

Tourism Entrepreneurship in India: Its Untapped Potential and Challenges

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ABSTRACT

As being one of the growing influencers and as an economic powerhouse, potential of Tourism sector as a tool of development are undeniable. The Indian tourism sector is one of the most important service sectors which is not only contributing to employment generation, GDP, Foreign Exchange Earnings etc, but also serving as a back bone for allied sectors like hospitality, travel and transportation, hotels & resorts, tour operators, street vendors, home stays etc. All these activities are giving rise to the concept of 'Tourism Entrepreneurship' in India. It refers to the business activities related to various tourism products, which give profits to the owner as well as contribute to the economy of India. The paper also studies about the enough untapped potential of tourism industry as well as entrepreneurship and the challenges faced by the industry in India. With all natural beauties such as rivers, beautiful forests with rare species of animals, seas, waterfalls, snow; it have great potential to be one of the most preferred destinations in the world. In the 2018 economic impact report by WTTC, Gloria Guevara, president and chief executive of WTTC called India the Seventh largest travel and tourism economy in the world.

KEYWORDS: *Tourism, entrepreneurship, potential, challenges, contribution*

1. INTRODUCTION

Entrepreneurship is a dynamic process, which generates wealth, innovations and job opportunities; and ultimately improves the economy. Generally, power of economy strengthens through industrial and commercial activities. Between these two, industrial development leads to concentration of wealth to a few numbers of people, but, commercial activities helps in spreading the power to a lot number of people through multiplication of players of an economy. Thus, entrepreneurship or in general, business activities have their multiplier effects.

Entrepreneurship has their scope in every sector of the economy. But, among all, the most ignored one yet having great potential is the tourism sector. It is seen in countries like France, Spain; which are the most visited countries, the tourism industry is proved many times as a driver of economic recovery. The industry remains remarkably stable throughout the expansion phase as well as during crisis.

As being one of the growing influencers and as an economic powerhouse, potential of Tourism sector as a tool of development are undeniable. The industry however is undergoing various changes such as online bookings, online tourist guides, improved hotels, tourism courses, habits of travelling, more investment etc, which are providing enough business opportunities for entrepreneurs in the field of hospitality.

However, in India the service sector is growing rapidly by absorbing about 25% of labour force and contributing a

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lion's share of over 60% to the country's total Gross Domestic Product (GDP). The Indian tourism sector is one of the most important service sectors which is not only contributing to employment generation, GDP, Foreign Exchange Earnings etc, but also serving as a back bone for allied sectors like hospitality, travel and transportation, hotels & resorts, tour operators, street vendors, home stays etc. All these activities are giving rise to the concept of 'Tourism Entrepreneurship' in India.

2. Methodology:

The present study is completely based on secondary data. It is mainly descriptive and analytical in nature. The necessary data have been collected from various sources such as journals, articles, websites, and reports of Ministry of Tourism, World Travel and Tourism Council etc.

3. Discussion:

3.1. Meaning of Tourism Entrepreneurship

The old yet newly recognised concept is the growth of entrepreneurship or business activities in the tourism sector, known as 'Tourism Entrepreneurship'. In general, it refers to the business activities related to various tourism products, which give profits to the owner as well as contribute to the economy of India. The entrepreneurs here are engaged in profitable and effective interaction of demand for and supply of products. In other words, 'Tourism Entrepreneurship' is the professional application of knowledge, skills and competencies or monetizing tourism related new idea, by an individual or a set of people by launching an enterprise (D. K.

Sinha). Thus, a tourism entrepreneur is a person or group of people who are engaged in producing, distributing and managing the tourism products.

3.2. Present status of Tourism Entrepreneurship in India

Tourism is a rapidly growing industry of the world and it is gaining universal acceptance as an engine because of its forward and backward linkages which helps in overall development of a country. Like any other countries, India is also recognizing the tourism sector’s ability to push the economy upward. India is a land of unlimited opportunities, as the country is blessed with vast culture, diversity and

tremendous natural beauties. Each city and state has so much to offer in terms of the architecture, adventures, heritage and so many experiences to be explored.

