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Editorial

Dear Readers,

Our regular readers know what is common with Business Vision 2020, NGO Management, Changing Global Dynamics and Business Opportunities for India, Indian Business and Industry- an Historical Perspective, and Corporate Social Responsibility and Governance. These are all themes of our yester issues of AMBER. Thanks to readers and authors who made these issues success. We brain stormed again. Again, we decided to stuck to 'Theme' based journal! This is what gives focus to every issue. This makes every issue challenging. This makes every issue worth preserving. This makes AMBER different from the plethora of Journals published from the stable of reputed B-Schools. Thanks again for supporting me to the hilt, in our endeavor to make AMBER better and different.

This issue theme is **Tourism : Growth Engine for India**. Tourism is a smokeless industry. It is one of the leading employment generating service sectors. The tourism has the potential to change the economic and cultural living of the people. It is an industry which acts as an ambassador of the tourist destination and tourist's country. The tourism adds great value to the brand value of the country. It is high time to realize the importance of tourism in the overall development of India. With wide geographical area, different climatic zones, unique flora and fauna, cultures, sub-cultures, historical monuments, different religions and religious institutions and overall diversification provide India a unique opportunity in tourism. With increased economic activity, MICE and Business tourism is happening in a big way and has huge opportunity too. Tourism is a vibrant industry. Different verticals of tourism are emerging. Agri-tourism, medical tourism, adventure tourism are happening in big way. New segments of tourism like space tourism are unfolding. The editorial team strongly believes that Tourism can change the face of India. This issue is aptly handled by the issue editor Mrs. Puneeta Goel. I place on record my appreciation for her.

Before I sign off, I invite articles for our next issue. The theme of the next issue (Oct.2012-March 2013) is **Green Entrepreneurship and Sustainable Development**. Posterity will not forgive us, if we do not make our 'development' sustainable. In this endeavor Green entrepreneurship has a decisive role. The research has proved that the three ways to make this world sustainable is to reduce population and/or reduce consumption and/or use green technology. The first two are not feasible. At least in the near future, it is not possible. The option is Technology, the green technology. The technology reaches the common man through business. Entrepreneurs, the green entrepreneurs have a responsible role. Next issue covers articles on broad areas covering entrepreneurship, green technology management, sustainable management, renewable energy, waste management and other related topics. Welcome to partner in the saga of AMBER.

Dr. H.R.Venkatesha
Chief Editor

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A Study on History and Growth of Tourism in India

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Abstract

Tourism denotes the temporary, short-term movement of people to destinations outside the place where they normally live and work and their activities during their stay at these destinations. India is one of the world's most amazing tourist destinations. India offers a range of tourism options to every tourist who travels to India. From culture and history, adventure and wildlife, beaches and mountains, meditation and festivity, Ayurveda to modern medical treatment, busy cities and quiet backwaters, India has on offer all this and much more. The earliest recorded evidence of tourism could be traced back to the Roman Empire. The tourism in India was primarily one of pilgrimage. The blossom of Indian tourism industry can act as a major contributor for the development of balanced economy through its contribution to the foreign exchange reserves. The tourism industry is the second largest foreign exchange earner in India.

Key words: Tourism, Growth, History, Industrial Revolution.

INTRODUCTION

The tourism has witnessed a dramatic transformation into a multifaceted economic and social activity. Travel and tourism was confined to a privileged few, namely the rich, at the time of independence of India. Tourism is now an industry with many facets and varied activities. It calls for a perfect co-ordination among diverse segments that go to structure this industry.

The unique feature of the tourism industry is that in totality it rests on a base of natural resources. Such a base must be wholesome and attractive, preferably possessing unusual natural beauty and appeal to tourists. Attractions are arguably the most important component in the tourism system. They are the main motivators for tourist trips and are the core of the tourism product. Without attractions there would be no need for other tourism services. Indeed tourism as such would not exist if it were not for attractions. Tourism has merged as major activity encompassing a spectrum of social events such as sightseeing, entertainment, festivals, cultural events, and sports and even gambling. Thus, the whole planet becomes the stage for the operation of tourism industry.

The distinctive features of this industry are: It is an industry without smoke; education without classrooms; integration without legislation; entertainment without constraints and diplomacy without formality. Another notable feature is that this industry is a peace elastic phenomenon and promoter of International understanding. International bodies such as the United Nations have recognized the role of tourism as an ambassador and vehicle of international understanding and peace. Many world leaders and statesmen have also recognized this benefit and attribute to tourism. USA President John F. Kennedy called attention of the world on the significance of tourism and stated: "Travel has become one of the great forces for peace and understanding in our time. As people move

throughout the world and learn to know each other, to understand each others customs and to appreciate the qualities of the individuals of each nation, we are building a level of international understanding, which can sharply improve the atmosphere for world peace.”

ORIGIN AND GROWTH OF TOURISM IN INDIA

Tourism has now grown to such dimensions and importance that it has become the largest industry in the world. This remarkable growth is not due to any particular phenomenon but only a result of evolutionary process. The earliest recorded evidence of tourism could be traced back to the Roman Empire. “The Romans visited temples, shrines, festivals and baths for health and amusement.” With the fall of the Roman Empire, tourism ceased to exist till the middle ages. In the middle ages, thousands of pilgrims made journey under the then existing difficult activities etc., between eleventh and fifteenth centuries gave added impetus to the movement of merchants, soldiers, clergy and pilgrims. During this period, pleasure tourism was conspicuous by its absence. Thus, travel before the industrial revolution was largely a matter of pilgrimage and to a limited extent for business or official purposes.

Till very recently, tourism in India was primarily one of pilgrimage. Traveling for religious purposes was an established custom. “The Vedas- the ancient religious texts of the Hindus – enjoined that unless a man went on pilgrimage to the four Dams or holy places of the country he would not attain moksha and would therefore continue to suffer rebirths for his sins.” Similarly the Muslims must undertake a pilgrimage to Mecca and Medina and the Christians should visit Vatican in Rome to have the glimpse of Pope during their lifetime. In fact, but for the religious compulsions, the stay-at-home ancient and rural societies would not have undertaken travel. To meet the requirements of the tourists there were rest houses, inns, etc. The ancient kings were increasingly concerned

about the safety and comforts of the pilgrims and provided “guard and guide” facilities, better roads with shady trees on both side and similar facilities. Some kings even introduced appropriate regulations, which could be equated to the present – day passports. Apart from domestic pilgrim tourists, many foreign scholars, students, explorers, invaders, traders and others had also visited the country. For instance, during the reign of Chandra Gupta II, the famous Chinese historian Fahien came and traveled in the country between 402 and 410 A.D. One of the invaders Alexander of Macedonia, Vasco da Gama, a traveler – cum – explorer of sea routes, and many such foreigners also traveled through the country.

Later came the Dutch, the Portuguese and the British for trading purposes of whom the British became the rulers of the country. Thus, all along India remained a fascination for the rest of the world attracting a number of people.

In spite of these favorable natural factors, the then British Government did not give either direct or indirect incentives for the development of this industry. However, people traveled on their own. Only since independence conscious efforts have been made to develop tourism.

Between the sixteenth and eighteenth centuries specialized education in advanced countries become very common which encouraged the elite to go abroad. Travel also had been recommended as a part of curriculum development. In fact, foreign travel was a part of education of the aristocratic men in those days. During the same period, domestic travel to sea resorts and hill resorts for health reasons become popular. Gradually, such resorts become places of entertainment. Further, the youth, far away from home on education tour in foreign countries turned out to be pleasure seekers besides being knowledge seekers, because of prolonged exposure to high sophistication. Factors such as the above culminated in pleasure tourism.

The industrial revolution brought about far-reaching changes in the socio-economic set-up. It resulted in large – scale migration of people to industrial centers and an urban society eventually developed. The newly emerged urban society, which was comparatively more prosperous and carefree provided fillip to the development of tourism. This new urban population with family roots elsewhere made trips to their native places during occasions. Transport facilities also developed to cope with the changing social needs. Gradually, organized tours were also thought of by the end of the eighteenth century.

The nineteenth century is particularly significant in the history of tourism in the sense that it was during this period that tourism, as understood today, came into being. By then professional travel agencies were established. Thomas Cook, an English man, in the 1840s organized the first package tour. He had the foresight of providing almost all modern facilities to his customers. It is his entrepreneurship that primarily made tourism a recognized economic activity. Overseas tours, as understood today, were organized for the first time during the 1860s. In the later years of that century, such developments as holiday with pay in certain countries, establishment of travel and tourism clubs, etc., added new dimensions to tourism.

In the first half of the twentieth century, tourism grew to new heights due to developments in the transport industry and other factors. Travel by private cars and coaches for the first time become popular in the 1910s. As tourism is sensitive to world peace and prosperity, during the world wars periods it had a short set – back. However, the wars had brought about many changes, which gave an added impetus to tourism in the post – war periods, the social – economic hangs, such as better standards of living, broader outlook of the people, increasing exposure to outside world, development through different media, development of infrastructure facilities, reduction

in international barriers, etc., brought about by the wars resulted in the emergence of a new “global life” and internationalism. These developments collectively created an atmosphere more conducive to the growth of tourism. By this time travel became an infectious habit of the people. This, coupled with development of many large travel agencies, transport companies, hotel chains, etc., gave a boost to tourism.

From 1950 onwards, tourism got another boost as most of the governments of the third world countries started patronizing tourism as an important economic activity. It is but natural that with outright government patronage the industry has grown into one of the major industries. As a natural corollary, private individuals and organizations have started taking active part in this newly developing industry. All these have given a new direction to the industry.

ECONOMIC DEVELOPMENT - TOURISM CONTRIBUTION

The tourism has often been thought of as primarily an Export Product. Tourism accounts for 8 percent of the Worlds exports making it the largest internationally traded product or service. As an export product tourism is consumed by person’s resident external to its place of production. It is consumed at the place of production though not necessarily at the place of consumer’s residence. As consumption process usually involves some form of expenditure, like other export industries, tourism gains external income for the economy of the country concerned. Tourism is an industry, whose products are consumed on the spot, forming invisible exports. Tourism is now rightly added to the long list of established industries with tremendous economic and social potential. The income generation, employment potential and poverty alleviation capabilities of the industry are quite considerable. Tourism is the largest industry in the world in terms of earnings and is also the largest employer of the people. It has come to

play a prominent role in the economic development of several nations. To a developing country, tourism industry is an economic bonanza. For a few nations, France, Spain, Switzerland, Nepal, Hungary, Hong Kong and Singapore, tourism is the main stay of their economies. World tourism is a major money-spinner. Tourism along with information technology and biotechnology would appear to be the engines of transformation to the world economy into the 21 century.

The economic contribution of tourism is generally measured in terms of its contribution to gross domestic product and employment generation. With very meager investment of foreign exchange, the foreign exchange earned from tourism has a ventilating effect on suffocating balance of payments position. The tourism industry does not utilize more than 7 percent by way of foreign exchange expenditure and thus retains 93 percent of the foreign exchange earnings, which is higher than export earning industry. The tourism industry contributes, around 11 percent of all indirect taxes paid worldwide according to the World Travel and Tourism Council (WTTC). Total revenue directly attributable to tourism, including travel and purchases by tourists is estimated at US \$3,300 billion. It constitutes over 13 percent of the global GDP. Internationally tourism is seen frequently as a beneficial exploitation of redundant infrastructure as well as means of employment creation. The tourism industry provides direct employment to 262 million people at the global level. Statistics indicate that one job is created every two and half seconds by the travel and tourism industry. The tourism industry is directly or indirectly providing more than 10 percent of the world's employment today, as highlighted in a study conducted by the India Chapter Pacific Asia Travel Associated (PATA).

Besides being a source of megabucks and an employment multiplier, another significant feature of tourism industry is that it employs a large

number of women, educated and skilled. Women in fact outnumber men in hotels, airline services, travel agencies, handicraft and cultural activities. The overall employment multiplier figure in tourism sector is 2.36 i.e., direct employment of one person in tourism creates 1.36 in other sectors of the economy. World Travel and Tourism Council has estimated that international travel and tourism accounts for over 11.4 percent of global investment with an estimated output of US \$ 3.4 trillion. The employment per million rupees of output is much higher in tourism than in any other sector.

INDIAN TOURISM INDUSTRY

India is known worldwide as the ancient and mysterious civilization and the second most populated country of the world after China, with a population of 1.2 billion. India has a tremendous potential to promote both inbound and outbound tourism and the need of the hour is to promote its diversity in a big way among the global tourists. India can offer separate feeds for international and domestic tourists. By and large the population is peace loving and very tourist friendly, thereby ensuring the acceptance of tourists and their security. Despite a plethora of tourist attractions for every type of visitor, India has reached only around 5 million marks.

