

## **EMPLOYABILITY IN TOURISM INDUSTRY IN INDIA: AN ANALYSIS**

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### **ABSTRACT**

*Tourism in India is playing an important role in the economic development and employment generation. Tourism is the most vibrant tertiary activity and a multibillion industry in India. It is the largest and boundless industry with strong growth potential having clear remarkable positive impact on Indian economy. Tourism has now been accepted as an industry like all other industries and it is the third largest industry in generating foreign exchange. It is a multi-segment industry showing positive economic effects in generation of National Income, expansion of employment opportunities, rising of tax revenues, generation of foreign exchange and transformation of regional economy.*

*It is because of the tourism sector, India has gained brand image in the minds of the foreign tourists and increased the foreign exchange reserves. Tourism sector is an important factor in creating employment generation. Therefore, the study has been undertaken to make an analysis of employability in tourism industry.*

**Keywords:** Tourism, Domestic Tourism, Domestic Tourist, Foreign Tourist.

## **INTRODUCTION:**

Tourism is travel for recreational, leisure or business purposes. The World Tourism Organisation defines tourists as people “travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”. Tourism in India was started in the year 1970. It plays a major role in the growth of an economy as it generates large scale employment and is also a large foreign exchange earner in the country after jewellery and readymade garments. Tourism carries the picture of our culture and hospitality.

Tourism in India is economically important and is growing rapidly. The World Travel & Tourism Council calculated that tourism generated `8.31 lakh crore (US\$120 billion) or 6.3% of the nation's GDP in 2015 and supported 37.315 million jobs, 8.7% of its total employment. The sector is predicted to grow at an average annual rate of 7.5%.

Tourism in India has vast employment potential, much of which still awaits exploitation. Further, it is interesting to note that the employment generation in proportion to investment is very high in tourist industry. The tourism industry employs a large number of skilled and unskilled, women, educated and uneducated people. Rural people could find more jobs in the form of guides and transporters because of its natural beauty and wildlife. It helps in reducing migration of people to towns.

## **REVIEW OF LITERATURE:**

Lateef Ahmad. Mir (2014) made a research on “An Economic Evaluation of Indian Tourism Industry”. This paper exposes the economic viability of the Indian Tourism Industry. The Indian Tourism industry is playing an important role in economic development of many sectors of our economy by generating employment both for skilled and unskilled labour force by improving living standards , particularly of remote rural areas, FEE, infrastructure development and boosts the world famous Indian traditional Art & Craft. Tourism industry has potential to strengthen the inclusive economic development. It is a limitless industry with immense growth potential having clear remarkable positive impact on economic and social aspects of Indian Economy.

Madhusmita Mishra and Prabina Kumar Padha (2010) made a research on “Emergence of Tourism in the Sustainable growth of India”. They presented in their article that tourism is an important and flourishing industry in the country. It is termed as a useful measure for employment generation, poverty alleviation and sustainable human development in India and also gainfully employs the highest number of people compared to other sectors. The present paper elaborates about the status and development of tourism in the context of India. It also presents that there is an increasing trend in FEE because of increase in foreign tourist arrivals.

Subash.T. made a research on “Tourism in India: Potentials, Challenges & Opportunities”. This paper focuses on that the travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. Its contribution to the global G.D.P and employment has increased significantly. The Indian Tourism Industry has emerged as one of the key drivers of growth among the services sector in India. It explored about the employment generation, FEE, changing life style, support by the government in shaping the travel and tourism sector in India. It also explained about the challenges such as lack of good quality tourism infrastructure, global concerns regarding health & safety of tourists, shortfall of adequately trained and skilled manpower etc.

Sultan Singh Jaswal made a research on “Role of Tourism Industry in India’s Development”. This paper explores that there has been a tremendous growth in tourism in India because of the policies of the government and support from all levels. Tourism is considered to be an economic bonanza. It is a multi-segment industry. While gauging the positive effects of tourism, this paper study its contribution to the generation of National Income, expansion of employment opportunities, rising of tax revenue, generation of foreign exchange and transformation of regional economy.

Vethirajan.C. & S. Nagavalli (2014) made a research on “Trends and growth of tourism sector in India”. This paper coins on that the tourism is one of the largest service industries in terms of gross revenue and foreign exchange earnings. Its role and importance in fostering economic development of a country and creating greater employment opportunities has been well recognized worldwide. This paper explores the unlimited business opportunities of entrepreneurship in tourism industry and a guide for entrepreneur entering tourism business.