However, India in the recent years is experiencing a strong period of growth in its tourism industry. India is one of the preferred destinations for both foreign and domestic travellers. According to Ministry of Tourism (Government of India), during 2018, foreign tourist arrivals (FTAs) in India stood at 10.56 million and it is contributing Rs. 5.94 trillion to GDP in 2017 (World Travel and Tourism Council’s Economic Impact 2018). This is even expected to reach Rs 12.68 trillion in 2028.

The growth of the industry in the recent past years has been shown in terms of foreign tourist arrivals (FTAs) in India:

Table 1: Total Foreign Tourist Arrivals in India (2000-2019)

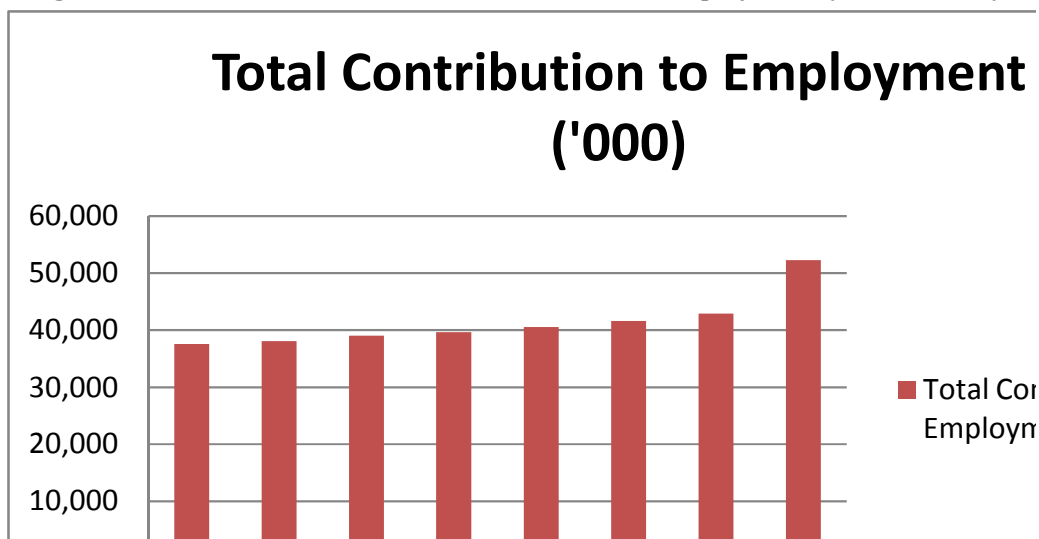
Year	FTAs in India (in million)	Percentage (%) change over previous year	Year	FTAs in India (in million)	Percentage (%) change over previous year
2000	2.64	6.7	2010	5.78	11.8
2001	2.54	-4.2	2011	6.21	9.2
2002	2.38	-6.0	2012	6.57	4.3
2003	2.73	14.3	2013	6.97	5.9
2004	3.46	26.8	2014	7.68	10.2
2005	3.92	13.3	2015	8.03	4.5
2006	4.45	13.5	2016	8.80	9.7
2007	5.08	14.3	2017	10.04	14.0
2008	5.29	4.0	2018	10.56	5.18
2009	5.17	-2.2	2019 (April)	7.71	-

Source: Ministry of Tourism, Government of India.

The table1 shows almost an increasing trend of foreign tourist arrivals to India. It was just 2.64 million in 2000. During the years 2001 and 2002, the growth rate was negative. This is due to the terrorist attacks in the United States, which had affected the tourism industry across the world including India. Up to 2008, tourist arrival was increasing and again in 2009, it became negative, i.e. decreases from 5.29 million to 5.17 million. According to Ministry of Tourism, this recession was due to global slowdown, terrorist activities and the h4N1 influenza pandemic. After this year, it is growing till 2018 and stood at 10.56 million of tourist arrivals. However, it is not that only foreign tourists are contributing to the growth of industry, domestic tourists are also responsible for this, but the thing is that as the foreign tourist spend more than the domestic tourists, its significance is more in attention.