There is a huge gap between the existing low tourism demand in the region and the vast untapped potential in heritage, culture, beaches, pilgrimage centers, architecture and eco-tourism. So there is a necessity to narrow this gap. Countries far smaller in size such as France with 70 million arrivals ranked 1, Spain with 41 million arrival ranked 3, Hungary with 21 million arrivals ranked 8 and Poland with 19 million arrivals ranked 9 are much ahead of India. Even a country as small as Sri Lanka, despite the ethnic conflicts plaguing it for the last 12 years, it has about 4 million international arrivals.

Small city-states such as Hong Kong and Singapore have set the benchmarks of the tourism industry. With very little by way of natural resources or tourism potential, they have built an empire over the years. Honkong receives about 10 million tourists a year and Singapore recently crossed the 7 million marks. India ranks 46 among the world's top 60 tourism destinations, generating less than 1 percent of the global tourism business.

CONCLUSION

India is an exotic destination. From the western perspective, it is a land of mysticism with astoundingly diversified culture and tradition. There is undoubtedly enormous potential; India has all tourist attractions in a single country – coast line, snow capped mountains, inviting deserts, wild life, hearth-taking picturesque locales, heritage sights and monuments and a grand variety of regional culinary delicacies. India, though endowed with both natural and man-made attractions has not been successful in promoting itself as the most sought after tourist destination. India's share in the Global tourism receipts is just 0.7 percent over the last few years. The share of India in the international tourist arrivals is just 0.4 percent. The tourist population ratio (TPR) in India is minuscule. Tourism occupies 267 positions in the priority list for funds allocation of the government of India. The "national priority status" has been denied to tourism industry in India, which is reflected in the meager annual budget allocation (as low as 50 crore per annum) by the government. The developing nation like India should try to develop tourism oriented economy because the tourism industry does not utilize more than 7 percent by way of foreign exchange expenditure and thus retains 93 percent of the foreign exchange earnings, which is higher than any export earning industry.

The blossom of Indian tourism industry can act as a major contributor for the development of

balanced economy through its contribution to the foreign exchange reserves. The tourism industry is the second largest foreign exchange earner in India. This phenomenal growth is not due to any particular factor but only the result of evolutionary process. This process should continue to reap the benefits of tourism to the society in the years to come. We hope and pray for this vision to become reality at the earliest possible time for the benefit of the industry and the society at large.

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Indian Tourism Industry

Growth and Development

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ABSTRACT

Tourism is now well recognised as an engine of growth in the various economies in the world. Several countries have transformed their economies by developing their tourism potential. Tourism is the fastest growing industry in the world. According to the World Travel and Tourism Council (WTTC) tourism is the world's largest industry generating 12% of the global gross national product and it employs around 200 million people worldwide (WTTC, 1995). Worldwide tourism is ranked second highest revenue-generating industry next to the oil industry. This article studies the growth of foreign tourist arrivals and foreign exchange earnings into India through the Indian tourism industry. It also examines the share of the Indian Tourism Industry in the World in general and especially the Asia Pacific region. Tourism has been pivotal in social progress as well as an important vehicle of widening socioeconomic and cultural contacts throughout human history. The article suggests measures for increasing the growth of foreign tourist arrivals and foreign exchange earnings into India via tourism. It is evident from this study that the Indian Tourism Industry is growing significantly each year at a rate of 7% in foreign tourist arrivals. In addition, India is currently experiencing a steep jump in its position in terms of tourism growth and has moved from its recent 50th global position to 40th position in tourist receipts.

INTRODUCTION

Tourism has emerged as an instrument for employment generation, poverty alleviation and sustainable human development. Tourism promotes international understanding and gives support to local handicrafts and cultural activities. It is an important segment of the country's economy, especially in terms of its contribution towards foreign exchange earnings, generation of additional income and creation of employment opportunities. With rapid advances in Science & Technology, tourism has acquired the status of an industry in all industrialized countries. The high influx of foreign tourist traffic has accelerated demand for certain economic production and distribution activities. Tourism has emerged as an industry next in importance only to Information Technology industry in the Services sector.

Tourism is currently the world's largest industry and the fastest growing sector of the market. Tourism is usually viewed as being multidimensional, possessing physical, social, cultural, economic and political characteristics. Tourism facilitates business contacts, widens markets and helps diffusion of growth impulses across territories to promote broad based employment and income generation. Investment in tourist infrastructure adds to economic growth, catalyses generation of income and employment, which in turn, leads to further growth in demand for tourism and stimulates subsequent rounds of investment in a virtuous circle. Tourist expenditure generates multiple effects with extensive outreach along its value chain. Adding to the demand for a

variety of goods and services, tourism offers potential to exploit synergies across a large number of sectors such as agriculture, horticulture, poultry, handicrafts, transport, construction - the sectors, where growth of income has favourable impact on poverty alleviation. The demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2015, placing India at the third position in the world. It is estimated that 5% of total tourist arrival figures to rural India and there has been an 8 to 10 % increase in arrivals on an average to Rural Tourism sites after the launch of the rural tourism scheme.

NEED FOR THE STUDY

Tourism is an important sector of the economy and contributes significantly in the country's GDP as well as Foreign Exchange Earnings (FEE). With its backward and forward linkages with other sectors of the economy, like transport, construction, handicrafts, manufacturing, horticulture, agriculture, etc., tourism has the potential to not only be the economy driver, but also become an effective tool for poverty alleviation and ensuring growth with equity. In the year 2010, the tourism sector witnessed substantial growth as compared to 2009. The Foreign Tourist Arrivals (FTA) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%. The growth rate during 2009 over 2008 was (-) 2.2%. FEE from tourism during 2010 were Rs. 64889 crore as compared to ' Rs. 54960 crore during 2009, registering a growth rate of 18.1%. The growth rate in FEE from tourism during 2009 over 2008 was 8.3%. Tourism Sector is a major generator of employment. As a highly labour intensive activity, tourism and tourism support activities create a high proportion of employment and career opportunities for low skilled and semi-skilled workers, particularly for poor, female and young workers. Women make up 70% of the labour force in tourism sector and half of all tourism workers are 25 years or under. The tourism sector can be

an important source of employment for many of the unemployed youth and consequently reduces the poverty in the society (UNCTAD 2010).

REVIEW OF LITERATURE

The tourism industry has become an important sector to both developed and developing countries, including India. Today, statistics on tourist arrivals significantly contribute to the impact research studies, destination marketing, destination policy, planning and management (DPPM). Many scholars think that The 'Tourism Industry' is a 'market' (tourist-needs), as opposed to 'product' (tourism facilities) driven industry. Therefore the market needs and demands need to be understood and taken into account prior to providing recommendations for product development support (Kwazulu-Natal Tourism Authority, 2002). Mathieson and Wall (1982) suggested that tourism makes its most valuable economic impacts in the early phase of development in a Third World country, and will diminish in significance with the coming of industrialization. Hence, they also warned against over-reliance on tourism and urged that profits from it be channeled to other sectors of the economy. They also stressed that although such comments are accurate for some countries, there is no doubt that many more will see little economic development of this kind and will have to rely on tourism for as long as they can. Tourism is the most attractive and the fastest growing industry in the world. According to the World Travel and Tourism Council (WTTC), tourism in 2005 turned out to be the second largest industry, accounted for 3.8 per cent of global Gross Domestic Product - GDP (Rosli & Azhar, 2007). Elliott and Mann (2005) stressed that tourism's role in development has evolved significantly, providing not just foreign exchange, economic growth and employment, but also opportunity for host community participation in biodiversity conservation, urban growth, infrastructure overhaul and planning, rural development, environmental restoration, coastal

protection and cultural heritage preservation. In a broader perspective, tourism has a direct impact not only on economic development as argued by Hall (1995), but also on social, environmental and ethical developments of a destination country (Mbaiwa, 2003). Singh R.K. (2009) has said that the broad objectives of future tourism development in India should be oriented to an accorded status in the national agenda for action and its eco-friendly sustainable development. The target of tourist arrivals to/in India revolve around its importance of creating awareness and people's participation, improving the quality of services, identifying the needs for a new thrust in image building, improving organizational capabilities and looking for other areas of resource generation.

OBJECTIVES OF THE STUDY

1. To study the Economic Effects of Global Tourism and Travel Sector.
2. To study the Contribution of Travel and Tourism Sector in India.
3. To study the Investment Scenario of Travel and Tourism Sector in Asia.
4. To study the growth of foreign tourist arrivals, foreign exchange earnings in India.
5. To ascertain the share of Indian Tourism Industry in relation to the rest of the World and especially the Asian and Pacific region.
6. To suggest measures for increasing the growth of foreign tourist arrivals and to increase foreign exchange earnings within India as a direct result of tourism.

METHODOLOGY

In order to diagnose the present trends and progress in tourism in India in context with globalisation, the present paper intend to make use of the secondary source of the data collected from various government sources such as the Ministry of Tourism, the Government of India, the World Tourism Organization and other relevant websites. The study concerned the growth and

stability of Indian tourism. Parameters like foreign tourist arrivals into India, foreign exchange earnings, domestic tourist visits within India and Indian tourists going abroad were all carefully analyzed. The study covered the years 1997 to 2010 & upto June 2011

FRAMEWORK OF ANALYSIS

Tourism is one economic sector in India that has the potential to grow at a high rate and ensure consequential development of the infrastructure at the destinations. It has the capacity to capitalize on the country's success in the services sector and provide sustainable models of growth. Tourism is now well recognised as an engine of growth in the various economies in the world. Several countries have transformed their economies by developing their tourism potential. Tourism has great capacity to generate large-scale employment and additional income sources to the skilled and unskilled. Following parameters have been identified to measure the importance, growth and development of tourism in India :

1. Economic Effects of Global Tourism and Travel Sector (WTTC).
2. Contribution of Travel and Tourism Sector in India (WTTC).
3. Investment Scenario of Travel and Tourism Sector in Asia (WTTC).
4. Foreign Tourist Arrivals (FTAs) in India, 1997-2011.
5. Foreign Exchange Earnings (FEE) (in US\$ Million) from Tourism in India, 1997-2011.
6. Foreign Exchange Earnings (FEE) (in Rs Crore) from Tourism in India, 1997-2011.
7. Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2010.
8. Number of Domestic Tourist Visits to all States/UTs in India, 1997-2010.
9. Share of Top 10 States/UTs of India in Number of Domestic Tourist Visits in 2010.
10. Share of India in International Tourist Arrivals in World, and Asia & the Pacific Region, 1997-2010.

Table-1
Economic Effects of Global Tourism and Travel Sector (WTTC)

World	2005	2006	2007	2008	2009	2010
Travel & Tourism Direct Contribution to GDP						
In US\$	1377.85	1471.67	1647.00	1755.23	1641.27	1757.54
2011Price(US\$ bn)	1692.25	1732.33	1787.90	1763.93	1711.85	1768.77
Real growth	0.4	2.4	2.8	-1.5	-3.4	3.2
% Share	3	2.9	2.9	2.8	2.8	2.8
Travel & Tourism Total Contribution to GDP						
In US\$	4415.35	4768.24	5366.87	5807.13	5408.68	5701.95
2011Price(US\$ bn)	5424.19	5618.80	5853.46	5852.70	5652.89	5754.96
Real growth	3.3	3.6	3.6	0.0	-3.9	1.7
% Share	9.6	9.6	9.6	9.4	9.3	9.0
Travel & Tourism Direct Contribution to Employment						
In US\$	1.1	3.3	-0.6	-0.2	-2.3	0.9
% Share	3.5	3.5	3.4	3.4	3.3	3.3
In thousands	95307.4	98473.9	97794.0	97527.6	95260.1	96130.5
Travel & Tourism Total Contribution to Employment						
In US\$	0.6	2.7	3.1	-4	-3.1	-0.8
% Share	9.4	9.5	9.6	9.1	8.8	8.6
In thousands	256508	263553	271808	260838	252720	250565

Source: IITTM- ICC Report Travel and Tourism Industry in India, Ministry of Tourism, Govt. of India

Tourism has emerged as one of the fastest growing industries in the world and registers its importance in not only developing the country economically but also in providing a source of income, employment, and it also brings needed infrastructural improvements which may help in regional development. With passage of time, the travel and tourism industry has evolved to become one of the largest and most dynamic industries of the global economy. A WTTC study has estimated in 2010 that the contribution of travel and tourism

to the world GDP was to the tune of 9%, whereas, its total employment effect was more than 235 million jobs, representing 8% of global employment. Further, the employment effect of international tourism appears to be optimistic in the medium to long-term. According to the UNWTO forecasts, the sector is expected to provide nearly 296 million jobs by 2019 given that there would be sustained growth of global tourist arrivals and the major economies maintain its momentum.