Vijayaragavan. T. (2014) made a research on “Impact of Tourism in Indian Economy”. This paper coins how tourism sector is significant for Indian economy and its contribution to GDP and employment. Tourism industry plays a major role in any country’s economic development. It helps significantly to the country for creating the employment opportunities to the large number of people. Moreover it is also one of the important engines to attract more foreign exchanges with its potential.

### **RESEARCH GAP:**

The above review of literature points to the fact that the studies are mainly related to the role of tourism in economic development, poverty alleviation and the potentials for future work in tourism research. And also the contribution of tourism to GDP and Employment, trends and growth of tourism sector in India, role, challenges and opportunities in tourism sector in India and its economic evaluation.

It is because of the tourism sector, India has gained brand image in the minds of the foreign tourists and increased the foreign exchange reserves. Tourism has gained importance in terms of economic development and employment generation .Tourism sector is an important factor in creating employment generation. Therefore, the study has been undertaken to make an analysis of employability in tourism industry.

### **NEED FOR THE STUDY:**

Tourism accounts for one third of the Foreign Exchange Earnings of India. According to the World Tourism Organisation, by the year 2020, it is expected that India will become the leader in the tourism industry in South Asia, with about 8.9 million arrivals. According to the World Travel & Tourism, the Indian Tourism economy has been deemed as the second most rapidly increasing tourism economy in the world. This sector has a key role to play in the eradication of poverty and underdevelopment by way of creating employment and income opportunities for millions of the marginal and less empowered sections across the country. It is in this context, the study is undertaken with the objectives given below.

### **OBJECTIVES OF THE STUDY:**

The objectives of the study are to

- Analyze the Sector-wise employment in India
- Assess the share of tourism employment in the overall employment in India
- Present the tourism initiatives and projects undertaken by the Government of India

### **METHODOLOGY:**

- **Sources of Data:** The study is based on secondary data. The Secondary data sources include Research Articles, Websites, Reports of WTTC and Ministry of Tourism.
- **Period of the Study:** The study covers a period of 13 years from 2004-16. The year 2004 is taken as a starting period as the India’s share in the world tourist trade increased marginally in that year. A large number of tourists visited India which increased the foreign exchange earnings.
- **Hypothesis:**

Ho: There is no significant difference in the direct and indirect employment in tourism sector.

H1: There is a significant difference in the direct and indirect employment in tourism sector.

➤ **Statistical Tools:** The data are analysed with the help of the following tools.

- ✓ **Percentages:** to know the share of each component in the total.
- ✓ **Mean:** to smoothen out the fluctuations in the employment over a period of time.
- ✓ **CAGR:** to analyze the growth in employment over a period of time.
- ✓ **'t' test:** to test the hypothesis.

### SCOPE OF THE STUDY:

The study covers the employment in Tourism Industry in India, a sectoral analysis of employment and contribution of each service sector in the total services sector towards employment in India. An Analysis of direct and indirect employment in tourism sector and the initiatives taken by the Government towards the development of tourism industry is also made.

### Employment Share of Major Sectors:

Employment has always featured as an element of development policy in India. The three main sectors of the economy are Agriculture, Industry and Services. The following table shows the sectoral share in employment in India

**Table-1: Employment in India: Sector Wise Analysis (%)**

Sectors	1999-2000	2004-05	2009-10	2012-13	2016-17
<b>(1) Agriculture</b>	60.32	56.30	51.30	50.00	45.00
<b>(2) Industry</b>					
Manufacturing	11.01	12.27	11.50	14.50	18.00
Mining	0.57	0.56	0.64	1.00	1.00
Utilities	0.26	0.27	0.28	0.5	0.5
Construction	4.41	5.69	9.60	7.00	8.00
<b>Total</b>	<b>16.24</b>	<b>18.78</b>	<b>22.02</b>	<b>23.00</b>	<b>27.5</b>
<b>(3) Services</b>					
Trade	10.27	10.89	11.38	11.5	12.00
Transport	3.63	4.08	4.48	5.5	7.5
Other Services	9.53	9.95	10.82	10.00	8.00
<b>Total</b>	<b>23.43</b>	<b>24.92</b>	<b>26.67</b>	<b>27.00</b>	<b>27.5</b>
<b>Total 1+2+3</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: NSSO Reports

The above table shows that the majority of Indian workers are engaged in Agriculture and Allied activities. With the economic development, the share of Agriculture in employment has declined from 60.32 % in 2000 to 45% in 2016. The decline in employment share of agriculture is due to the increase in the share of secondary sector from 16.24% in 2000 to 27.5 % in 2016. Since the economic reforms the tertiary sector has gained a major shift in employment from 23.43% in the year 2000 to 27.5% in the year 2016.