As the tourism industry is one of such industries where only the government initiatives cannot do the whole work for its promotion and development. For this, private parties have to step in the business. This is also happened in case of India. Starting from the small vendors to large companies of travel agents to expensive hotels, everyone is engaged in the industry and they are not only providing their helping hand to government, but also earning profits. Besides, this entrepreneurial behaviour of people in India is raising job opportunities. How much the tourism industry is contributing to employment in India in recent years will be cleared from the figure1.

Figure 1: Total Contribution of Travel & Tourism to Employment (in thousands)

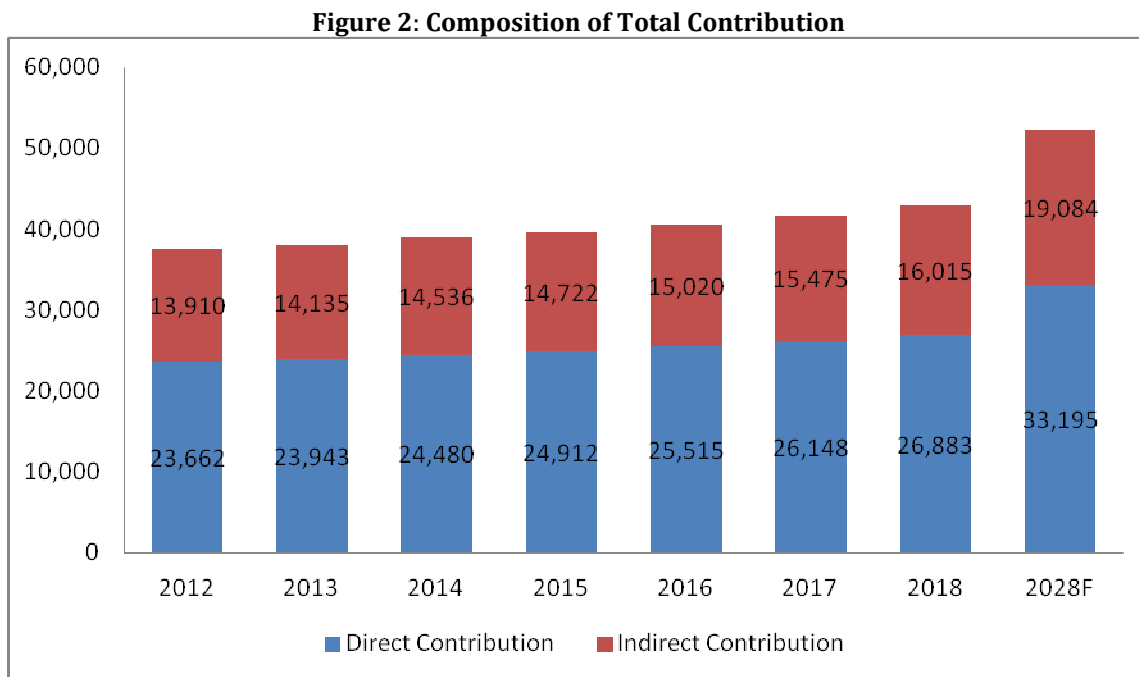


Source: Travel & Tourism Economic Impact 2018 India, WTTC.

As the figure1 shows, total contribution to employment of the tourism sector in India is increasing. It gave employment opportunities to 37,572(000's) of people in the year 2012 and it is increasing at a slow pace and stood at a position where it is providing employment to 42,898(000's) of people in the year 2018. One of the reasons behind this rise is the growing importance of entrepreneurship in the tourism sector. People of India are now well aware of the capabilities of the sector due to various government initiatives such as the concept of 'Incredible India', and is started taking part in business activities related to the tourism sector.