Table-2
Contribution of Travel and Tourism Sector in India (WTTC)

India	2011			2021		
	INR bn	% of total	Growth	INR bn	% of total	Growth
Direct Contribution to GDP	1570.5	1.9	8.7	3414.8	2.0	8.1
Total Contribution to GDP	3680.4	4.5	8.7	8523.1	4.9	8.8
Direct contribution to Employment	21931	5.0	2.4	30439	5.2	2.0
Total contribution to Employment	37655	7.5	2.4	47460	8.1	2.3
Visitor export	670.6	3.8	5.7	1344.7	2.1	7.1
Domestic Spending	3509.8	4.3	9.1	7758.3	4.4	8.3
Leisure Spending	3003.0	3.7	7.5	6332.8	3.6	7.7
Business Spending	1196.6	1.5	11.1	2791.8	1.6	8.8
Capital Investment	1233.0	4.7	12.2	1827.5	4.8	8.7

Source: IITTM- ICC Report Travel and Tourism Industry in India, Ministry of Tourism, Govt. of India

The table – 2 reveals that an emerging tourism demand scenario of this nature seems to suggest that 2011 may benefit India economically much better if one was to go by the WTTC (World Travel & Tourism Council) figures. For, direct contribution of tourism and travel to India’s GDP at constant prices for 2011 is estimated to be about 1.9% or Rs. 1570.5 billion and the same might reach 2% by 2021. Perhaps, total economic impacts of the sector is estimated to be much higher at Rs.3680.4 billion (4.5% of GDP) and Rs. 8523.1 billion (4.9%) respectively during this period. As regards to employment generation in 2011, the sectors’ direct contribution worked out to be 5% and the total effects- direct and indirect together- stand at 7.5% in the country’s total employment pie. Respective figures might rise to 5.2% and 8.1% by 2021 and such prospects need to be taken as an important indicator for concerted policy interventions and programming for tourism sector. Because, as already established, the sector has a key role to play in the eradication of poverty and development by way of creating employment and income opportunities for millions of the marginal and less empowered sections across the country.

Table-3
Investment Scenario of Travel and Tourism Sector in Asia (WTTC)

Rank	Travel & Tourism Investment	2011 (US\$ bn)
2	China	95.80
4	India	26.70
14	Indonesia	12.20
18	Thailand	8.63
26	Malaysia	4.89
28	Vietnam	4.59
	World Average	3.60
53	Pakistan	1.57
75	Sri Lanka	0.58
79	Bangladesh	0.47
100	Cambodia	0.26

Source: IITTM- ICC Report Travel and Tourism Industry in India, Ministry of Tourism, Govt. of India

The table – 3 reveals that India ranks 4th in terms of travel and tourism investment in 2011 with a

total of USD 26.7 billion. The Table would further suggest that in terms of investment, India is much ahead of most countries in the Asian region. Many factors can be attributed to this like a consistently growing economy, fast expanding travel and tourism demand and supply, dynamic business environment, global integration and so on.

TABLE- 4
Foreign Tourist Arrivals (FTAs) in India, 1997-2011

Year	FTAs in India (In Million)	Percentage(%) change over the previous year
1997	2.37	3.8
1998	2.36	-0.7
1999	2.48	5.2
2000	2.65	6.7
2001	2.54	-4.2
2002	2.38	-6.2
2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.3
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	-2.2
2010	5.58	8.1
2011(Jan -June(p))	2.92	10.9@

Source : Ministry of Tourism GoI July 2011

The perusal of Table – 4 reveals that the percentage change in FTAs in India during 1997 shows at 3.8 and decrease to -6.0 during 2002. Further it increase to 26.8% in the year 2004. During 2011 from January to June this percentage shown at 10.9%. But in relative terms, the percentage change in tourist arrivals had showed an increasing annual rate of growth of 7%. Between the years 2000 and 2010 the tourist arrivals into India barring the years 2000,2001 and 2002 and 2009 showed an increasing trend in absolute terms and showing a negative

(-0.02)% change over the previous year in 2009. This clearly presents foreign tourist arrivals into India. The 'quantum leap' of foreign tourist arrivals

in India has increased. The Tourism Industry has been emerging as a leading and lucrative global sector, and this applies to India as well.

TABLE- 5
Foreign Exchange Earnings (FEE) (in US\$ Million) & (in Rs Crore) from Tourism in India, 1997-2011

Year	FEE from Tourism in India (inUS\$ Million)	Percentage (% change over the previous year)	FEE from Tourism in India (in Rs Crore)	Percentage (% change over the previous year)
1997	2889	2.0	10511	4.6
1998	2948	2.0	12150	15.6
1999	3009	2.1	12951	6.6
2000	3460	15.0	15626	20.7
2001	3198	-7.6	15083	-3.5
2002	3103	-3.0	15064	-0.1
2003	4463	43.8	20729	37.6
2004	6170	38.2	27944	34.8
2005	7493	21.4	33123	18.5
2006	8634	15.2	39025	17.8
2007	10729	24.3	44360	13.7
2008	11832	10.3	51294	15.6
2009	11394	-3.7	54960	7.1
2010	14193	24.6	64889	18.1
2011(Jan-June(p)	7811	14.2@	35163	12.1@

Source : Ministry of Tourism, Gol, July 2011

The perusal of Table – 5 indicates that tourism continues to play an important role as foreign exchange earner for the country. In 2010, foreign exchange earnings (FEE) from the tourism were US \$ 14.19 billion as compared to US \$ 11.39 billion in 2009, registering a growth of 24.6%. The tourism industry has become a part or an appendage of the International trade and exchange system. Every country, big or small, rich or poor, wants its due share of the world trade and foreign exchange earnings only to maintain its balance of

trade and payments. Table – 5 depicts that the FEE in terms of US \$ and percentage change during the period has shown an increase from 2.0 % to 15% in the year 2000. Further it increases up to 43% during 2003. Data reveals that the FEE in terms of change in percentage over previous year found at 14.2% during June 2011. It is clear that the amount of foreign exchange earnings from the tourism industry in India has jumped up by a considerable margin.

TABLE -6
Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2010

Sl No	Source Country	FTAs (in million)	Percentage (%) share
1	USA	0.916	16.40
2	UK	0.755	13.52
3	Bangladesh	0.381	6.82
4	Canada	0.240	4.30
5	Germany	0.224	4.01
6	Sri Lanka	0.219	3.92
7	France	0.128	3.90
8	Japan	0.165	2.95
9	Australia	0.164	2.94
10	Malaysia	0.160	2.87
Total of Top countries		3.442	61.64
Others		2.142	38.36
All countries		5.584	100.00

Source : Ministry of Tourism, Gol, July 2011

Tourism is now the number one industry in earning valuable foreign exchange for the central exchequer. The table reveals that the majority of the tourist arrivals are from the USA followed by UK and Bangladesh. Malaysia stands at 10th rank in terms of FTAs in India with 2.87%. FTAs of top countries found at 61.64% and others at 38.36%.

TABLE- 7
Number of Domestic Tourist Visits to all States/UTs in India, 1997-2010

Year	No of Domestic Tourist Visits (in Million) to States/UTs	Percentage(% change over the previous year)
1997	159.88	14.1
1998	168.20	5.2
1999	190.67	13.4
2000	220.11	15.4
2001	236.47	7.4
2002	269.60	14.0
2003	309.04	14.6
2004	366.27	18.5
2005	391.95	7.0
2006	462.31	18.0
2007	526.43	13.9

2008	563.03	7.0
2009	668.80	18.8
2010 (P)	740.21	10.7

Source : Ministry of Tourism, Gol, July 2011

Domestic tourism plays a vital role in achieving the national objectives of promoting social and cultural cohesion and national integration. Its contribution to generation of employment is very high. With the increase in income levels and emergence of a powerful middle class, the potential for domestic tourism has grown substantially during the last few years.

The maximum instability was observed in the number of domestic tourist visits in India. The table indicating the number of Domestic tourist visits to all the state reveals that, the percentage change over the previous year during 1997 was at 14.1% and this increase to 15.4% in the year 2000. The table – 7 also indicates that this percentage changes during 2007 to 13.9 and further increase to 18.8% indicating the fluctuation even in domestic tourists.

TABLE- 8
Share of Top 10 States/UTs of India in Number of Domestic Tourist Visits in 2010

Rank	State/UTs	Domestic Tourist Visit in 2010(P)	
		Number	% Share
1	Andhra Pradesh	155789584	21.0
2	Uttar Pradesh	144754977	19.6
3	Tamil Nadu	111637104	15.1
4	Maharashtra	48465492	6.5
5	Karnataka	38202077	5.2
6	Madhya Pradesh	38079595	5.1
7	Uttarakhand	30206030	4.1
8	Rajasthan	25543877	3.5
9	West Bangal	21072324	2.8
10	Gujarat	18861296	2.5
Total of 10 States		632612356	85.5
Others		107601941	14.5
Total		740214297	100.0

Source : Ministry of Tourism, Gol, July 2011

Table – 8 indicates that Andhra Pradesh shows highest percentage share in Domestic tourists

which is at 21.0% followed by Uttar Pradesh at 19.6%.Gujarat state has only 2.5%. The overall percentage was at 85.5% for all the top 10 states and other are at 14.5% The number of international tourist arrivals into India has increased. Maharashtra state found highest in terms of attracting Foreign tourists at 28.5% and Goa state at 2.5%.The total of all 10 state attracting foreign tourists is at 90.3% and other states is at 9.7%.

TABLE- 9
Share of India in International Tourist Arrivals in World, and Asia & the Pacific Region, 1997-2010

Year	International Tourist Arrivals (in million)		FTAs in India (in million)	Percentage Share (%) share and Rank of India in world		Percentage Share (%) share & Rank of India in Asia and the Pacific	
	World	Asia and the Pacific		% Share	Rank	% Share	Rank
1997	593.0	89.0	2.37	0.40	47 th	2.67	—
1998	611.0	88.3	2.36	0.39	46 th	2.67	—
1999	633.8	97.6	2.48	0.39	50 th	2.54	—
2000	683.3	109.3	2.65	0.39	51 st	2.42	11 th
2001	683.4	114.5	2.54	0.37	54 th	2.22	12 th
2002	703.2	123.4	2.38	0.34	51 st	1.93	12 th
2003	691.0	111.9	2.37	0.39	44 th	2.44	11 th
2004	762.0	143.4	3.46	0.45	43 rd	2.41	11 th
2005	803.4	154.6	3.92	0.49	44 th	2.53	11 th
2006	846.0	166.0	4.45	0.53	44 th	2.58	11 th
2007	894.0	182.0	5.08	0.57	41 st	2.79	11 th
2008	917.0	184.1	5.28	0.58	41 st	2.87	11 th
2009	882.0	180.9	5.17	0.59	41 st	2.86	11 th
2010(P)	940.0	203.8	5.58	0.59	40 th	2.74	11 th

Source : Ministry of Tourism, Gol, July 2011

The perusal of above table – 9 reveals that the annual growth rate of foreign tourist arrivals into India. Foreign exchange earnings through foreign tourists shows a significant increase. The table on Share of India in International Tourist Arrivals in World, and Asia & the Pacific Region indicates that India Rank 11th in terms of percentage share in pacific and 40th Rank in the world and its share found to between 0.40% to 0.59 % during the same period. Though, India's share in the world tourist arrivals was very meager compared to the Asia Pacific region, its share in the world tourist arrivals has increased from 0.39% in 2000 to 0.59% in 2010 and it accounts for an impressive share of 2.74 % of foreign tourist arrivals in the Asia and the Pacific Region.

CONCLUSION

Tourism has significantly increased its scope and opportunity in India. Tourism is presently India's third largest export industry after readymade garments and gem & jewellery. The most significant feature of the tourism industry is its capacity to generate large scale employment opportunities particularly in remote and backward areas. It offers enormous potential for economic utilization of the natural attractions like landscape, mountains, beaches, rivers etc., which would otherwise remain either idle or underutilized. Tourism, being one of the largest industries, plays a key role in achieving the socio-economic goals of the development plans of a nation. It is an important service-oriented sector which has made

rapid strides globally in terms of gross revenue and foreign exchange earnings. It is a composite of service providers, both public and private, which includes travel agents and tour operators; air, rail and sea transportation operators; guides; owners of hotels, guest houses and inns, restaurants and shops; etc. The tourism industry provides incentives to foster the quality of environment, generates more employment opportunities particularly in remote and backward areas) as well as develops necessary infrastructure facilities like roads, telecom and medical services, in the economy.

