

IMPACT OF TERRORISM ON INDIAN TOURISM INDUSTRY

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India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognised as a destination for spiritual tourism for domestic and international tourists. Total contribution by travel and tourism sector to India's GDP is expected to increase from US\$ 136.3 billion in 2015 to US\$ 275.2 billion in 2025. India ranked third among 184 countries in terms of travel & tourism's total contribution to GDP in 2016. Travel and tourism is the third largest foreign exchange earner for India. With ease of travelling and a sense of safety being the top priority for travellers across the world, any terror attacks or untowardly instances are bound to have a cascading effect on tourism. Globally, this was witnessed most clearly immediately after the 9/11 World Trade Centre attacks in New York City in 2001. The travel and tourism industry which was until then accounting for one of every 12 jobs globally, almost ground to a halt after the attacks. This lecture is basically to know the impact of terrorism on tourism and hospitality industry.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. 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. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country.

Review of Literature

Ranabhat, K. (2015). Made a study on effects of terrorism on tourism industry and concluded that terrorism brought some positive implications in terms of economic development and security issues in the tourism industries. A crisis does not only mean threats but can also mean new opportunities. Some countries such as Turkey, the United Arab Emirates, Croatia etc. have developed the phenomena because they have taken benefits from the situation where discouraged tourists started to cancel trips to the US and some of the Middle East and European regions. They changed their travel plans to what they perceived as safer destinations. New security systems, product business, and telecommunication equipment have been developed for safety. This also brings other sector benefits such as communication to help to make business easier. Air travel has been the safest transportation; they improve for the security more than before the 9/11 terrorist attacks. Tourism industry has learned so many things after the 9/11 terrorist attacks.

Depuma, C.M. (2015). also attempted a study on terrorized tourists and found that in Brazil, Egypt, India, Russia, and the United Kingdom terrorism risk levels and the number of American visitors are inversely related, FDI and terrorism risk levels are inversely related, and GDP and FDI are directly related to terrorism risk levels.

Objectives of the Study

1. To know the status of Tourism industry in INDIA.
2. To know the impact of terrorism on tourism industry.

Research Methodology

This research paper is simply based on secondary data collected through a lot of newspapers and magazines. Internet is also made use of here to gather the information and to finding the various reports for the related information of the study.

STATUS OF TOURISM INDUSTRY IN INDIA

Market Size

India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism.

Domestic Tourist Visits (DTVs) to the States/Union Territories (UTs) grew by 15.5 per cent y-o-y to 1.65 billion (provisional) during 2016 with the top 10 States/UTs contributing about 84.2 per cent to the total number of DTVs, as per Ministry of Tourism.

Foreign tourist arrivals (FTAs) in India increased 18 per cent year-on-year to reach 723,000 in September 2017. FTAs on e-Tourist Visa in India increased 71 per cent year-on-year to 118,000 in September 2017.

India's Foreign Exchange Earnings (FEEs) increased 16.1 per cent year-on-year to US\$ 2.176 billion in August 2017.

India is expected to move up five spots to be ranked among the top five business travel market globally by 2030, as business travel spending in the country is expected to treble until 2030 from US\$ 30 billion in 2015. International hotel chains will likely increase their expansion and investment plans in India, and are expected to account for 50 per cent share in the Indian hospitality industry by 2022, from the current 44 per cent.

Investments

The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-June 2017, the hotel and tourism sector attracted around US\$ 10.48 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP). With the rise in the number of global tourists and realising India's potential, many companies have invested in the tourism and hospitality sector. Some of the recent investments in this sector are as follows:

- MakeMyTrip raised US\$ 330 million from Ctrip.com International Ltd, Naspers Ltd and few undisclosed investors, in a bid to withstand competition in the ticketing segment.
- MakeMyTrip has agreed to buy Ibibo Group's India travel business at a deal value of US\$ 720 million, thus creating India's largest online travel firm with a value of US\$ 1.8 billion, as estimated by Morgan Stanley.
- Yellow Tie Hospitality Management Llp, specialising in franchise management of food and beverages firms, plans to invest up to US\$ 15-20 million in five restaurant ventures of celebrity chef Mr Harpal Singh Sokhi, with the aim to have 250 outlets under these brands by 2020.
- Chaudhary Group (CG) Hotels & Resorts aims to have 200 hotels operational by 2020.
- DineEquity Incorporation has signed a franchisee partnership deal with food services firm Kwal's Group, in order to enter the Indian markets with their breakfast chain IHOP.
- As per industry experts, mid-hotel segment in India is expected to receive investments of Rs 6,600 crore (US\$ 990 million) excluding land over next five years, with major hotel chains like Marriott, Carlson Rezidor and ITC planning to set up upscale, budget hotels in state capitals and tier-II cities.
- Hyatt Hotels Corporation has outlined plans of bringing its Hyatt Centric brand to India soon along with three new hotels in Kochi, Rameswaram and Hyderabad by 2017.
- Vatika Hotels Pvt Ltd has raised Rs 495 crore (US\$ 74.25 million) in debt from Axis Bank Ltd to expand its hotels and quick-service restaurant chain besides its business centres.
- AccorHotels, a French multinational hotel group, plans to expand its footprint in Guwahati and Kolkata by adding more 550 rooms to its portfolio of hotels in the next three years.

Government Initiatives

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub.

In the Union Budget 2017-18, the Government of India announced some initiatives to give a boost to the tourism and hospitality sector such as setting up of five special tourism zones, special pilgrimage or tourism trains and worldwide launch of Incredible India campaign among others.

Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- The Ministry of Environment, Forest and Climate Change, Government of India, is planning to revise India's coastal regulation norms aimed at opening up the 7,500 km long coastline for developmental activities like tourism and real estate.
- The Central Government has taken a number of steps for smooth transitioning to cashless mode of payment to ensure that no hardship is faced by the tourists and the tourism industry remains unaffected from government's demonetization move.

- Maharashtra Tourism Development Corporation (MTDC) has come up with a unique tourism experience of visiting the open cast coal mine of Gondgaon and underground coal mine of Saoner, which are near Nagpur and part of Western Coalfields Limited.
- A Tripartite Memorandum of Understanding (MoU) was signed among the Indian Ministry of Tourism, National Projects Construction Corporation (NPCC), National Buildings Construction Corporation (NBCC) and Government of Jammu and Kashmir for the implementation of tourism projects in Jammu and Kashmir.

Foreign tourist arriving in India

- In 2016, foreign tourist arrival in India stood at 8.8 million.
- By 2025, foreign tourist arrivals in India is expected to reach 15.3 million, according to the World Tourism Organization
- In December 2016, over 1,62,250 foreign tourists arrived on e-Tourist Visa, in comparison with 103,617 foreign tourists in December 2015, registering a growth of 56.6 per cent over the previous year
- As of December 2016, 8.8 million tourists have visited India, mostly from UK, US and Bangladesh. This has been due to flexible government policies, developed rail and road infrastructure, ease in availability of e-visas to foreign tourists.
- The number of Foreign Tourist Arrivals (FTAs) in April 2017 were 7.40 lakh as compared to FTAs of 5.99 lakh in April 2016 and 5.42 lakh in April, 2015.



Contribution of Tourism industry to GDP

- Tourism in India accounts for 9.6 per cent of the GDP and is the 3rd largest foreign exchange earner for the country
- The tourism and hospitality sector's direct contribution to GDP in 2016, was US\$ 71.53 billion

- During 2006–17E, direct contribution of tourism and hospitality to GDP is expected to register a CAGR of 14.05 per cent
- The direct contribution of travel and tourism to GDP is expected to reach US\$ 147.96 billion by 2027



IMPACT OF TERRORISM ON TOURISM INDUSTRY

Today terrorism is one of the biggest issues in all over the world. Every country faces this major problem because terrorism create the bad image of any country in the world and of it the development of hospitality and tourism industry cannot work properly and the tourists who want to visit for any country hesitates to go outside their country. Terrorism changed not the view of the foreign tourists but also in the local people, therefore the people of their own country not to go outside their living places for enjoyment, and the hospitality and tourism industry is affected adversely.

India is such a beautiful place in the world but facing the terrorism activities in the whole country. All the business in the country affected due to terrorism in which airlines, hotels industry, restaurants , and even the other parts of the hospitality industry and it has produced the fear in the hearts of people.

Stock exchange have gone down, international companies will not invest in the country, airlines ticket sales crashed badly, people will not never travel, the growth of hotels and restaurants, will stop and were not spared with the economic downturn. No matter if the tourists will not consider secure they will not travel even how great the tourist's destinations are.

Sometimes the relationship with others countries affected on hospitality and tourism industry in the shape of terrorism, if you have not a good relationship with your neighbors country the relation will affect. Asia last few years have a great terrorism in different countries in which Pakistan, India, China and Sri Lanka as well, from terrorism the relations with their country is not good therefore the hospitality and tourism industry is reduce according to their relations.

For example India and Pakistan, they are close country to each and grounded in the political, geographic, culture, and economic contacts between India and Pakistan two of the largest and fastest developing countries in South Asia in a long time but both of them facing the terrorism problems in their country and they also blamed to each other instead to take the major step. Every time when they took the step in good relation some thing happened in the country. There was some improvement in relations since the mid-2000s but relations soured again after the Samjhauta Express bombings by extremists from India in 2007 and the recently in 2008 Mumbai Terrorist Attacks by Pakistani men in Taj Hotel and killed the numbers of people.

Kashmir is such a beautiful place such as a heaven in the world, but Kashmir is dispute problem between India and Pakistan since 1947 so many people has killed form the both sides, but Kashmir is a very attractive place for the tourists if this problem will solve the has the great contribution in hospitality and tourism industry.

Terrorism can also destroy tourism industry by reducing tourist arrivals in UK. After September 11 2001, terrorist attacks in UK and continued threat of terrorist attacks also reduce the foreign direct investment significantly. According to Ritcher and Waugh (1986), terrorism and political violence can destroy the tourism industry supply and demand because this industry is extremely sensitive to these extreme events. However, after September 11, 2001 the world has been threatened by terrorism, and acts of terrorism have increased in many countries including UK. The effects of terrorism on tourism decisions have been an area of research concern on demand. Drakos and Kutan (2003), Pizam A. (1999) and Krakover (2005) all agreed that the severity and frequency of terrorist attacks are negatively correlated with the tourism demand. The Pizam and Fleischer (2002) said that "the frequency of terrorist attacks cause large decline in tourism industry demand". The intervention analysis by Coshall J. (2005) employs explore that "the dynamics of the effects of terrorism incidents on those travelling or visiting UK and UK people going abroad".

CONCLUSION

Terrorism effects tourism activates deeply. This threat compel almost every department of tourism industry, which cause decline in the profit of industry and on the other side the whole economy has to bear the cost of every single act of terrorism. According to LCCI (2005) report, after 9 11 terrorist attacks, majority of tourism related industries fear high risk of terrorist attacks and they have contingency plan in place to deal with uncertainty.

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