However, the tourism industry in India is not only providing direct employment, but also indirect employment. Between these two, direct employment is provided in the fields like restaurants, hotels, airlines, resorts etc and in this case, the employees are in direct contact with tourists and provide the tourists experience. On the other hand, employees of firms providing goods and services to direct employment firms such as aircraft manufacturers, construction firms and restaurant suppliers lead to the rise of indirect employment.

If the composition of total contribution is examined as shown in the figure2, it can be seen that its direct contribution is more than the indirect contributions. There is an increase in direct employment from 23,662 (000's) in the year 2012 to 26,883 (000's) in the year 2018 and is forecasting to increase to 33,195(000's) in the year 2028. Indirect employment is also showing a rising trend in recent years, as it increases from 13,910(000's) in 2012 to 16,015(000's) in 2018 and is projected to increase to 19,084(000's) in the year 2028.



Source: Travel & Tourism Economic Impact 2018 India, WTTC.

Though there is hard to find about the numbers of tourism entrepreneurs in exact number. This rising trend of total contribution of the industry to employment reflects about the tourism entrepreneurship of India. Again the major business activities related to tourism industries will surely give idea about the tourism entrepreneurs, which are given in table 2 and table 3. Table 2 shows the approved numbers of trade operators which are divided by Ministry of tourism as below:

1. **Adventure Tour Operators (ATO):** These operators are engaged in adventure related tourism.
2. **Domestic Tour Operators (DTO):** They provide tours within the country.
3. **Inbound Tour Operators (ITO):** These types of operators are engaged in arrangements for transport, accommodation, sightseeing, entertainment and other tourism related services or foreign tourists.
4. **Tourist Transport Operators (TTO):** They provide tourist transports like cars, coaches, boats etc.
5. **Travel Agents Operators (TAO):** These types of operators provide travel related services to the public on behalf of suppliers such as hotels, flights, car hire or package holidays etc.

Table 2: Summary of Approved Travel Trade Operators as on 27-11-2019

Trade Operators	No. Of Operators
A. Adventure Tour Operators	57
B. Domestic Tour Operators	159
C. Inbound Tour Operators	545
D. Tourist Transport Operators	130
E. Travel Agents Operators	229

Source: Ministry of Tourism, Government of India.

Among all, the numbers of inbound tour operators are highest with 545 numbers of operators and the lowest is adventure tour operators with 57 numbers of tour operators. Table 3 shows the number of hotels and rooms in various type hotels, guest house, apartments etc. Among all the numbers of bed & breakfast establishment is the highest with 720 numbers. This type of small lodging establishment with overnight accommodation and breakfast is usually seen to be preferred by the tourists in India. Against this, the number of Apartment hotels is the least with just 1 hotel. As this type of hotel require great investment and is quite expensive, and usually not preferred by most of tourists due to financial constraints; the number is quite less. However, the facilities available here is much more fancy and comfortable.

Table 3: Number of Approved Hotels and Hotel rooms in the country, as on 31-05-2018

Sl. No.	Category of Hotels	No.of Hotels	No.of Rooms
1	One Star	6	236
2	Two Star	43	955
3	Three Star	442	15619
4	Four Star	253	14611
5	Five Star	158	19791
6	Five Star Deluxe	160	35672
7	Apartment Hotels	1	126
8	Guest House	5	73
9	Heritage Hotels	14	238
10	Bed & Breakfast Establishment	720	3576
	Total	1802	90897

Source: India Tourism Statistics, At a Glance- 2018.

Thus, entrepreneurship in business of hotels in India is bound to grow due to the rise in both domestic as well as foreign tourists. Though the numbers are high, but still there is a great need of establishing more hotels which are both affordable and comfortable for the tourist of India.

