

Tourism Employment in Indian Economic Scenario

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ABSTRACT

It is highly evident that tourism has contributed to the Indian Economic progression in a significant manner. Considering the level of contribution by the tourism industry to the employment parameter of the country is keenly watched by the economists. If the quantum of employment opportunities generated by the industry is satisfied: more public spending and policy amendments can be brought in by the government. This paper analyses the level of GDP contribution by the tourism sector and the specific employment opportunities that can bring about more revenue in terms of real income towards the economy. With the careful scrutiny of several datasets from various sources indicated that tourism is contributing nearly 8 to 10% of the total employment in the country covering many activities. The contribution of employment towards the GDP of the country also stands at 5% on yearly basis. The ILO and WTTC exponential estimates indicate 35% absolute growth by 2025.

KEYWORDS: *Inbound tourism, Domestic travel, Accommodation services, Passenger transport, Reservation services, indirect employment*

INTRODUCTION

India is a huge market for travel and tourism industry. The Indian subcontinent tourism is well known for medical, wellness, eco-tourism, movie making, rural and religious tourism. India has been recognized as number one destination for spiritual tourism for domestic and international tourists (WTTC 2018). India ranked 34 in the Travel & Tourism industry Competitiveness Report (World Economic Forum 2019). The total economic contribution by travel and tourism industry to India's GDP is expected to grow from Rs 15.24 lakh crore (US\$ 234.03 billion) in 2017 to Rs 32.05 lakh crore (US\$ 492.21 billion) in 2028. This ultimately enters in to the top ten revenue source list of the government. As of 2019, 4.2 crore jobs were created directly and indirectly in the tourism sector and contributed 8.1 per cent of the total employment in the country.

Tourism industry contributes US\$ 8.9 indirectly to the GDP through support activities and other services. With increased government spending, standardization and restructuring of the tourism sector has brought huge quantum of arrivals from the west Asia, Europe and North America. Medical tourism is also another important revenue generating platform for the tourism sector (Dr. D. Kesavan, 2020). Tourism in India has huge employment potential, but much of the sector still awaits complete exploitation. The tourism industry in India employs relatively huge number of skilled and unskilled, women, educated and illiterate people. Tourism has paved the way for employment opportunities

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among rural people in the form of guides and transporters because of the attractive natural beauty and wildlife. Tourism sector drives rural population in reducing migration to towns and cities.

Literature Review

Prabina Kumar and Madhusmita (2010) explored the Emergence of Tourism in the Sustainable growth of India. The study presented that tourism is an important and prosperous industry in the country. It is postulated as a reliable source for employment generation, poverty reduction and sustainable human development in India and also could employ huge population in various demographical locations compared to other sectors. This paper elaborates about the status and development of tourism industry in the perspective of India. This study also explains that there is an increasing trend in Foreign exchange due to the increase in tourist arrivals.

Vijayaragavan (2014) portrayed the impact of Tourism in Indian Economy. This paper explains how tourism sector is significant in growth of Indian economy and its direct contribution to GDP and employment prospects. Tourism industry is gaining its importance among most of the nations around the world. Even tourism is helpful in economic development of several smaller nations. Tourism creates absolute employment opportunities to the large extent. Tourism is also one of the important engines to attract more foreign exchanges with its nature of activity.

Research Methodology

The present study is an empirical research carried out with the help of adequate and reliable sources. The analyses were derived with the help of time series data. Secondary data was used for review of literature, datasets, and other information that are used in this research. The sources of data is from various official international organizations like WTCC, ILO, UNWTO, Tourism Economics, IRCTC, research publications, E magazines, journals and the like, which are enclosed in the references.

Objectives of the study

- To study the employment prospects in tourism sector
- To analyse the tourism contribution to employment
- To analyse the tourism employment contribution to the GDP
- To identify the various categories of employment under tourism sector

Tourism Employment in India

Tourism includes the activities of people travelling and staying in a place away from their home environment for leisure, business or other purposes. Tourism is considered to be an important service sector that generates employment opportunities, and significant contribution to Gross Domestic Product and foreign exchange earnings. Hence it is an economic booster contributing to the economic development of many countries over the last few decades. Tourism includes coordination and cooperation of activities like accommodation services, food beverage services, transportation services, travel agencies and others.

