

Role of Entrepreneurship Development in Tourism Industry

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Abstract

The change of location and tourism sector holds strategic importance in the Indian economic system providing several socioeconomic benefits. Provision of employment, income and foreign exchange, evolution or expansion of other industries such as farming, construction, handicrafts etc. are some of the significant economic benefits offered by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy.

Key words: Indian economy, employment, infrastructural facilities, tourism sector

Introduction

In October 2017, the Union Ministry of Tourism in collaboration with other central ministries, state governments and stakeholders successfully organized "Paryatan Parv" across the nation. The 21 day program was organized with the objective of drawing focus on the benefits of tourism, showcasing the cultural diversity of the country and reinforcing the principle of "Tourism for All". Previously, in September 2017, in his Mann Ki Baat address, the Prime Minister Narendra Modi called upon the citizens to travel within India and promote domestic tourism in a big way. These two incidents cannot be viewed in isolation, and in fact, indicate the government's sincerity and a comprehensive approach to promote tourism as a key driver of development.

It is against this background, it is apt to understand the status of India's current tourism sector, chances for India and challenges in recognizing the potential.

Review of the literature

An overview of relevant literature reveals that studies providing empirical evidence regarding tourism and Entrepreneurship development. Many research works have been done earlier on tourism, but some of the important studies are reviewed asunder.

Sandeep Malik (2018), studies entitled Importance of Training and Development in Tourism Industry. This study highlights the importance of training and development in the tourism sector. The nature of the study is exploratory in nature and the researcher has also used some observational facts to pace the study.

Sanna-Mari Renfors (2017), studies Skills Needed in International Tourism Business Development Study of Higher Tourism Education in Finland. This study provides an example of skills development within the context of international tourism business. It is a part of the EU-funded project BOOSTED - Boosting Tourism Business Growth through Higher Professional Education (Interreg Central Baltic, 1.11.2016-31.10.2019). The purpose of the project is to identify a relevant skill set needed in the international tourism business development in Finland, Estonia and Latvia. The skills are then translated into a joint curriculum which will be implemented as a professional higher education study program online. The aim of this specific study is to identify the relevant skills needed in international tourism business development in Finland. The work reviews the accomplishments highlighted in the existing national and regional tourism strategies as well as in the sector and project reports, students' post-internship reports and in higher education curricula. It also explores the perceptions of the industry by interviewing people in 32 tourism-related organizations.

Manju Yadav (2017), studies entitled Rajasthan tourism: Problems and government policies. Endowed with natural beauty and a great history, tourism occupies a prominent place in the state's agenda as a crucial engine, for income and employment generation with least possible investment, this industry bears the efficiency of earning more. Being a highly labor intensive industry, it employs people like skilled, semi-skilled and unskilled people. Despite the importance of the tourism sector, it faces major problems in the state. This study aims need of tourism corner in Rajasthan. The problems facing by this sector and government policies which can boost up tourism in Rajasthan

Manisha Khanna, Monika Khanna (2015), in their study entitled A comprehensive review of entrepreneurial issues in Indian tourism and hospitality industry. This study develops an understanding of entrepreneurial issues in general and present status of such issues in Indian tourism and hospitality industry. Review of case studies and industry trends showed that entrepreneurship is poised for an exciting period of exploding growth in coming years provided that it deals with the issues professionally. This is anticipated to go to significant investments in supporting infrastructure and innovative and game changing business models.

Umakant Indolia, Kumar Prasoon (2015), their study entitled “An overview of policies & schemes of Govt. Of India to promote rural sector & tourism”. After independence, for the evolution of rural society, particularly to develop the socioeconomic life of the rural poor, many schemes and programs were launched from time to time, rural tourism schemes in India envisage encouraging & promoting the small towns that have inherent strength in artistic production, craft, handloom & textiles. The main purpose is too beneficial to the local community economically & socially, diversifying the local development opportunities as well as enable interaction between tourists & local population for a mutually enriching experience. The promotion of rural tourism is also aimed to reduce the migration from rural to urban areas. The main focus of study is to present the different schemes of the Department of Rural Development, State Governments and other concerned Departments of the Government of India.

P. Nischithae and A.L. Narasimha Rao (2014) in their study has highlighted the techniques that the tourism industry could use to maintain training and development of their employees. The study pointed out that through training employees of tourism industry could be improved on quality level services rendered by them. However, some companies avoid training expenditure, but they do not know that training programs can become newer innovative at the time of economic instability. Therefore, all the hotels should develop training programs with its business objective and strategic goals. Human Resources Departments should emphasize on the growing importance of training programs to avoid future problems in any business activity.