In the services sector, percentage share of trade showed an increasing trend from 10.27% in the year 2000 to 12.00% in the year 2016 which is more than the other services. The transport also showed an increase from 3.63% in the year 2000 to 7.5% in the year 2016 which includes tourism as well. It is clear from the above that the percentage change in transport ( 3.87%) is more compared to that of trade(1.73%).

The other services consists of Retailing, Insurance, Banking, Real Estate, Business Community, Communication, Social and Personal services which also showed an increasing trend, by & large.

### Total Contribution of Travel and Tourism to Employment:

Tourism provides both direct and indirect employment. Direct employment is provided in the fields like hotels, restaurants, airlines, cruise lines and resorts because the employees are in direct contact with tourists and provide the tourists experience. Employees of firms providing goods and services to direct employment firms such as aircraft manufacturers, construction firms and restaurant suppliers create indirect employment. Tourism has great potential in generating employment (direct and indirect)

The following table shows the total contribution of Travel and Tourism to employment

**Table- 2: Direct and Indirect contribution of T&T to employment**  
(No in thousands)

Year	Direct contribution of T & T to employment	Indirect contribution of T&T to employment	Total contribution of T&T to employment
2004	22185.3	24138.0	46323.3
2005	21180.3	19215.7	40395.7
2006	23104.0	17594.7	40698.7
2007	21981.1	22451.2	44432.3
2008	23676.5	13036.4	36712.9
2009	22495.9	12171.0	34666.9
2010	21717.9	12212.7	33930.6
2011	22045.7	12807.8	34853.5
2012	22202.6	13052.3	35254.9
2013	22471.2	13265.2	35736.4
2014	23022.3	13670.2	36692.5
2015	23454.4	13860.7	37315.1
2016	24197.5	14243.6	38441.1
CAGR	0.66 %	-3.98%	-1.42%
't' Value	5.84		
Table Value	1.782 at 12 d.f at 5% level of significances		

**Source:** WTTC Reports

The above table shows that there are fluctuations in employment in tourism in India showing an increasing and decreasing trend. There is an increase in direct employment which rose from 22185.3 (000's) in the year 2004 to 24197.5(000's) in the year 2016. There is a decline in the indirect employment compared to the year 2004 as a result of which the total employment has declined. The CAGR for direct expenses is 0.66% over a period of 13 years.

The Hypothesis that there is no significance differences in the Direct and Indirect Employment is tested with the help of 't' test and the results are given in the above table no 2, Direct and Indirect contribution of T & T to employment that the table value is 5.84 which is more than table value 1.782 at 12 d.f at 5% level of significance and therefore the Null Hypothesis is rejected which means that there is a significant difference in Direct and Indirect Employment in Tourism.

#### **Travel & Tourism Share in the Total Contribution to Employment in India:**

The Tourism industry in India is a very promising Industry and has power to become one of the leading employers of Indians. Tourism industry has emerged as an important instrument in the economic development of Indian economy, particularly in remote backward rural areas .Due to its strong backward and forward linkages it generates employment in different profiles and thus increases living standard of people who are directly or indirectly linked with this economically immense profitable activity. Visitor expenditure on accommodation, food & drink, local transport, entertainment and shopping is an important contributor to the economy of every tourist destination creating much needed employment and opportunities for development.

**Table 3: Overall Employment in India: % Share of T&T**

<b>Year</b>	<b>Value</b>
2004	13.4%
2005	11.4%
2006	11.3%
2007	12.0%
2008	9.8%
2009	10.17%
2010	10.78%
2011	11.49%
2012	12.3%
2013	8.9%
2014	8.5%
2015	8.7%
2016	9.3%

**Source:** Ministry of Tourism

The above table shows that there is a decline in employment percentage in tourism to the overall employment from 13.4% in the year 2004 to 9.3% in the year 2016. It is because of decrease in indirect employment in tourism the reasons for the decline in the employment is lack of political will, rising crime against women, lack of infrastructure and tourist safety.

