists seek.

PROSPECTS OF THE TOURISM & HOSPITALITY INDUSTRY IN INDIA:

Cultural Diversity and Heritage: India's rich cultural heritage, historical landmarks, and diverse traditions offer a unique and immersive experience for travelers. This cultural wealth serves as a significant draw for tourists.

Natural Beauty and Landscapes: India boasts a diverse landscape, ranging from the Himalayas in the north to coastal regions in the south. This diversity offers a wide array of experiences, from trekking in the mountains to relaxing on pristine beaches.

Emerging Trends: The emergence of niche tourism segments like wellness tourism, adventure tourism, and eco-tourism presents new opportunities for growth and specialization within the industry.

Government Initiatives: The Indian government has launched initiatives like 'Incredible India' and various state-level programs to promote tourism. Additionally, policies aimed at easing regulations and attracting foreign investments are in place.

Technological Integration: The integration of technology, including online booking platforms, virtual tours, and augmented reality experiences, is enhancing the overall tourist experience and making it more accessible.

Conclusion

The tourism and travel sector has emerged as the largest and fastest growing economic zone globally. Due to its contribution, both employment and GDP have significantly increased globally. One of the major forces behind India's expansion in the services sector has been the Indian tourist industry. India's tourism industry is a bright spot for the economy, a major source of foreign exchange, and a source of income for the host and adjacent communities. India is a tourism product that is outstanding in its beauty, distinctiveness, luxurious lifestyle, and history. India has been actively promoting tourism promotion both domestically and internationally. With increasing tourist numbers over the past few years, it has also made a significant contribution to India's economic system. Growing profit margins and altering standards of living, improvements in various tourism services, and regulatory and legislative support from the government are all important factors in shaping the tour and travel industry in the nation.

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