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A Study on Medical Tourism in India

Opportunities and Challenges

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Abstract

A recent outcome of the GATS and privatization of health services in India has been the cause for the growth of medical tourism to the extent that this sector is perceived as a fast growing segment of the economy.

India offers world class medical facilities, comparable with any of the western countries. India has state-of-the-art hospitals and best-qualified doctors. With the best infrastructure, the best possible medical facilities, accompanied with the most competitive prices, one can get the treatment done in India at the lowest charges.

India can capitalize on the increased opportunity of medical tourism with all its growth drivers in place like JCI accredited hospitals, globally appreciated clinical and paramedical talent, cost effective and qualitative medical treatment, third party intervention through the health insurance, etc.

Key words: Medical Tourism, GATS, Privatization of health care services, Opportunities and Challenges.

INTRODUCTION

Medical Tourism in India is currently generating around US\$ 2 billion in revenues and expected to generate around US\$ 3 billion by 2013, with the number of medical tourists to grow at a CAGR of over 19 per cent during 2011-2013 to reach 1.3 million by 2013. India's share in the global medical tourism industry is predicted to be around 3 per cent by the end of 2013 - according to a

report by research firm RNCOS, released in December 2010.

A recent outcome of the GATS and privatization of health services in India has been the cause for the growth of medical tourism to the extent that this sector is perceived as a fast growing segment of the economy.

World is in a healthcare crisis because of climate change, pollution and green house gas emissions. Patients are starting to travel overseas in search of the best quality and the most affordable medical care.

India offers world class medical facilities, comparable with any of the western countries. India has state-of-the-art hospitals and best-qualified doctors. With the best infrastructure, the best possible medical facilities, accompanied with the most competitive prices, one can get the treatment done in India at the lowest charges.

India has almost all sorts of destinations like high mountains, vast deserts, scenic beaches, historical monuments, religious temples etc. and also known for its hospitality for tourists, the country has opened doors to welcome medical patients.

OBJECTIVES

1. To know about the best and cost effective medical treatments in India.
2. To study the percentage of healthcare expenditure to GDP and its impact on medical tourism.
3. To analyze the opportunities and challenges of medical tourism in India.

RESEARCH METHODOLOGY

Research is descriptive and explorative in nature to meet the research objectives. Primary and secondary data is used to analyze the opportunities and challenges of Indian Medical Tourism. Surveys and interactions with Marketing Executives, International Divisions of select corporate healthcare providers are made to collect the necessary primary data. The secondary data is collected from published reports, journals and websites.

Tools and techniques of analysis

Data collected is logically analyzed, tabulated and the facts are proved through scientific methods. For the purpose of making the study more elaborate, the data collected is presented by tables, graphs and charts. The following statistical techniques are employed for the analysis:

- 't' – test
- 'z'– test
- Mean, Median, Correlation and Standard Deviation

HYPOTHESES

H1: There is a significant relationship between cost effectiveness and quality healthcare service towards the growth of medical tourism.

H2: There is no significant relationship between the percentage of healthcare expenditure to GDP and the number of medical tourists' arrival.

H3: There is no significant relationship between the type of medical treatments and the number of medical tourists' arrival.

MEANING OF MEDICAL TOURISM

Medical Tourism can be generally defined as provision of 'cost effective' personal health care in collaboration with the tourism industry for patients needing surgical healthcare and other forms of dedicated treatment. This process is being facilitated by the corporate sector concerned

in health care as well as the tourism industry - both private and public.

World Health Organization (WHO) defines Healthcare Tourism as an activity that covers:

- Medical care
- Sickness & well-being
- Rehabilitation & recuperation

The reasons why patients are seeking out Medical Tourism/Global Healthcare options are manifold:

- a. healthcare may be too expensive at home,
- b. waiting lists may be too long,
- c. patients wish to access treatments not available at home (e.g. stem cell therapy, termination of pregnancy, unlicensed medications, gender re-assignment surgery),
- d. patients wish for greater confidentiality than may be feasible at home (e.g. HIV/AIDS treatment, infertility treatment, gender re-assignment surgery, face lifts),
- e. new challenges arise from time to time, such as new medical developments which are not universally accessible, the emergence of the so-called "superbugs" (e.g. MRSA, VRSA, VRE, Clostridium difficile, ESBL-producing E. coli),
- f. problems with the blood transfusion supply (e.g. Chaga's disease in the USA, HIV, HTLV-1 etc.), and the social imponderables such as war, political change and natural disasters. Any of these factors may lead to a loss of public confidence in healthcare services, and a desire to seek out healthcare overseas. The environmental and political situation will constantly vary throughout the world, and this will need to be factored into the equations.

(Source: www.hospitaltour.com)

GATS AND MEDICAL TOURISM

The creation of GATS was one of the landmark achievements of Uruguay Round of Trade Negotiations in 1994. The General Agreement

on Trade in Services is an international trade agreement that came into effect on 1995 and operates under the umbrella of the World Trade Organization (WTO).

The aim of the GATS is to gradually remove all barriers to trade in services. The agreement covers services as diverse as banking, education, healthcare, tourism and others. GATS commit WTO members to successive rounds of

negotiations with a view to achieving a progressively higher level of liberalization in their service sectors. To achieve this, WTO members make liberalization requests of other member countries so as to open up to competition those sectors, which are of most interest to their own service providers. All WTO Members are at the same time Members of the GATS and to varying degrees, have assumed commitments in individual service sectors.

GATS MODES OF SERVICE DELIVERY

GATS distinguish four different modes of services. Four modes of services, which are relevant to health care services, are:

Table - 1

MODE	IMPLICATIONS	EXAMPLE
Mode – I Cross border supply	The services flow from territory of one Member to territory of another Member.	Tele health and tele medicines via Internet/satellite and International health insurance policies.
Mode – II Consumption abroad	A service consumer moves into another Member's territory to obtain a service.	Patients traveling to take advantage of foreign health care facilities or medical students training abroad.
Mode – III Commercial presence	A service supplier of one Member establishes a territorial presence, including through ownership or lease of premises in another Member's territory to provide a service.	Foreign Direct Investments in health service enterprises like health clinics, health insurance offices.
Mode – IV Presence of Natural persons	Persons of one Member entering the territory of another Member to supply a service.	Nurses, Doctors or Midwives travel to another country to supply a service there on a temporary basis.

Compiled by the author

Table 2
10 POPULAR MEDICAL TOURISM DESTINATIONS IN THE WORLD

Country	Cost (per cent of US)	No. of JCI Accredited Hospitals	Special treatment
Brazil	30-40	12	Reliable cosmetic surgeries (proximity makes it attractive for US patients)
Costa Rica	30-40	01	Dental and cosmetics (due to proximity to US)
Gulf States		38 (17 in Saudi Arabia)	Healthcare city designed to provide advanced healthcare services.
Hungary	40-50	No	Reliable dental and cosmetic surgery (mainly used by Europeans)
India	20	10	Cardiac, neurological, orthopedic surgery and offers a comprehensive solution for any and all medical needs (450,000 medical tourists in 2007, 600,000 in 2010 and estimated at 1.3million by 2013)
Malaysia	25	01	Cosmetic surgery and alternative medicine (300,000 medical tourists in 2006, 425,500 in 2009 and estimated at 689,000 by 2012)
Mexico	25-35	03	Dental and cosmetics surgery (high volume of US visitors due to proximity)
Singapore	35	13	Cosmetics, cardiology and cardiac surgery, gastroenterology, general surgery, hepatology, neurology, oncology, ophthalmology, orthopaedics and even stem cell therapy. (4,10,000 tourists in 2006)
South Africa	30-40	No	Suitable for cosmetic surgery
Thailand	30	04	Cosmetic surgery (1.2 million medical tourists in 2006, 10 million for the first eight months of 2010)

Source: Deloitte Analysis; 2008

India offers the cheapest and high quality medical treatment in comparison to other countries' medical destinations and ranks 2nd next to Thailand. Thus there is a significant relationship between cost effectiveness and quality healthcare service towards the growth of health care tourism (Hypothesis1).

India offers Cardiac, neurological, orthopedic surgery and a comprehensive solution for any and all medical needs of medical tourists but Thailand with only Cosmetic Surgery leads the globe in respect of total number of medical tourists arrival

i.e., more than 10 million compared to only 600,000 in India in 2010 (Table - 2). Thus there is no significant relationship between the type of medical treatments and the number of medical tourists' arrival (Hypothesis- 3).

The following table helps to know about government as well as private expenditure on health as percentage of GDP, and number of hospitals, nurses and physicians per 10,000 populations, where India ranks almost last in comparison with that of other countries:

Table 3

Contrasting Conditions					
Countries	Expenditure on health as % of GDP		Hospitals	Nurses	Physicians
	Government	Private	Per 10,000 Population		
Germany	7.8	2.7	82	108	35
UK	7.2	1.5	34	103	21
USA	7.3	7.9	31	98	27
Japan	6.7	1.6	138	41	21
Russia	3.1	1.7	97	85	43
Brazil	3.7	4.7	24	65	17
South Africa	3.3	4.9	28	41	8
Thailand	3	1.1	22	15	3
China	2	2.3	41	14	14
Vietnam	2.8	4.4	29	10	12
India	1.4	2.8	9	13	6
Global median	5	3.3	24	28	12
Correlation	0.1430		0.3134		0.7933
t –test	0.6390		0.9799		0.0006
Standard deviation	2.2585	1.9538	38.4671	38.1698	11.9478
Z-test	1.0000	1.0000	0.0009	0.0002	0.0350
Average	4.4417	3.2417	46.5833	51.7500	18.2500

Source: World Health statistics 2008

Correlation is low between Government and Private Expenditure to GDP-0.1430 (private health expenditure to GDP is low), high in hospitals and nurses ratio -0.3134 and also nurses and physicians ratio 0.7933.

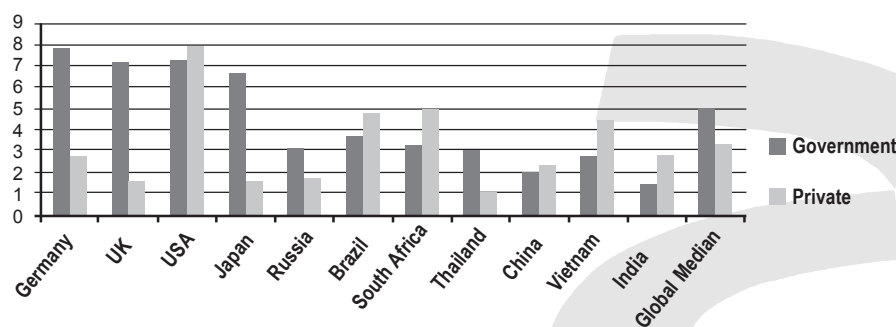
T-test analysis is compared between two variables like Government and Private expenditure, Hospitals and Nurses and finally with Nurses and Physicians. There is a significant difference

between government and private expenditure on health as percentage to GDP.

Standard deviation There is a high degree of deviation with respect to all variables.

Z – test is compared for individual variables like Government expenditure, private expenditure, Hospitals, nurses and physicians. There is no significant difference between countries expenditure.

Graph 1
Expenditure on health as percentage of GDP



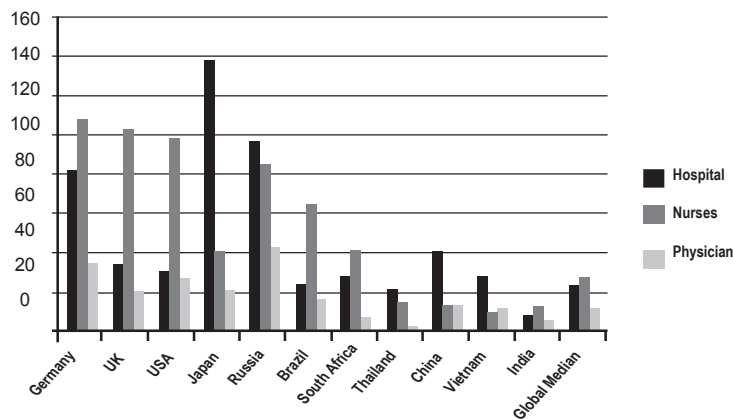
Percentage of government and private health care expenditure to GDP of Thailand is 4.1% and that of India is 4.2% but Thailand leads the list of number of medical tourists' arrival, i.e., more than 10 million compared to only 600,000 in India in 2010 (Table-3).