**Tourism in India: Government Initiatives**

The Government of India and the Ministry of Tourism have contributed significantly to the growth and development of the industry by providing various policy measures, tax incentives and infrastructural support such as Promotion of rural tourism by Ministry of Tourism in collaboration with the United Nations Development Programme, availability of Medical Visa for tourists coming into the country for medical treatment, 100 percent FDI allowed through automatic route in hotel and tourism sector, Capital subsidy programmes for budget hotels, Elimination of customs duty for import of raw materials, equipment, liquor etc.

The Union Ministry of Tourism launched several new initiatives on the occasion of World Tourism day on September 27th, 2015.

**Table 3: Initiatives in Tourism in India**

<b>S. No</b>	<b>Initiative</b>	<b>Objective</b>
1.	Medical & Wellness Tourism Promotion Board	Promoting & Positioning of India as a competent & credible medical & wellness tourism destination
2.	Ashok Institute of Hospitality & Tourism Management- Centre of Excellence	To Supply trained manpower to the Hospitality industry
3.	Tourism vision Document 2030	Challenges for the sector and details the way towards vision 2030
4.	Launch of Bi-Lingual website of Ministry of Tourism	Provides information of E-Recognition system for recognition of Travel Trade Service Providers and approval and classification of Hotels.

**Source:** Ministry of Tourism

Recent initiatives taken by the government of India to promote tourism are;

- 1) Plans for regional development with the help of tourism where other industries are not in their best.
- 2) Started one – window policy to boost the direct and as well as indirect investment in tourism.
- 3) Development of infrastructure to meet the present and future needs of tourist.
- 4) Started different types of luxurious trains like Palace on Wheels, Royal Orient or Deccan Queens.
- 5) Developing basic infrastructure.
- 6) Started overseas offices at different countries to promote India as a tourism destination.
- 7) Proper coordination between the states and central tourism departments been ordered to develop the destinations.
- 8) Started different packages to attract for those destinations attracting more tourists.
- 9) Developed different Tourism Circuits like Golden Triangle or Buddhist Circuit to attract more tourists.
- 10) ITDC is now taking part in different tourism fairs all over the world.
- 11) Trying to provide best of the services in Air India and in Indian Rail.
- 12) Building accommodation in Govt. level and encouraging the private companies to invest in accommodation sector by giving them different tax benefits.

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. Some of the major initiatives taken by the Government of India to give a further boost to the tourism and hospitality sector of India and encourage the foreign tourist to visit India are given below

- The Union Cabinet has approved a MoU between India and South Africa, aimed at expanding bilateral cooperation in the tourism sector through exchange of information and data, establishing exchange programmes and increasing investments in the tourism and hospitality sector.
- The Ministry of Tourism plans to revise its guidelines to exempt homestays from service tax or commercial levies and make their licensing process online, which is expected to encourage people to offer homestays to tourists.
- The Union Cabinet has approved the signing of Memorandum of Understanding between the Ministry of Tourism of India and the Ministry of Trade Industry and Tourism of Colombia in order to boost cooperation in the field of tourism between the two countries.
- The Central Government has given its approval for signing of a MoU between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism between the two countries.
- The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.27 million).
- Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport.
- Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.

Further, the tourism policy of the Government aims at development of integrated tourism circuits, speedy implementation of tourism projects, special capacity building in the hospitality sector and new marketing strategies.

#### **FINDINGS:**

- The economic reforms in India have gained a major shift in employment from Primary to Tertiary Sector.
- There is an increase in direct employment in tourism in India

- There is a decline in an indirect employment in tourism in India leading to overall decrease in total employment and its percentage share in overall employment also decreased.

#### **SUGGESTIONS:**

- ✓ Supply of Tourism Products and Services must regularly be upgraded to meet the changing needs of the market.
- ✓ Professional Management and additional infrastructure is required so that the Indians can enjoy their heritage to fullest extent.
- ✓ Improved tourist infrastructure, enhanced air connectivity, improved road infrastructure increases the tourist's visits and thereby increase the employment.

#### **CONCLUSION:**

The Tourism industry in India is a very promising Industry and has power to become one of the leading employers of Indians. India has been recognised as a destination for spiritual and cultural tourism for domestic and international tourists. Tourism industry has emerged as an important instrument in the economic development of Indian economy, particularly in remote backward rural areas .Due to its strong backward and forward linkages it generates employment in different profiles and thus increases living standard of people who are directly or indirectly linked with this economically immense profitable activity. The Indian tourism has a clear bright future because the demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will place India at the 3rd position in the world. Besides huge foreign exchange earnings and escalation of world class infrastructure development, India's travel and tourism sector is expected to be the 2nd largest employer in the world, employ 40,037,000 by 2019.

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