R. Uma Devi (2013), studies An Evaluative Study Of Tourism Industry In Puducherry, U.T. Of India. Tourism is developing in this region since last 10 years and attracting many tourists which emerged as one or the major source of incomes to the government exchequer. The basic materials for the tourism industry are culture, heritages, natural vegetation, beaches, parks, monuments and sculptures, etc., which Puducherry possesses abundant and can be exploited for the betterment of the economy. On the above backdrop, the present study was undertaken to evaluate the growth of the tourism industry and its impact on the overall growth of the Union Territory.

Need for the study

The present study is a significant attempt to examine the role of Entrepreneurship in the tourism industry. The study will prove helpful to analyze lacunae in the existing market practice, problems and shortcomings in the field of infrastructure development, quantity and quality of transport, accommodation, entertainment, recreation and publicity, etc. Further, it can help to explore some untapped areas where potential for tourism development exists and rectification of the flaws in the present system of tourism. The study will also prove helpful in enhancing the state revenue, earnings of foreign exchange, generating employment avenues and making the state self-reliant.

Objectives of the study

Despite certain attempts made to study different aspects of the tourism industry, there remain certain very pertinent gaps. In order to fill the gaps, the present study framed the following objectives:

01. To study the scenario of tourism in India.
02. To analyze the role of Government in developing of tourism through Entrepreneurship.
03. To research the existing problems faced by the tourists and recommend suggestions towards accelerating the growth of tourism in the country.

Methodology of the study

The whole study based on the secondary sources such as collected through Journals, Books, E-Sources, and Govt. Reports, etc.

Present position of tourism sector in India:-

India's tourism sector witnessed a growth of 4.5 per cent in terms of foreign tourist arrivals (FTAs) with 8.2 million arrivals in 2015, and a growth of 4.1 per cent in foreign exchange earnings (FEEs) of USD 21.1 billion. While in 2016, FTAs were 8.9 million with growth of 10.7 per cent and FEE (USD terms) were at US\$ 23.1 billion with a growth of 9.8 per cent. In 2015, the domestic tourist visits to States/UTs was pegged at 143 crores in 2015.

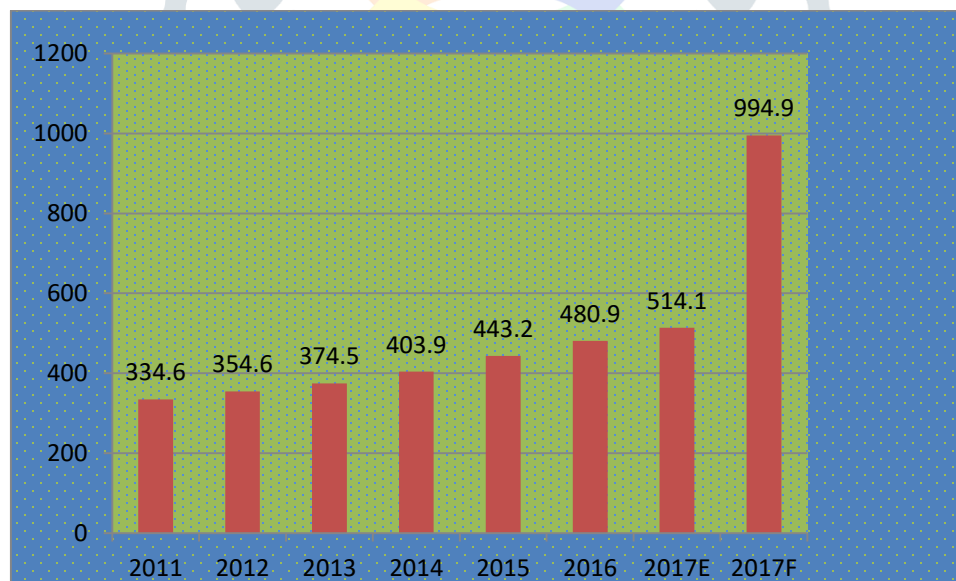
For creation of tourism infrastructure, two major schemes have been implemented – Swadesh Darshan (Integrated Development of Theme-Based Tourist Circuits) and PRASAD (Pilgrimage Rejuvenation and

Spiritual Augmentation Drive).The government has been promoting niche tourism products to promote India as a 365 days destination that include cruise, adventure, medical, wellness, golf, polo, etc.Other key initiatives include – signing of MoUs and agreements with various countries for promotion of tourism, promotion of tourism research, Swachh Pakhwada as part of the Swachh Bharat Mission, etc.

As a consequence of these efforts, India could improve its office by 12 places in the Travel and Tourism Competitiveness Index 2017. In the biennial index prepared by the World Economic Forum (WEF), India was placed at the 40th position among the 136 countries surveyed.