Tourism is a labour-intensive industry and is likely to offer more jobs in the coming years. And since most of the natural beauty and wildlife are to be found in non-urban areas, rural people could find employment as guides and transporters; with proper training. More jobs in rural areas would also help reduce continuous migration of people to towns.

Tourism contribution to Employment						
Metrics	2014	2015	2016	2017	2018	2019
People employed in tourism sector (in Thousands)	39003	39621	40520	41624	42672	42961
Direct contribution to Employment	4.98	4.98	5.01	5.05	5.07	5.1
Total contribution to Employment	7.93	7.92	7.96	8.03	8.08	8.12
Contribution of Tourism to employment (% of GDP)	0.81	-0.3	0.48	0.89	0.65	0.71

Source: Author computed from WTTC and ILO datasets

Gross Domestic Product generated by travel and Tourism industries includes hotels, travel agents, airlines and other passenger services which directly deal with tourists. This industry is one of the fastest growing, contributing employments for 0.71% of GDP in 2019. The WTTC and ILO Forum addressed the high intensity of labour within the industry, making it a significant source of employment, which have a potential to absorb employment for 4 crore people during 2019 and contributes to 8.12% of total contribution to employment. The industry allows steady growth in the past and expects further more job creations and improved revenues in this sector.

Category of employment in % to the total						
	2014	2015	2016	2017	2018	2019
Direct	5.19	5.27	5.4	5.32	5.4	5.5
Indirect	6.71	6.82	6.98	6.87	6.38	6.49

Source: Author computed from WTTC and ILO datasets

Direct Employment

India being a country with greater diversity attracts foreign travellers to India. Today the tourism industry has tremendous capacity to create both direct and indirect employment. It provides direct employment to various categories like hotels, restaurants, travel agencies, tourism information offices, museums, protected areas such as national parks, palaces, religious sites, aircrafts, monuments, resorts or shopping outlets, photography, farm houses, etc. Also tourism provides a vast spectrum of employment to specialist personnel required to work as accountants, electricians, housekeepers, waiters, cooks and entertainers, who in turn need large number of semi-skilled workers such as porters, chambermaids, kitchen staff, gardeners etc. According to the report of World Travel and Tourism Council, and International Labour Organisation after several consecutive years of growth, the industry suffered a sharp reduction during 2017 and thereafter recovered from crisis, Tourism generates jobs directly for 5.5% of total employment in 2019 and this is forecast to rise over the period. Also the share of direct employment was 5.3 % as against 6.38 % for indirect, which is 1% higher than the share of direct employment for the same year. Tourism industry has an intense potential to grow and generate revenue by its further expansion and diversification.

Indirect Employment

Tourism plays a great role in the generation of employment opportunities. New horizons are opening up for unemployment by creation of indirect employment opportunities like restaurant suppliers, entertainment, adventurous activities, construction companies that build and maintain tourist facilities and necessary infrastructure, sports activities, aircraft manufactures, various handicrafts producers, marketing agencies, accounting services, furnishing and equipment industries, souvenir industries and farming and food supply etc. which are more or less dependent on the companies providing direct employment.

As per the record the total contribution of Travel and Tourism to employment was The tourism sector suffered a decline in 2017 with 6.87% of employment to the total employment and 6.38 % in 2018 .This raised to 6.48 % in 2019 and the industry is expected to grow in coming years. The direct and indirect contribution of tourism to GDP suggests that, the industry has the potential to make a substantial role in the growth of the country.

Subsectors of tourism

There are several component activities in the tourism segment which are of various occupational natures. The main classification is only five types namely, accommodation, Food, transport, agencies and others. There are further classification of products and services offered by this subsector to the tourism.