Thus there is no significant relationship between the percentage of healthcare expenditure to GDP and the number of medical tourists' arrival (Hypothesis – 2)

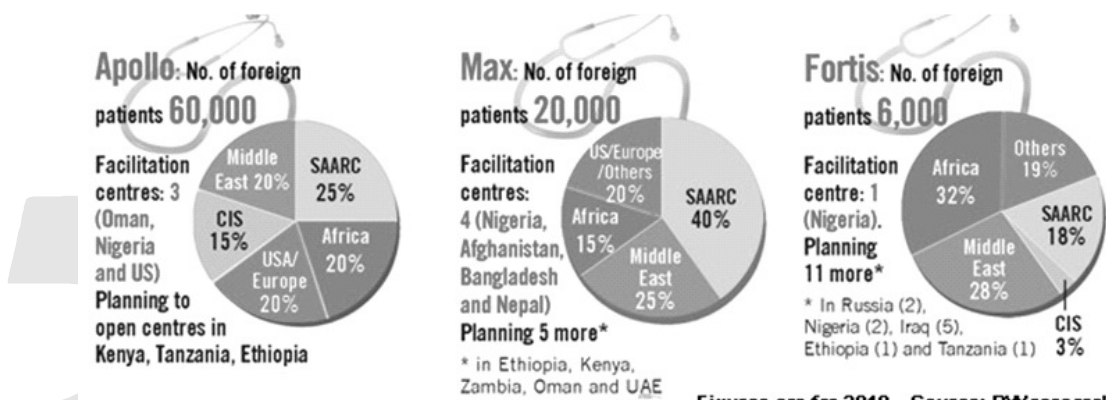
Graph 2
No. of Hospitals, Nurses and Physicians per 10,000 population

For every 10,000 population, India has 9 hospitals, 13 Nurses and 6 physicians to provide any and all types of medical treatments, but Thailand has 22 hospitals, 15 nurses and 3 physicians to offer mainly the cosmetic surgery to the medical tourists.

The following graph highlights the top Indian hospitals in global healthcare services:



Graph 3
Indian hospitals in global healthcare services



Figures are for 2010 Source: BW research

Apollo, Max and Fortis hospitals treat more number of medical tourists, i.e., 60,000, 20,000 and 6,000 respectively during 2010.

MEDICAL TOURISM IN INDIA – OPPORTUNITIES

- **Internationally accredited medical facilities using the latest technology**
- **Quality health care service by highly qualified physicians/surgeons and hospital support staff with fluency in English language**
- **Significant cost savings with no waiting lists**
- **Developed Pharmaceutical Industry and Health Insurance Market**
- **Economic Recession and Medical Outsourcing**
- **Healthcare marketing**
- **Travel and Tourism Industry**
- **Government's positive role**

Internationally accredited medical facilities using the latest technologies:

In addition to the Domestic Accreditation by the **National Accreditation Board for Hospitals (NABH), Joint Commission International (JCI)** has accredited the following hospitals:

- Ahalia Foundation Eye Hospital, Palakkad, Kerala
- Apollo Gleneagles Hospitals, Kolkata
- Apollo Hospitals at Chennai, Hyderabad and Bangalore
- Asian Heart Institute, Mumbai
- Fortis Escorts Heart Institute, New Delhi
- Fortis Hospitals at Mohali, Bangalore and Mumbai
- Grewal Eye Institute Pvt. Ltd. Chandigarh
- Indraprastha Apollo Hospital, New Delhi
- Moolchand Hospital, New Delhi
- Narayana Hrudayalaya , Bangalore
- Satguru Pratap Singh Apollo Hospital, Punjab
- Shroff Eye Hospital Bandra(W) and Marine Drive, Mumbai
- Sri Ramachandra Medical Centre, Chennai

(Source: JCI Accredited Hospitals in India, by WEBMASTER, 28/09/2011)

Other JCI accredited hospitals in India are:

- Manipal Hospital, Bangalore
- Max Super specialty Hospital, Delhi
- Max Devki Devi Heart and Vascular Hospital, Delhi

(Source: www.hospitaltour.com).

India offers the latest techniques like **Robotic Surgery and Gamma – Knife treatment** for brain tumors. The uses of **radioactive isotopes and scanning** through **Gamma Camera** have added matchless features to medical tourism in India.

The efficacy of treatment compared with that in the West, with the **death rate from Coronary Bypasses at 0.8% compared to 2.35%** in the US.

Medical infrastructure and technology is in par with those in USA, UK and Europe. India is the only mainstream option that offers a comprehensive solution for **any and all medical needs** and does this with the highest levels of service facilities and professional skills. **Thailand** which revolutionized medical tourism is more into **cosmetic surgery**, whereas in **India**, the focus is on **cardiac, neurological or orthopedic** problems.

Quality health care services by highly qualified physicians/surgeons and hospital support staff with fluency in English language

The global healthcare sector is a \$3-trillion industry, says Dr. Devi Shetty, CEO of Narayana Hrudayalaya. According to a global rating agency Fitch - the Indian healthcare sector, currently at US\$ 65 billion, is expected to reach US\$ 100 billion by 2015, growing at around 20 per cent a year, contributing an expected Gross Domestic Product (GDP) spend of 8 per cent by 2012 from 5.5 per cent in 2009. Some of the major factors driving the growth in the health sector include - increasing population, growing lifestyle related health issues, cheaper costs for treatment, thrust in medical tourism, improving health insurance penetration, increasing disposable income, government initiatives and focus on Public Private Partnership (PPP) models.

Table 4
Key players in healthcare industry

Company	No. of beds	Presence
Apollo Hospitals Enterprise Ltd	8,500	Chennai, Madurai, Hyderabad, Karur, Karim Nagar, Mysore, Visakhapatnam, Bilaspur, Aragonda, Kakindada, Bengaluru, Delhi, Noida, Kolkata, Ahmedabad, Mauritius, Pune, Raichur, Ranipet, Ranchi, Ludhiana, Indore, Bhubaneswar, Dhaka
Arvind Eye Hospitals	3,649	Theni, Tirunelveli, Coimbatore, Puducherry, Madurai, Amethi, Kolkata
CARE Hospitals	1,400	Hyderabad, Vijaywada, Nagpur, Rajpur, Bhubaneshwar, Surat, Pune, Visakhapatnam
Fortis Healthcare Ltd	5,044	Mumbai, Bengaluru, Kolkata, Mohali, Noida, Delhi, Amristar, Rajpur, Jaipur, Chennai, Kota
Max Hospitals	800	Delhi and NCR
Manipal Group of Hospitals	+7,000	Udupi, Bengaluru, Manipal, Attavar, Mangalore, Goa, Tumkur, Vijaywada, Kasaragod, Visakhapatnam

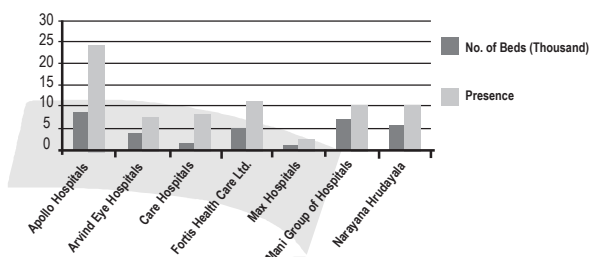
Source: E&Y, November 2010

The Narayana Hrudyalaya Private Limited (NHPL) Company is currently ranked fourth behind Fortis Healthcare, Apollo Hospitals and Manipal Group. By 2020, NHPL expects to take the company to 30,000 beds from 5,700 now. Its existing hospitals are at Bangalore, Kolar, Dharwad, Mumbai, Hyderabad, Ahmedabad, Jaipur, Jamshedpur, Raipur, Kolkata, and hospitals opening soon are at Mysore, Bhubneshwar, Siliguri and New Delhi. Its presence at abroad will be Cayman Islands and Malaysia.

increasingly **strong participation by the Corporate and Private sector**. Doctors employed at these hospitals are **highly educated with years of experience, including specialists for every department of medical care**. Most of the doctors have had a **good exposure working in the west** and understand patient needs.

Although the cost difference between treatments in India and Thailand is not much, India offers a language advantage – a patient would surely prefer a country where **English is widely spoken**. As part of the social and economic needs of the country, corporate hospitals are also obliged to care for patients who are economically disadvantaged.

Graph 5



Up until the 1980's government run hospitals were the main providers of healthcare in India. However, over the last decade the Indian Medical system has undergone a sea change with

Significant cost savings with no waiting lists:

Table 5

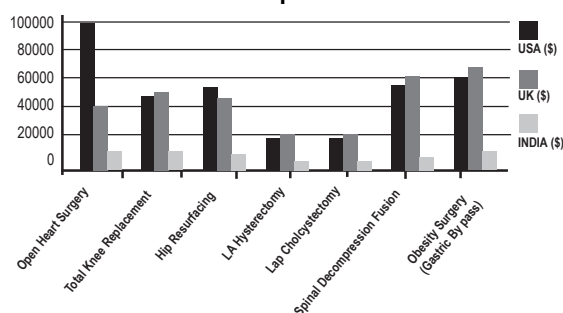
Cost Comparison between US, UK and India

Procedure	USA (\$)	UK (\$)	India(\$)
Open Heart Surgery (CABG)	100000	43000	7500
Total Knee Replacement	48000	52000	6300
Hip Resurfacing	55000	48000	7000

LA Hysterectomy	22000	24000	4000
Lap Cholcystectomy	18000	20000	3000
Spinal Decompression Fusion	60000	65000	5500
Obesity Surgery (Gastric Bypass)	65000	70000	9500

Source: Wockhardt Hospitals

Graph 6



Medical treatments in India are **lower by** at least **75-80%** when compared to similar procedures in the US and UK.

In Europe or US, there is approximately **9-11 months waiting time**, whereas in India there is almost **nil waiting time**. There is a possibility of getting immediate medical attention.

Developed Pharmaceutical Industry and Health Insurance Market

A highly organized sector, the Indian Pharmaceutical industry is estimated to be worth \$4.5 billion, growing at about 8 to 9 percent annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. India is self sufficient in drug production and exports drugs to more than 180 countries. India's pharmacy sector has done commendable work in bringing low-cost drugs to the market, including international market.

The Indian health insurance industry has witnessed growth of 36.9% in FY'2011 which

was aided by the rising population, constant increase in the GDP, surging medical cost and increased awareness among the consumers. Information Technology (IT) has also been one of the important drivers of growth in the health insurance industry. The Health Insurance market is well developed. Unique covers such as Cashless hospitalization worldwide, Baggage loss, Passport loss, Trip delay and more. The Insurance also covers Pre-Existing Diseases in life-threatening situations.

Economic Recession and Medical Outsourcing

Recession – struck developed countries' corporate, to cut their employees health care costs, have started to outsource the treatment options for its employees to overseas. India expects to be a key beneficiary. A recent report by Deloitte Center for Health Solutions on medical tourism says, with a growing number of healthcare facilities in other countries now accredited by JCI, perceptions about quality have undergone a radical shift and people are interested in pursuing treatment abroad if quality was comparable and the savings were 50% or more.

Healthcare marketing by Corporate Hospitals

Advertisements of Indian Hospitals are now seen regularly on the web space, specifically on American internet channels. Hospitals like Apollo are also now organizing large events in cities like New York targeting benefit managers of large corporate, outlining to them the cost advantages of signing up their employees for a program with an Indian hospital. The real advertisement for India, at the end of the day, are the Indian doctors working in the West.

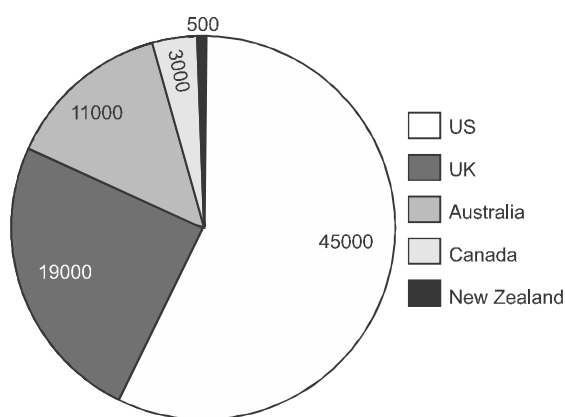
Table 6

NRI Doctors in Big 5

Countries	US	UK	Aus.	Canada	New Zealand	Total
Doctors	45000	19000	11000	3000	500	78500

Source - MCI estimates Sept.20,2009, Times of India

**Graph 7
NRI Doctors in Big 5**



Travel and Tourism Industry

India is currently ranked 12th in the Asia Pacific region and 68th overall in the list of the world’s attractive tourist destinations, according to the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum (WEF). Tourism in India is witnessing widespread growth on account of increasing inbound tourism by the burgeoning Indian middle class, rising inflow of foreign tourists and successful government campaigns for promoting ‘Incredible India’. Ministry of Tourism has made consistent efforts to develop quality tourism infrastructure at tourist destinations and circuits. Further the government has also allowed 100 per cent foreign investment under the automatic route in the Hotel and Tourism related industry.