The direct contribution of travel and tourism to GDP in 2016, was INR 480.9 thousand crore. Further, the sector indirectly supported 4.034 care jobs and directly supported 2.54 crore jobs in 2016. The direct contribution of travel and tourism to GDP is expected to reach IONR 994.9 thousand crore by b2027. During 2011-17E, direct contribution of tourism and hospitality to GDP is expected to register a CAGR of 7.5%. Visitor exports generated INR 152.9 thousand crore. This is 5.4% of the country’s total exports. Travel and tourism investment in 2016 was INR 228.5 crore, 5.7% of total investment.

Direct contribution of tourism and hospitality to GDP (in INR thousand cores)



Source: IBEF report in tourism and hospitality, 2017

Opportunities for India in the tourism sector are:-

Scenic beauty: India is a country of great tourism potential. From Kashmir to Kanyakumari, from Arunachal Pradesh to Gujarat, every neighborhood has its own uniqueness and flavor - be it cold/hot desert (Ladakh/Rajasthan), rivers (Ganges and Brahmaputra), forests (Niligiri & North East), islands (Andaman and Nicobar) each landform bound to mesmerize tourists. Moreover, the broad variety in the landscape offers a range of choices to tourists from within India and the overseas. Apart from the natural landscapes, the cultural heritage spread across the country also offers huge potential for the development of tourism in the country.

Birthplace of Religions: India is the birthplace of three religions – Hinduism, Buddhism and Jainism. The vast landscape has innumerable sacred and religious tourist places which are bound to draw tourists from across the South East and East Asian lands. The full potential of Dilwara Jain temples in the West, Buddhist sites in the East and North East and famous Hindu temples in the South have not been explored so far.

Domestic Tourists: India is the second most populous nation in the world with over 1.25 billion populations. In other words, they put up a minimum of potential 1.25 billion tourist visits if the right policies and the infrastructure are in place. Calling for a clue from the Mann Ki Baath of Modi, the policy makers should look ‘inward’ and come up with appropriate strategies to tap the domestic tourist potential.

Despite the above mentioned attractions that India offers for tourists, the way to a well developed tourism is beset with a number of challenges. Below are some of them:-

Lack of Infrastructure: It is a major challenge for the Indian tourism sector. Tourism-related economic and social infrastructure – hotels, connectivity, human resources, hygiene, health facilities, etc. are largely under developed in India. The poor quality of infrastructure is reflected in India’s 112nd rank in the ICT readiness component and 104th rank in the health and hygiene components of the WEF’s Travel and Tourism Competitiveness Index 2017. The prime cause for this apathy is the inadequate allocation of fiscal resources. It should be mentioned that in the Budget 2017-18, the government has allocated only Rs 1840 crore for a promising sector like tourism.

Safety and security: Safety and security of tourists, especially of the foreign tourists, is a major roadblock to the tourism development. Attacks on foreign nationals, especially on women, raise questions about India’s ability to welcome tourists from far away countries. Among the 130 countries surveyed, India was placed at the 114th position in terms of safety and security aspect in the WEF Index 2017.

Accessibility: Majority of the tourist spots in the country are not accessible to poor, women and elderly. This is because of high costs of travelling, poor connectivity and a series of permissions required for several

causes. It is a fact that divyangs, who constitute more than 2 per cent of the population, cannot access many of the tourist spots in the country.

Impact of Tourism Sector on Employment

The change of location and tourism sector suffered 25 million jobs in 2012 directly related to the tourism sector. Comprising 4.9 percent of the total employment in the country in 2012, this is expected to add up to 31 million jobs by 2023. While these numbers indicate direct employment supported by the tourism sector, reflecting employment by hotels, travel agents, passenger transportation services or other restaurant and leisure, employment, the total contribution, including indirect and induced effects are expected to cause a multiplier impact on the economy resulting in a greater employment generation. Using this multiplier impact, the change of location and tourism sector suffered a total usage of 40 million businesses in 2012 comprising 7.7 percent of the whole economy employment. This implies that for every job directly supported by the tourism sector, an additional 0.6 job is supported in the economy when the indirect and induced effects of tourism is considered.

Need for the tourism industry

- 1) Globalization of development programmes has raised the foreign exchange requirements of the state.
- 2) With the least possible investment this industry bears the efficiency of earning more.
- 3) Tourism seems to be more effective than other industries in generating employment and income in less developed often outlying regions of the country.
- 4) Tourism both international and domestic brings about an intermingling of people from diverse, social and cultural backgrounds and also a considerable spatial redistribution of spending power which has significant impact on the economy of the destination area.
- 5) The developing countries have points in favor of the tourism industry, which shows multipliers effect and simplifies the task of manpower planner, environmentalist social scientist and economist.
- 6) Tourism industry requires the existence of an infrastructure as well as hotel accommodation and other facilities specific to tourism. These utilities are provided for tourist now available for the use of local people and provide an access to wider markets for many locally produced goods.