Employment in Tourism Sector in Millions						
Type of Activity	2014	2015	2016	2017	2018	2019
Accommodation Service	0.76	1.01	1.19	1.43	1.55	1.69
Food and beverage	7.58	7.61	7.63	7.65	7.72	7.86
Passenger Transportation	12.9	13.34	13.81	14.38	14.61	14.93
Travel agencies and reservation centres	1.14	1.2	1.28	1.37	1.42	1.63
Other tourism activities	7.98	8.35	9.21	10.55	10.73	10.98

Source: Author computed from WTTC and ILO datasets

Accommodation Service

While comprehending the subsectors of tourism, accommodation services are the primary revenue magnets for the sector. With variety of staying options ranging from Rs 500 to Rs 1 Lakh per day which addresses the requirements of various economic classes poses a relative advantage in the Asian perspective. Accommodation spots are of star category hotels, medium sized hotels, Lodges in semi urban areas, motels, resorts and other temporary arrangements. With a sizable amount of 1 lakh total establishments, 25 lakh rooms and 50 lakh beds for occupants are available in India to face the demand (UNTWO occupancy demand and capacity – India 2019). The combination of staying with dining is inevitable due to the convenience factor for the guests. In India 85% of the accommodation services come along with dining facility. The quantum of employment in the accommodation services requires labour intensive approach with eminent work force. The accommodation services contribute 1% to the total employment of the country. The ratio of the total employees in the accommodation services are expected to grow 3% by the end of 2025 (UNWTO estimates).

Food and beverage

Food and restaurant sector attracts more revenue next to that of accommodation services. In terms of food and beverage category, both domestic travellers and foreign tourists tend to use maximum. Since food comes as the high priority requirement by the people this sector poses a relative advantage. In terms of number of employment opportunities in this subsector requires labour intensive work force(Manivannan et al., 2020). There is also high demand for skilled labours like cooks, restaurant managers and servants. The major employment under this segment requires blue collar oriented jobs which is an opening for people with limited education. Food and beverage industry supports majority of migrant labours across states like Tamil Nadu, Maharashtra, Kerala and Karnataka. Even the road side kiosks and vending shops are categorized under the unorganized component in this segment which accounts almost 15% (IRCS). The food and beverage segment contributes nearly 7% to the total employment of the country with is establishment ranging to 1 crore.

Passenger Transportation

The tourists use the local transportation services to visit various places of interest as well as to move from one spot to another based on their requirement. To have an over view about this segment, India has the biggest network of railways in the world. There are train services that cover the entire nation with flexible booking and luxury options. Almost 3 crore people are engaged directly and indirectly in the railways network (ILO occupational category). It is also evident that this segment provides maximum employment opportunity to the tourism sector. This segment also covers call taxi services(Kesavan et al., 2020): domestic land transportation services, travel regulators and other miscellaneous transportation agencies. This particular segment covers almost 13% of total employment contribution. The revenue generated from this segment also accounts to 1 BN US\$ every year directly and indirectly to the tourism sector. The estimated employment opportunity in this segment would reach 25% by 2025 and there can be doubled revenue generation from this segment by 2030 (UNWTO and WTTC)

Travel agencies and reservation centres

Travel agencies are the immediate contact for the tourists under all circumstances. They play a critical role in comforting the tourists from their arrival to departure. The number of people engaged under this segment is almost 1.5% of the total employment. Women employees are significantly high under this segment. The number of agencies that are operating inside the country performs interstate transport and intrastate transport oriented operations. These agencies operate for commission or brokerage and do not have a fixed income. The reservation centres also play a vital role in providing unorganised employment to several hundred in metro and tier II cities across the country. This segment also consists of daily wage labours in metro cities. Reorganising these workers under one platform can enhance their employment prospects and create new job opportunities.