This is how the tourism industry through frequent change in travel pattern, highly competitive market and various types of tourist demands open the area of business opportunities, i.e. tourism entrepreneurship. In every sector involved in the industry, i.e. accommodation sector, transportation, travel services and allied industries, have the scope and potential to grow business activities.

3.3. Potential and Challenges of Tourism Entrepreneurship in India

India is a country which is blessed with a variety of tourist destinations. It is a multi-destination country blessed with snow and sea. It has been usually seen that in winter; tourists started trickling in India like the wintering birds. In the 2018 economic impact report by WTTC, Gloria Guevara, president and chief executive of WTTC called India the Seventh largest travel and tourism economy in the world.

Though the industry is growing along with development in the business activities related to the industry, yet it has a vast scope to grow more. As already mentioned, the country is blessed with natural beauties such as rivers, beautiful forests with rare species of animals, seas, waterfalls, snow; it have great potential to be one of the most preferred destinations in the world. Besides, the country has varieties of unique cultures, unique food, traditional clothes, in almost every states and every region; which attracts people to visit India. It can be said that each and every corner of the country has capabilities to give opportunity to earn through establishment of enterprise.

The demand for tourism entrepreneurship depend not only internal sources, but also on external sources. Firstly, it is related with the economic condition of the country, i.e. when economy grows, disposable income of the country also grows which will not only induce them to travel more, but also encourage investing and starting their business set-ups. Secondly, internal sources are its rich culture and heritage. India's diversity attracts not only foreign tourists, but also its own citizens to explore charming beauty that it has to offer the world. It said by most of the renowned personalities that

there is no other country in the world that offers such wide choice of destinations like India is offering. However, the most visited places in India are Agra, Ajanta and Ellora Caves, Goa, Kanyakumari, Jaipur, Kerala, Delhi, Darjeeling, Mysore, Kashmir etc. There are more places which are not yet popularized in India due to lack of advertisement, ineffective government policies etc.

Thus, India with its great potential is showing lights to the tourism industry. Potentials of Indian tourism entrepreneurship can be pointed out as below:

1. There is a vast scope to grow a market of our varieties of ethnic food, ethnic clothes etc. Usually when people visit a country, they want to taste their foods, try their clothes; which give birth to a market as well as some entrepreneurs.
2. There have potential to grow a market by giving tourist chances to experience of living with nature. Entrepreneurs could start camps with the concept of 'Stay with Nature' without harming the nature.
3. As the foreign tourists usually prefer a man who can guide them in the new place, so that they can explore each and every beautiful corner of the country. This requires and gives rise to the business of tour guides. As India has vast corners to explore, in such case, tour guides who have knowledge of the places as well as have language proficiency are on great demand.
4. The country has potentials to showcase their cultures as well as earn income with it. Entrepreneurs could have invested in some concept where different types of cultural programmes belonging to different ethnic groups are performed. As this requires a little

investment for start-up, it is perfect for a country like India with less capital.

5. India have treasure in its heart as the nature in India is protecting various types of medicinal herbs, unique trees, animals etc; which can be preserved in such a manner so that tourists can know and enjoy the beauty as well as can well aware of the country's resource availability. In such case, private-public partnership will not only encourage the entrepreneurs, but also will contribution to the economy of India.
6. There is also available entrepreneurial scope as well as potential in the transportation sector of tourism industry. Usually when tourists come with the aim to visit a particular place of India, they want to explore each every corner of the place. In such case with a small amount if entrepreneur start a business with cycles, it will be beneficial with least maintenance for a long period of time. In other words, in this business, profit will be much more than the cost involved.
7. Along with the nature, adventure and medical tourism side of India, another significant places mostly visited by the tourists are the pilgrimages. Among all these tourists, some are pure devotees and others prefer to tread the surroundings. In this area, hygienic hotels with reasonable prices will work greatly.