**Table - 7
Foreign Tourist Arrivals (FTA) and Foreign Exchange Earnings (FEE)**

Particulars	2008	Growth rate %	2009	Growth rate %	2010	Growth rate %	2011	Growth rate %
FTA(Nos.)	52,82,603	4	51,67,699	-2.2	57,75,692	11.8	62,90,319	8.9
FEE(in Rs.Cr)	51,294	14.4	54,960	7.1	64,889	18.1	77,591	19.6

Source: Ministry of Tourism (MOT) GOI (compiled by the author)

Tourism Ministry has set a target of achieving 12 per cent growth during the 12th five-year plan which commences from 2012 in the sector with the aim of attracting six million more foreign tourists. Currently India attracts about 6.29 million foreigners in a year.

Government’s positive role

Seeing the huge potential in this sector, the Government has also started issuing M (medical) visa to the medical patient and MX visa to the accompanying spouse, which is valid for one year. Medical tourism is being treated as “deemed exports” and made eligible for all fiscal incentives extended to export earnings.

MEDICAL TOURSIM IN INDIA - CHALLENGES

- ✓ **Boom in Medical Tourism needs huge investments**
- ✓ **Many Asian Countries have initiated steps to explore medical tourism potential**
- ✓ **Chronic Human Resource Shortage**
- ✓ **Lack of Medical Infrastructure**
- ✓ **Limited Marketing budgets**
- ✓ **Improper supply chain management**
- ✓ **Medico-legal complications**
- ✓ **Terrorism**

Boom in Medical Tourism needs huge investments

- Hospitals chain Apollo Hospitals Enterprise Ltd plans to invest around US\$ 204.04 million and US\$ 226.70 million over the next two years.
- Wockhardt Hospitals plans to invest up to US\$ 158.32 million to double its bed capacity to 2,000 by 2013.
- Hospitals chain Fortis Healthcare plans to invest US\$ 146.81 million and add 2,100 new beds.
- The BCG Group plans to build a multidisciplinary health facility, BCG Health

square in Palarivattam in Kochi, Kerala, by August 2011. The company’s long-term plan is to set a 750,000 sq ft health village with an estimated cost of US\$ 88.91 million.

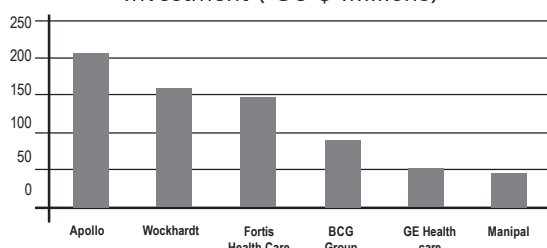
- GE Healthcare will invest US\$ 50 million to set up more facilities for developing diagnostic services.
- Manipal Hospitals plans to invest US\$ 45.23 million in the next three years .
- 100 per cent FDI is permitted for health and medical services under the automatic route.

(Source: BW research 2008)

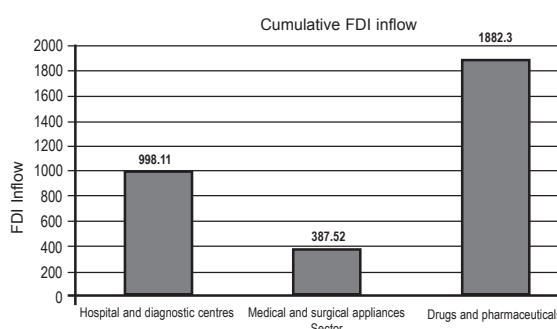
Table 8

Boom in medical Tourism needs huge investments						
Hospitals	Apollo	Wockhardt	Fortis Health care	BCG Group	GE Health care	Manipal
Investment (US \$ million)	204.4	158.32	146.81	88.91	50	45.23

Graph - 8
Investment (US \$ Millions)



Graph - 9



FDI inflows for various sectors like hospital and diagnostic centers, medical and surgical appliances and drugs and pharmaceuticals are as follows:

Table 9

Cumulative FDI inflow (April 2000 to Feb. 2011)

Sector	FDI inflow (US\$ million)
Hospital and diagnostic centres	998.11
Medical and surgical appliances	387.52
Drugs and pharmaceuticals	1,882.30

Source: Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP) “Booming Indian healthcare industry”, May 1, 2011, OIFC (Overseas Indian Facilitation Centre).

Many Asian Countries have initiated steps to explore medical tourism potential

Thailand, Singapore, Malaysia, India and Philippines are the major health care destinations in Asia. Thailand is more popular among Western European medical tourists for cosmetic surgery. Singapore formed a collaboration of industry and government representatives to create a medical hub. Taiwan works on a \$318 million project to develop medical services. China is a key target market for Taiwanese hospitals. The Malaysian government is aggressively promoting medical tourism. Its major hospitals are targeting new

markets such as Vietnam and Cambodia. South Korea plans institutions for international patients. Brazil which offers treatment at 50 per cent of US rates, does look to be a bigger threat. Indian government introduced cosmetic surgery tax in 2009 which puts India on the disadvantageous position.

Chronic Human Resource Shortage

The rural health statistics for 2011 show a shocking shortfall of human resources in the country’s government run healthcare system– be it doctors, nurses or other personnel:

Table 10

	Target	Actual	Shortfall (%)
Doctors	1,09,484	26,329	76
Specialists	58,352	6,935	88
Nurses	1,38,623	65,344	53
Radiographers	14,588	2,221	85
Lab technician	80,308	16,208	80

Source: Rural Health Statistics 2011, 12th Plan draft chapter.

In many states infrastructure is largely present but the absence of doctors and nurses renders the whole facility meaningless. There is a shortage of human resource in the private healthcare system also. Only 31 percent of the nurses were fully qualified in the country’s larger tertiary care hospitals.

Lack of Medical Infrastructure

A combined study by an industry body and Ernst & Young suggests that India will need as many as 1.75 million additional beds by the end of 2025. Further, an investment of US\$ 86 billion is required to achieve 1 doctor, 2 beds and 2.3 nurses per 1000 population by 2025. The growth of the country’s medical infrastructure is not keeping pace with the growth in demand for medical care.

India has 1.2% of the GDP in 2011 as public spending on health care. Private spending on health is 4.2% of the GDP in India. The allocation

for the health sector in 2011-12 budget is a little over 1% of the GDP. The Government expenditure as a share of total health expenditure in India is 26%, while 71% is paid by the patients and Insurance accounts for as little as 3%.

Limited Marketing budgets

The marketing budgets had to go up with hospitals having to look at new and innovative marketing strategies that incorporate the sensitivities peculiar to selling healthcare.

Improper supply chain management

Supply chain management of hospitals is to be streamlined further. Hospitals stored more than 12,000 stock-keeping units (SKUs) and purchased from more than 80 primary vendors. On an average, it was felt; hospitals had poor automation of purchases (only 50-60 per cent of the departments measuring up).

Medico-legal complications

Medical tourism industry faced a lot of legal implications, mainly by the doctors, while treating foreign patients. The hospital management needs to be more transparent and ensure that profiles of doctors are easily made available.

Terrorism

The height of terrorist activity in major cities of India has negative impact on all sectors of economy. But none of the hospitals reported any cancellations, although there have been several e-mails from patients due to visit, expressing concern and worry. Ultimately it all depends on response to the situation restore confidence.

CONCLUSION

With all the growth drivers in place – JCI accreditation, strong focus on cardiac, orthopedics and spinal care specialties (the maximum interest for foreign patients), globally appreciated clinical and paramedical talent, third party intervention through the health insurance, cheap treatment, there is no reason why we cannot capitalize on the increased opportunity of medical tourism.

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A Study on Trend and Growth of FDI in Indian Tourism Sector

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Abstract

One of the most striking developments during the last two decades is the spectacular growth of FDI in the global economic landscape. This unprecedented growth of global FDI in 1990 around the world make FDI an important and vital component of development strategy in both developed and developing nations and policies are designed in order to stimulate inward flows.

Tourism is one of the most rapid growing industries in the world. Many developing countries consider it as possibility for raising foreign exchange earnings. This study aims to analyze the impact of change in Government FDI policy in early 2000s on inbound foreign direct investment in Indian tourism industry. The study focuses on the need of FDI in Indian tourism sector and growth in inbound FDI in tourism industry.

Key words: FDI, Tourism in India, Growth.

Introduction

Foreign direct investment (FDI) is defined as foreign investors moving their assets into another country where they have control over the management of assets and profits (Graham & Spaulding, 2005). It is generally true that the more FDI a country acquires, the more local economic growth and transformation can develop, because foreign companies often bring to the country large sum of funds and new technologies, as well as advanced management skills which allow local industries and regions to gain a lot of experience (OECD, 2003).

Table1

FDI INFLOWS IN INDIA

Year	Amount (In Rs.Crore)
2005-06	24584
2006-07	56,390
2007-08	98,642
2008-09	123,025
2009-10	123120
2010-11(Jan'11)	77902
Compound Growth Rate	26.88%

Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

Tourism appears to many developing countries a promising source of economic development. In some places, it is already worth more, in terms of export revenues and share of GDP, than traditional commodity-based or manufacturing exports, and seems to offer opportunities for employment, earning foreign exchange and encouraging investment and economic growth. Many developing countries, therefore, are prioritizing attracting foreign direct investment ("FDI") in their tourism sectors. However, this form of FDI is complex, and its dynamics and impacts are not well understood.

Literature Review

A lot of research has already been done on various aspects of FDI which can be categorized as follows:

Dunning John H.14 (2004) in his study "Institutional Reform, FDI and European Transition Economics" studied the significance of

institutional infrastructure and development as a determinant of FDI inflows into the European Transition Economies. The study examines the critical role of the institutional environment (comprising both institutions and the strategies and policies of organizations relating to these institutions) in reducing the transaction costs of both domestic and cross border business activity. By setting up an analytical framework the study identifies the determinants of FDI, and how these had changed over recent years.

Tomsaz Mickiewicz, Slavo Rasosevic and Urmaz Varblane⁷³ (2005), in their study, "The Value of Diversity: Foreign Direct Investment and Employment in Central Europe during Economic Recovery", examine the role of FDI in job creation and job preservation as well as their role in changing the structure of employment. Their analysis refers to Czech Republic, Hungary, Slovakia and Estonia. They present descriptive stage model of FDI progression into Transition economy. They analyzed the employment aspects of the model. The study concluded that the role of FDI in employment creation/ preservation has been most successful in Hungary than in Estonia. The paper also find out that the increasing differences in sectoral distribution of FDI employment across countries are closely relates to FDI inflows per capita. The bigger diversity of types of FDI is more favorable for the host economy. There is higher likelihood that it will lead to more diverse types of spillovers and skill transfers. If policy is unable to maximize the scale of FDI inflows then policy makers should focus much more on attracting diverse types of FDI.

Emrah Bilgic¹⁸ (2006) in her study "Causal Relationship between Foreign Direct Investment and Economic Growth in Turkey", examines the possible causal relationship between FDI and Economic Growth in Turkey. The study finds out that there is neither a long run nor a short run effect of FDI on economic growth of Turkey. Thus the study could not find any patterns for each hypothesis of "FDI led Growth" and "Growth driven FDI" in Turkey. The main reason of this result is that the country had unstable growth

performances and very low FDI inflows for the period under analysis. The study suggests that in order to have a sustained economic development the government should improve the investment environment with the ensured political and economic stability in the country.

Balasubramanyam V.N Sapsford David⁴ (2007) in their article "Does India need a lot more FDI" compares the levels of FDI inflows in India and China, and found that FDI in India is one tenth of that of china. The paper also finds that India may not require increased FDI because of the structure and composition of India's manufacturing, service sectors and her endowments of human capital. The requirements of managerial and organizational skills of these industries are much lower than that of labour intensive industries such as those in China. Also, India has a large pool of well – Trained engineers and scientists capable of adapting and restructuring imported know – how to suit local factor and product market condition. All of these factors promote effective spillovers of technology and know- how from foreign firms to locally owned firms. The optimum level of FDI, which generates substantial spillovers, enhances learning on the job, and contributes to the growth of productivity, is likely to be much lower in India than in other developing countries including China. The country may need much larger volumes of FDI than it currently attracts if it were to attain growth rates in excess of 10 per cent per annum. Finally, they conclude that the country is now in a position to unbundle the FDI package effectively and rely on sources other than FDI for its requirements of capital.