Activities and products under tourism employment

Products	Activities
Accommodation service for visitors	Accommodation for visitors
Food and beverage serving services	Food and beverage serving activities
Railway passenger transport services	Railway passenger transport
Road passenger transport services	Road passenger transport
Water passenger transport services	Water passenger transport
Air passenger transport services	Air passenger transport
Transport equipment rental services	Transport equipment rental
Travel agencies and other reservation services	Travel agencies and other reservation services activities
Cultural services	Cultural activities
Sports and recreation services	Sports and recreation activities
Country-specific tourism characteristic goods	Retail trade of country-specific tourism characteristic goods
Country-specific tourism characteristic services	Other country-specific tourism-characteristic activities

The above table represents the various activities that are performed under the tourism employment category. There are several other activities that are indirectly supporting the tourism employment. But ultimately the contribution of the activities constitutes 85% of the total employment under tourism. The total revenue contribution from these activities also ranges from 75 to 80%. The variety of products that are offered under the tourism category also engages quiet high number of workers. There is several other indirect products category that also constitutes towards the tourism revenue.

Escalating Tourism Employment

The following suggestive measures can be considered for improving the employment prospects under the tourism segment.

Increasing the volume of hotel rooms

There is a real scarcity of hotel beds in India. This is a ground level problem in the mid-price and budget segments. Growth rate in demand for hotel rooms is considerably 6% to that of supply is only growing by 3%. With accommodation providing such a large volume of jobs in the Travel & Tourism sector, encouraging investment avenues in hotel development offers huge opportunity in employment generation. Tax rates are also constrained as well. So considerable rate of tax on hotel sector may improve its operational efficiency and cost reduction.

Training and development

The tourism sector grows on a constant pace: so ultimately it will need more people with higher level skills. If such labour force is not available in India, senior staff will be pulled in from overseas. Improving the skills of the local workforce and providing training for young people in specific areas will help drive indigenous job growth. The Ministry of Tourism is making considerable progress in this regard. It has mandated a target of training 5 million people by 2022. There are presently 36 Institutes of Hotel Management across the country but demand continues to outrun supply.

Digital infrastructure

Improving internet access, Infrastructure, stability and connection speeds will help growth in jobs in the sector on many levels. Increasing numbers of transactions for Travel & Tourism are taking place via online and ensuring that networks are robust and fast enough to handle them is highly essential. There is huge opportunity for more local technology companies to come into the market with innovative products to comprehend the demand at the right time.

Domestic transport links

India has better network of internal road links and transportation system than many countries covering nearly 90% of land mass. Significant regularization and policy

frameworks for the enhancement of the domestic transport links can bring in more employment opportunity in the rural and semi urban areas. Proper booking and passenger assistance centres can further gain the confidence of the travellers in all perspective. Domestic transport has the potential to develop huge quantum of employment than any other segments.

Promotion to overseas tourists

Creating new employment opportunities under travel assistance and customer care centres at various airports, railway stations and transport offices may improve the overall outlook of the Indian tourism sector. The level of comfort and grievance handling for the foreign tourists determine the amount of travellers from abroad. Effective deployment of skilled labours at selective spots can improve the employment base as well as the revenue for the country under tourism.

Post COVID 19 scenario

With the absolute stoppage of the tourism sector all over the world, there is no exemption for India in this regard. The persons involved directly and indirectly with the sector are facing hardship for progressing in their day today life. Amid the pandemic there is a possibility that people left contained in their houses for more than 180 days will look in for refreshments and hangovers to get rid of the domestic pressure. In this regard the future prospects of the tourism industry look favourable with excitements filled with new normal policies and procedures. By the end of 2025 WTTC and UNWTO has estimated that Indian tourism sector would witness 35% growth in terms of revenue and 28% in terms of employment.

Conclusive Remarks

Travel & Tourism sector is one of the primary drivers for growth of Indian economy. Considering employment as an important issue of every developing country is significantly supported by this sector. In the recent times this sector has outperformed both in generating GDP and generating employment when compared to other major sectors of the economy. But, even after significant progress, it still lacks hinders when compared to outer world. It still owes huge capacity to generate further employment opportunities and

that can only be achieved when it will attract high number of tourists both domestically and internationally. Although the Government has several formulations in this direction by launching so many initiatives in past 5 years, with a proper propelling it will soon climb at a better place globally by out excelling in all of the parameters.

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