Thus, in India, there is vast scope to start business with less amount of investment with the tourism sector. These activities will have spread effects as it will attract the tourists to India, as well as it has the potential to offer maximum employment to people across skills and calibres. Though, the industry in India have great potential and power to solve various economic problems of India, yet due to some difficulties or challenges, the potential of tourism in India is remained untapped. Some of the major challenges in the path of using full potential of the country are explained below:

1. Lack of Entrepreneurial knowledge:

In India, there is lack of entrepreneurial knowledge among the people. A study 'Entrepreneurial India', by the IBM Institute for Business value and Oxford Economics showed that India lacks successful innovation due to which 90% of Indian start ups fail within the first five years. In case of tourism, it has been seen that there is very less number of institutes that offer courses on tourism entrepreneurship.

2. Lack of Infrastructure:

India as a developing country though is progressing, yet there is lack of proper infrastructure facilities. It acts as a barrier in the path of development of tourism entrepreneurship in the country. The roads, bridges, train paths are not well furnished or it can be said that are not well connected with most number of tourist destinations in India, which increases the cost of entrepreneurs. This discourages the entrepreneurs to continue their business activities.

3. Problem of security:

Safety and security are most essential for providing quality to tourism. More than any other economic factors, the success or failure of tourism industry depends on being able to provide safe and secure environment to the visitors. But, in India, there is number of cases which make tourist to fear to come to India. Basically, India is making an image of a

country where women are not safe at all, which definitely affect the tourist flow to India. Besides, this also discourages women entrepreneurs to start their business in some places. Moreover, evidence is also available where some fraud cases also happened to the foreign tourists. All these are affecting negatively the tourism industry of India.

4. Absence of active role of Government:

Government is not paying enough attention to the actual facts behind the struggles of tourism entrepreneurship. Roads and connectivity is still not developed in that extent that could give the tourist the thought to travel India without any difficulties. Besides fund allotment to the start-ups is poor and tax is still high on such enterprises. For example, GST on hotel accommodation is 18% which is quite high. Again Aurangabad in Maharashtra, a city that has so much tourists, but very poor flight connectivity.

5. Lack of Information:

People in India are not aware of the available opportunities of entrepreneurship in the tourism sector. Besides, they don't have information regarding the growing tourism inflow, what are their demands or what the foreign tourists prefer in India etc. If such information are provided to the needed one, it will definitely help in expanding the entrepreneurship in the tourism sector.

6. Mindset of People:

In India, people do not prefer business; rather they concentrate more on government jobs. Though in some institutes, courses are provided on entrepreneurship, their demand is not increasing. Besides, Indian education system is such that it is making people to hanker after jobs. People in India are seen to prefer searching of jobs till the age limits over to start business of their own. Though recently entrepreneurial ambitions among the young are growing and according to the Randstad Work monitor survey, 83 percent of the Indian workforce would like to be an entrepreneur, the percentage is higher than the global average of 53 percent, yet they are much more away from the concept of starting their business linking the tourism industry.

These are some of the major challenges if solved; it will be great for the country. Along with all these changes, there is also need of more innovative tourism products, promotion of the mystery or unexplored spots, accessible packages, tour packages for students with concession, more institutes with entrepreneurial courses, government support to start enterprises, more advertisement, online information and most importantly if the country focuses more on offering entrepreneurship that allows talent to work on innovative projects, there will be no other force that can stop India to become third-largest tourism economy by 2028, which was projected by report of WTTC.

4. Conclusion:

In the words of Meier and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions are right in some areas, a catalyst or agent is needed, and this requires entrepreneurial activity. And in this field the tourism industry is proved to be a better option as the need for low capital and easy set up business to grow as an entrepreneur. Indian tourism industry thus through its forward and backward linkages not only

contributing to the growth, but is quite able to contribute towards generating entrepreneurial abilities as well as ambitions among the people of the country; just there is need of a little push to explore its untapped potential.

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