The above review of literature proves beneficial in identifying the research issues and the research gaps, which are mainly the edifices on which the objectives of the present study are based on. The literature review shows FDI is an engine of economic growth and development. It has potential to generate employment, raise productivity enhancing competitiveness, enhance exports and contribute long term economic development of the world's developing countries. Tomasz Mickiewicz, Slavo Rasosevic and Urmaz

Varblane73 (2005), in their study, "The Value of Diversity: Foreign Direct Investment and Employment in Central Europe during Economic Recovery" focused on role of policy makers in attracting FDI in one country. In 2001 for example, 71 countries made 208 changes in their FDI regulatory regimes, out of which 194 have been done to attract FDI. This study is focusing this gap only with respect to India. Liberalization in industrial policy which was initiated in 1991 has continued to become more and more open year by year. In this process during mid 2000s Govt of India came out with radical changes in FDI policy which included declaring tourism sector as priority sector with 100% FDI permissible. Thus, the present study is an endeavor to discuss the impact liberalization of FDI policy on tourism industry of India.

Objectives of the Study

The study covers following objectives

- 1 To study the need of FDI in Tourism Sector.
- 2 To study the growth of inbound FDI in tourism sector after change in Government FDI policy for tourism sector.

Purpose of the Study

It is apparent from the above discussion that FDI is a predominant and vital factor in influencing the contemporary process of global economic development. The study attempts to analyze the important dimensions of FDI in tourism sector of India. The study works out on growth of FDI in Indian tourism sector after liberalization of Government FDI policies in early 2000. The period under study is important for a variety of reasons. First of all, it is from 2006 onwards when Government of India has relaxed the inbound FDI policies. Second from 2006 onwards a fast growth of inbound FDI has been witnessed.

RESEARCH METHODOLOGY

DATA COLLECTION

This study is based on secondary data. The required data and information have been collected from various sources i.e. various Bulletins of

Reserve Bank of India, publications from Ministry of Commerce, Govt. of India, Economic and Social Survey of Asia and the Pacific, United Nations Country Reports on Economic Policy and Trade Practice- Bureau of Economic and Business Affairs, and various websites. It is a time series data and the relevant data have been collected for the period 2008-Jan 2011.

Tools used are

- a) Annual Growth Rate
 $AGR = (X2 - X1) / X1$
 Where X1 = first value of variable X
 X2 = second value of variable X
- b) **Compounded Annual Growth Rate is worked out using the following formula**
 $CAGR = ((End\ Value / Start\ Value)^{(1 / (Periods - 1))}) - 1$

Need of FDI in Tourism Sector

Foreign tourist arrivals were expected to grow to 10 million by 2010-12 and the domestic tourism is expected to increase by 15% to 20% over the next five years as per the Ministry of Tourism expectations basing on the growth in the last one decade. There is a rapid growth in average room rates and is expected to continue until sufficient new supply comes on stream (average increase is 21% since 2004-06 in 4 & 5 star segment). Government of India is allowing 100% FDI in Hotels and Tourism, through the automatic route and also identified the investment opportunity of about \$8-10 billion in the next 5 years in tourism sector. India has significant potential for becoming a major global tourist destination. It is estimated that tourism in India could contribute Rs.8,50,000 crores to the GDP by 2020 (approx. 1800 million USD) if our country properly plans to develop and invest on Connectivity Infrastructure, Tourism Infrastructure, Tourism Products, Capacity Building and Promotion & Marketing (WTTC report). It is estimated there is a need of around 10 Billion US \$ required for development of tourism as per the different state tourism estimates for the next five years. When one thinks about the long term capital

requirement of all states, it is estimated around 56 billion US \$ for the next 20 years.

A rapidly growing middle class, the advent of corporate incentive travel and the multinational companies into India has boosted prospects for tourism. India's easy visa rules, public freedoms and its many attractions as an ancient civilization makes tourism development easier than in many other countries. In order to attract more visitors, India needs to increase room supply, open further its skies to increase air capacity, and upgrade its airports, roads and other infrastructure to global standards. Also tourism development needs to be pursued with a focus on sustainability.

The Indian tourism industry is interwoven with the country's monetary development. As GDP continues to mature, it increases deals in fundamental infrastructure like transportation systems, which is necessary to support the tourism industry. The hotel industry is directly connected to the tourism industry in India. Over the last decade, India has transformed into one of the most popular tourism destinations in the world, largely as a result of the government's "Incredible India" campaign which showed India in a new light to overseas tourists. In 2005, the appearance of global tourists improved by 16 percent, leading the resurgence of Indian tourism. As new destinations extend the tourist entry is likely to rise. Numerous measures have been taken in infrastructure, which will shine Indian hospitality for overseas guests.

Under the automatic path, 100 percent FDI is allowed in hotels and tourism. Travel and tourism is a US\$32 billion business in India with an input of 5.3 percent of Indian GDP. Many worldwide hotel groups are setting up their businesses in India and many global tour operators are establishing operations in the country.

The International tourism; receipts (US dollar) in India was last reported at 14673000000* in 2010, according to a World Bank report released in 2011. The International tourism; receipts (US dollar) in India was 11509000000* in 2009, according to a World Bank report, published in

2010. The International tourism; receipts (US dollar) in India was reported at 12462000000* in 2008, according to the World Bank. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country.

*Source: www.data.worldbank.org/indicator/ST.INT.RCPT.CD

Important changes in FDI policy of tourism sector from 2006 onwards

100% FDI is permissible in the sector on the automatic route. Tourism related industry include travel agencies, tour operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wild life experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment, amusement, sports, and health units for tourists and Convention/Seminar units and organizations.

For foreign technology agreements, automatic approval is granted if

- i. up to 3% of the capital cost of the project is proposed to be paid for technical and consultancy services including fees for architects, design, supervision, etc.
- ii. up to 3% of net turnover is payable for franchising and marketing/publicity support fee, and up to 10% of gross operating profit is payable for management fee, including incentive fee.

For investments under the Automatic Route, the RBI has issued general permission to companies to issue shares to the foreign investor, without any prior approvals. In the Notification No: GSR29(E) issued by the Board of Economic Affairs, Ministry of Finance, the words "non-convertible debentures/bonds" in Schedule 5, in paragraph 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB, dated 03 May 2000) have

been substituted by the words “listed non-convertible debentures/bonds, commercial papers”.

Foreign Direct Investment (FDI) is allowed for the development of tourism projects in the country. Hotel and Tourism sector is declared as high priority sector and FDI upto 100%, under the automatic route is permitted in ‘Hotels & Tourism Sector’, subject to applicable laws/regulations, security and other conditional ties.

The FDI has been allowed with an objective to encourage investments in the hotel sector in India and to create job opportunities in hospitality sector.

Growth in Inbound FDI

The details of the FDI equity flows from April 2008 to January 2012 in the Hotel and Tourism sector are as follows:

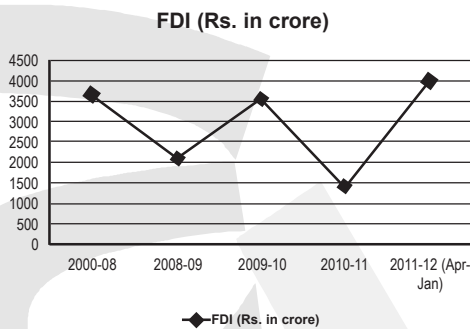
Table:2

Sl. No.	Year (April-March)	Hotel & Tourism Projects	FDI (in crore)
1	2000-08		3659.60
2	2008-09	489	2,098.23
3	2009-10	582	3,566.32
4	2010-11	403	1,405.15
5	2011-12 (Apr-Jan)	427	4,041.28
	Grand Total	1901	14,770.58

Source: Department of Industrial Policy and Promotion

The total inbound FDI in tourism sector of India (up to Jan'12) is 2.02% of total FDI received in India.

Figure 1



The **annual growth** of FDI has been calculated from the year 2008 onwards using mathematical tool of $(X2-X1)/X1$ and following result has been received. Where X2 is current year and X1 is previous year inflow of FDI

Year	Change in %	
2008-2009	69.97%	Growth
2009-2010	60.60%	Decline
2010-2011	187.60%	Growth

The **Compound Annual Growth** has been calculated between the year 2008 and 2012 taking value of 2012 as ending value and inflow of 2008 as starting value. For convenience of calculation, inflow in 2012 till January is considered as complete year FDI inflow of 2012. **The calculation gives CAGR as 24.42 %.**

Over the course of 4 periods FDI inflow grew from \$2,098.23 to \$4,041.28, its compound annual growth rate is 24.42%.

RBI fears.....

In spite of the fact that a new policy framework has expedited the inflow of FDI in tourism sector, a fears of funds diversion is creating real estate bubble. The Reserve Bank of India (RBI) has advised the government to impose strict new riders and set up a monitoring mechanism to prevent a real estate bubble. The Central Bank fears, diversion of foreign funds meant for hotels and tourism to acquisition of immovable property, circumventing foreign direct investment (FDI) rules. The new riders suggested by RBI include a lock-in period for the original investment, which means foreign investors cannot sell and walk out of the Indian company whenever they choose.

Highlights of RBI Suggestions

- Lock in Period for original investment which means investor cannot sell and walk out of Indian Company whenever they want.
- A monitoring mechanism to check FDI violation.

- A quarterly/annually reporting for foreign annual remittance and usage.
- Put onus of checking FDI violation on administrative ministry or states concerned.

Findings and Conclusion

Rapid Development in tourism sector and expected growth in future had created need for FDI in the sector. With the growing contribution of tourism sector into economic development and GDP has made the Government of India to think over the policy framework on FDI in tourism sector.

After liberalization the entry barrier for FDI had been relaxed, still the sector has witnessed a good growth only in last four years. Till 2008 FDI growth rate in tourism sector was very slow. According to CII estimates, an additional 1 million visitors can help generate revenues of Rs.4,300 crore annually. Thus, Government policies, which would focus on increasing tourist arrivals in the country and facilitate investments in tourism infrastructure, would lead to significantly higher multiplier effect on the key economic parameters of the Indian economy. So the inbound FDI in tourism sector can be attributed to significant changes in government policies.

The present 100 per cent FDI is allowed in the hotel and tourism sector through the automatic route. Presently, FDI in tourism sector is showing good growth. The growth in inbound FDI is more than the expected trend especially in the year 2011-12. Inflow of FDI has also increased the receipt of tourism sector.

The industry has witnessed a decline in inflow of FDI in 2010-11, According to RBI report, India has witnessed overall moderate FDI in 2010-11. The reason can be owed to widening of current account deficit in India beyond the perceived sustainable level of 3.0 per cent of GDP during April-December 2010. This also assumes significance as FDI is generally known to be the most stable component of capital flows needed to finance the current account deficit. Moreover, it adds to investible resources, provides access to

advanced technologies, assists in gaining production know-how and promotes exports.

It can be concluded that the Indian Government policy framework on FDI has played a role of catalyst in facilitating FDI in the tourism sector. If Government of India pays attention to RBI advise and takes some precautionary steps while formulating FDI policy for tourism industry then the Travel and Tourism provides tremendous opportunity to India in terms of its contribution towards economic development.

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Prospects of Medical Tourism

A Comparative Study of
The Prominent Participants in Hospital
and Hospitality Industry in South India

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Abstract

India today has copious opportunities to compete with other developed nations & building a quality health care system of its own. This paper addresses the prospects of Medical Tourism as a 'cost effective' private medical care in collaboration with the tourism industry for patients needing surgical and other forms of specialized treatment. The progression is being facilitated by the corporate sector involved in medical care as well as the tourism industry. There is also a constant effort taken up by the corporate hospitals to support medical tourism with its fullest potential. Primitively there is also a enormous need for quality assurance and standardization norms for the hospital administration which is in fact, the need of the hour. Lack of an effective administration practices in the hospital and hospitality sector necessitates the need for a Total quality management approach in Healthcare Sector. Application of quality control systems is a vital aspect that hospitals in South India cannot disregard. It would lead the South to a new road map in ensuring quality and enhancing on customer satisfaction. Hence the paper makes an attempt to understand the management practices in South India effectively.

Key Words: Medical Tourism, Cost Factor, Standardization Norms, Quality of Assured Services, Hospitality Industry.