7) Tourism industry through the hotel & restaurants, transportation services, tourism resorts, amusement parks, entertainment centers, sales outlets of curios handicraft jewelries etc. earn income.

Key Central Government Schemes for Promotion of Rural Tourism

The Government of India has taken various initiatives and introduced policies to grow rural tourism. This section takes a look at some key schemes and policy decisions.

1. Rural Tourism Infrastructure Development Component under PIDDC scheme – Promoting Village Tourism

The Ministry of Tourism has released a Rural Tourism Infrastructure Development Component, which is part of the Product Infrastructure Development for Destinations and Circuits (PIDDC) Scheme. 100 percent Central Assistance is provided in this scheme. The objective of this scheme is to showcase rural life, art, culture and heritage in villages, that have core competence in art and craft, handloom, textiles, and natural environment. Central Financial Assistance (CFA) up to Rs.50.00 Lakh for infrastructure development and up to Rs.20.00 Lakh for capacity building is provided. The activities permitted under this scheme are improvement of village surroundings and village connectivity within the Panchayat limits (does not include major roads which connect the village), providing solid waste management and sewerage management, village illumination, tourism related activities such as procurement of equipments and tourist accommodation. The State government will identify the region suited for promotion of rural tourism, and is also responsible for seeking convergence of other schemes and allocations for broader development at the site to benefit local communities.

2. Swadesh Darshan – Positioning Tourism as an Engine of Growth

The Ministry of Tourism introduced Swadesh Darshan, a Central Sector scheme for Integrated Development of Theme-Based Tourist Circuits. A Tourist Circuit is a route on which at least three major tourist destinations are located such that none of them are in the same town, village or city,

while a tourist circuit with a consistent theme such as religion, culture, ethnicity and niche is known as Theme Based Tourist Circuit. These circuits would be identified by the Ministry of Tourism, based on factors such as current tourist traffic, connectivity, potential and significance attached to sites and holistic tourist experience. The allocated budget for the scheme is Rs.600.00 crore for 2015-16 and components eligible for financing are infrastructure development; capacity development, skill development and knowledge development; and online presence.

3. Scheme for Organizing Fair, Festival and Tourism related events – Domestic Promotion & Publicity including Hospitality (DPPH)

Ministry of Tourism provides financial assistance to State Governments to organize fairs and festivals and tourism related events such as seminars, conclaves and conventions. These events are to be selected by the State Government based on the tourism potential. Maximum financial assistance to be provided to each State Government during the 1 financial year should not exceed Rs.50.00 lakh.

4. Hunar Se Rozgar Tak (HSRT), Ministry of Tourism

Fully funded by Ministry of Tourism, this program offers courses in the hospitality trades of food production, food and beverage service, housekeeping and bakery and patisserie. Apart from that course to bring up tourist escorts, tourist facilitators, event facilitators, security guards, tour assistants, transfer assistants and office assistants have also been set up. This program is delivered by Institutes of Hotel Management, Food Craft Institutes and State Tourism Development Corporations amongst others. Over 2 lakh persons have been trained under the program as of 31st March, 2015.

5. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) – Developing Human Capital This is a flagship outcome-based skills training scheme aimed at benefiting 24 lakh youth across the country. A monetary reward is provided to trainees on assessment and certification. The National Skill Development Corporation (NSDC) will implement the scheme and involve the Sector Skill Councils to identify job roles for which training could be imparted through the PMKVY. A budget of INR 1,500 crore has been allocated for the same which would also include awareness, mobilization and

administrative expenses. NSDC supports vocational training institutes by providing funding up to 75% of the total project cost in case of for-profit entities and up to 85% of the total project cost in case of not-for-profit entities. Candidates who successfully complete the courses are given a Skill Card. The trainees are also entitled to a monetary reward¹ upon successful completion of the assessment carried out by the assessment agencies (independent of the TP), which are appointed by the SSC. Training in Tourism and Hospitality is given under this scheme, wherein the trainees are trained for job roles such as guide, driver, cook, housekeeping and hospitality of the locals.



Conclusion

Despite the recent growth of the tourism sector in the country, India's share in international tourist arrivals is a meager 0.50%, while the share in the global international tourism receipts is around 1.30% only. Tourism not only creates jobs in the tertiary sector, it also encourages growth in the primary and secondary sectors of industry. Hence, it is high time, the government should encourage the participation of the private sector in a big way for the all round development of the tourism sector that has the potential to act as the key driver of inclusive growth.

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