Introduction

India has been offering varied niches to its tourists and to large extent shares a competitive edge when compared to its competitors. This emerging

sector offers an array of travel services benchmarking India at a global level with its products like adventure, wildlife, historical monuments, culture & heritage, nature, pilgrimage and so on. There are enormous contributions as the sector is an important driver of growth and prosperity, particularly within developing countries (Woodman, J 2007). As times are changing and so are the demands and expectations of the travelers who are endlessly in search for different experiences, different adventures, different lifestyles which has paved the way for various concepts defining different paradigm in the arena of tourism.

Medical tourism is an upcoming concept and a growing phenomenon meeting the need of the hour (Theobald, F.,T 1998). India to a large extent is also been branded for its wellness and surgical competency. Medical patrons across India look forward for high end medical facilities with value added services often referred as coordinated services. Coordinated services are offered by the hospitality sector as a cliché to diversify the tourism products from the arena of travel and tourism. Coordinated services can also be termed as an all-inclusive package offered by the travel facilitators to the medical tourist which includes the transportation, transfers, medical treatment, holidaying, leisure and all allied services related with it (Gan, Lydia, and James & Frederick R 2011).

Medical tourism in the fore front is backed by the corporate hospitals offering high end infrastructure, medical amenities, allied services

and an effective healthcare network with the hospitality sector. These are indeed the private hospitals that have gone one step ahead in commercializing their services, with a high-end sophistication, in the local as well as international market. Globalization and resulting trade liberalization in health services have caused an upsurge in international migration of health care professionals in recent years. Greater openness has created new opportunities for these professionals. The General Agreement on Trade in Services (GATS) signed as a part of World Trade Organization (WTO) agreement also provided an opportunity to member countries to explore new market in health services by further liberalizing trade in services.

2. Review of Literature

The literature reviews reflect on various aspects and areas concerned on medical tourism. This imminent arena covers the prospects of medical tourism, emerging trends and the future of upcoming medical hubs.

Bookman & Bookman(2007), in their book discussed about the western patients who are increasingly traveling to developing countries for health care are increasingly offered with the best skills and facilities to cater to their needs. This international trade in medical services has huge economic potential for developing countries and serious implications for health care across the globe. It is successful only in countries with economic and political advantages that enable them to navigate around international and domestic obstacles to trade in medical services.

Sack, C., Scherag A., Lütkes, P., Günther, W., Jöckel ,K.,H., & Holtmann, G.,(2011) in their article reveals that the countries where hospitals are undergoing accreditation as mandatory or voluntary measures are believed, with the fact that accreditations positively influence quality of care and patient satisfaction. The article states the relationship between patient satisfaction and accreditation status. The conclusion sustains the

notion that hospital accreditation may represent a step towards total quality management, but may not be a key factor to quality of care measured by the patient's willingness to recommend.

Billie Ann Brotman, (2010) examines demand factors for sophisticated medical treatments offered by private hospitals operating in India. The article classifies three types of medical tourism - Outbound, Inbound, and Intra bound. Increased profitability and positive growth trends by private hospital chains can be attributed to rising domestic income levels within India.

Debra Melani focuses on the growth of medical tourism industry in Colorado. The author states that the healthcare providers are expanding on medical tourism aiming to attract more patients to the state. Medical tourism also helps employers reduce medical expenses while offering employees a wider range of treatment.

Cooperman. S (2007) envisage upon the search for quality health care at discounted prices, in foreign hospitals who offer proficient services in state-of-the-art facilities with complete luxury suites, on-call concierges and personal chauffeurs and so on. Today, India, Thailand, Singapore and Hong Kong are popular medical travel destinations. For negotiating in the world of discount medical care, an entire industry of middlemen has sprung up. Though the options are seemingly endless, buyers ought to beware.

Tilman.,E, Ceani G., Paul,D., Mango, Jenny C., & Shubham.,S, in their article discuss the economic geography of medical tourism and a survey of health care consumer preferences. While medical tourism is sometimes oriented towards cost savings, it is frequently a matter of accessing innovative procedures without spending time on waiting lists.

3. Concept of the Study

Healthcare service industry is one of the flourishing sectors of the Indian economy. Lifestyle diseases have emerged from the demanding and

hectic pace of life led by people today. There is thus a need to de-stress and increase involvement in leisure activities. Increase in awareness to keep oneself healthy coupled with rise in standard of living have led to increase in demand for quality healthcare services. Thus the research focuses on the prospects of the booming medical sector coupled with the growing hospitality sector considering four prominent cities of South India and highlighting the scope & growth of medical tourism & increasing the visibility of India in the global map as a medical tourism hub.

4. Need of the Study

Although, India is a recent entrant into the medical tourism arena, it is poised to emerge as a major global player. India offers world-class healthcare that costs substantially less than those in developed countries, using the same technology delivered by competent specialists attaining similar success rates. Further the necessity is towards creation of an effective value creation network and healthcare environment thereby building professional competency through healthcare managers. The purpose of the study necessitates the role of the hospitality sector in promoting medical tourism in coordination with the hospital sector. Considering all these factors there is an imperative need to undertake the present study of the various independent variables impacting the growth of medical tourism in south India.

5. Research Methodology

The process of research includes two broad segments of data collection. The primary data was gathered through structured questionnaires and interviews from the service provider and the medical tourist. The secondary data was gathered from libraries of research centers, Universities, Management institutes by referring to books, journals, magazines, travel guides, travelogues, monographs etc.

6. Objectives

The research was conducted with the following objectives listed as follows:

- The role of cost structure in the pre- decision stage for the medical tourist to avail medical treatments.
- To determine the extent of correlation between quality and standardization norms and the demand for medical tourism in South India.
- To identify the degree of balance between quality of assured services and coordinated services that is allied to the hospitality industry.

7. Hypotheses

The study portrays subsequent Hypotheses which were tested respectively.

- There is a significant role upon the cost factor in the selection of medical destination.
- There is significant role upon quality and standardization norms and demand for medical tourism.
- There is significant relationship between coordinated service and the brand image portrayed in the international market.

8. Sampling Technique

Procedure for sampling adopted for the research is non-probability sampling technique namely judgmental sampling as the items for the sample are selected deliberately; since the choice concerning the items remains supreme. However, the limitation stands as there is no assurance that every element has some specifiabale chance of being included.

9. Sample Distribution

Sample Size–International Patients	140 nos
No. of Hospitals visited	30 nos
Types of Hospitals –	
a. Corporate or Private Hospitals.	26
b. Medical Institutions	01
c. Government Hospitals	01
d. Alternative Treatment Centres (Wellness & Ayurveda)	02
Hospitals visited in South India	
a. Andhra Pradesh (Hyderabad)	08
b. Tamil Nadu (Chennai)	07
c. Karnataka (Bangalore)	07
d. Kerala (Calicut, Cochin and Trivandrum)	08

10. Testing of Hypotheses

Hypotheses 1 - Importance of Cost versus Other Parameters in Seeking Medical Treatment Abroad

H_0 : There is no significant role upon the cost factor in the selection of medical destination.

H_1 : There is a significant role upon the cost factor in the selection of medical destination.

Table showing Results of Paired Samples Test on Saving Cost and Other Parameters in Travelling Abroad

Particulars	Paired Difference					T	df	Sig.
	Mean	Std. Dev.	Std. Error Mean	95% confidence Interval of the Diff.				
				Lower	Upper			
Part 1 Saving Cost - Secrecy of Treatment	-2.550	1.189	.101	-2.749	-2.351	-25.367	139	.000
Pair 2 Saving Cost- Treatment with Holiday	-2.221	1.378	.117	-2.452	-1.991	-19.067	139	.000
Pair 3 Saving cost- Unavailability of Treatment	-1.300	1.516	.128	-1.553	-1.047	-10.147	139	.000
Pair 4 Saving Cost- Medical Expertise in Developing Country	-.221	.960	.081	-.382	-.061	2.729	139	.007
Pair 5 Saving Cost - Brand image of Developing Country	-.443	.976	.083	-.606	-.280	-5.366	139	.000
Pair 6 Saving Cost- Easily Accessible	-.486	1.122	.095	-.673	-.298	-5.122	139	.000

Interpretation

The paired-samples t-tests of saving cost against all other parameters show that saving cost is significantly more important than all other parameters in the decision for going abroad for treatment. Hence the null Hypotheses are rejected.

Hypotheses 2 - Significant Role upon Quality and Standardization Norms and Demand for Medical Tourism

H_0 : There is no significant role upon quality and standardization norms and demand for medical tourism.

H_1 : There is significant role upon quality and standardization norms and demand for medical tourism.

Table showing Result of Chi-Square Test on Significant Factors for Quality Assurance

Quality Assurance Factors	Location				X ² cal	p-value
	Kerala	Bangalore	Hyderabad	Chennai		
Hospital Accreditation	40.00%	40.00%	31.43%	48.57%	2.1429	0.5433
Hospital Affiliation	3.33%	0.00%	0.00%	0.00%	3.6930	0.2966
Physician's Credentials	50.00%	65.00%	74.29%	74.29%	5.6051	0.1325
Online Communities	10.00%	17.50%	14.71%	11.43%	1.0200	0.7964
Goodwill	0.00%	2.50%	2.86%	8.57%	3.8370	0.2796

Interpretation

The above analysis represents that there is no difference in the importance of different parameters of quality assurance amongst the different medical tourism destinations. The above analysis projects the p-value, which is more than 5% and hence there are no significant differences in the factors to be considered for quality assurance, amongst the locations, and the null Hypotheses are accepted.

Hypotheses 3 - Significant Relationship between Coordinated Service and the Brand Image Portrayed in the International Market

H₀: There is no significant relationship between coordinated service and the brand image portrayed in the international market.

H₁: There is significant relationship between coordinated service and the brand image portrayed in the international market.

Table showing Result of Chi-Square Test on Factors Affecting the Accessibility of Coordinated Services

Types of Factors	Location				X ² cal	p-value
	Kerala	Bangalore	Hyderabad	Chennai		
Lack of Coordination	13.33%	37.50%	34.29%	37.14%	5.9051	0.1163
Delayed Response	63.33%	50.00%	45.71%	40.00%	3.7627	0.2883
Poor Networking	3.33%	7.50%	2.86%	20.00%	8.4006	0.0384
Inefficiency in Troubleshooting	3.33%	7.50%	11.43%	0.00%	4.7948	0.1875
Poor Follow-up	26.67%	15.00%	11.43%	22.86%	3.2434	0.3556
Rigid Procedures	0.00%	0.00%	2.86%	0.00%	3.0216	0.3883

Interpretation

The above analysis represents that there were significant differences in the perception of poor networking affecting the accessibility of coordinated services amongst the locations; hence the null Hypotheses could be rejected. Poor networking as a factor affecting accessibility of coordinated services was perceived to be the highest amongst respondents coming to Chennai for treatment, and the lowest amongst

respondents coming to Hyderabad for treatment. There were no significant differences in the perception of other factors affecting the accessibility of coordinated services amongst the locations and hence the null Hypotheses are accepted.

11. Outcomes of the Study

The study envisages certain challenges facing healthcare organizations in South India. An

integrated approach to the management of quality, drawing upon the interrelationships between quality and productivity, and between quality and technology is one of the pivotal challenges for South India. Experts believe that quality improvement leads to productivity increase. This relationship is not fully accepted in the healthcare segment; though many believe that one mode of establishing quality is by huge capital investments in elaborate and sophisticated technologies. Healthcare administrators are often misleading into spending huge money without first giving a chance to small but continuous improvements. It amounts to a policy of buying “quality” through costly technology related strides in improvement, as opposed to small but steady, more cost efficient and deliberate improvement efforts involving employees. The concept of continuous improvement strategy for quality implies that quality is a process rather than an outcome. Technology can be used to support quality and productivity through the use of information systems.

Another prime challenge for South India is to be cognizant on a complete service quality management as only off late healthcare organizations are showing concern over issues such as quality, cost and competitiveness. The imperatives of competition dictate that a hospital whose current status is poor must improve rapidly for its survival. One whose status is superior must improve to preserve its competitive edge, and a hospital which is average must improve to prevent its status from regressing to poor and to make it superior.

The relationships linking total service quality management, productivity and technology becomes evident as the present theories and tools of TSQM are considered. Total service quality control (TSQC) is a business management philosophy, which, when applied to healthcare organizations in South India, seeks to provide healthcare customers with satisfaction through

quality in the services provided. It is a practical approach to enhance quality management based on facts and involves all the employees of the organization including, CEO, administrators, nursing, medicine, technical and clinical employees. It is supported by several administrative processes, including quality control teams, policy developments, cross- functional management, and quality in routine activities.

Quality control teams are healthcare employees who are trained, organized, and structured groups which identify problems and brainstorm for causes and solutions. Policy development is a process in which management works together to focus resources on achieving customer satisfaction for patients and other customers (Juran, J.M, and A.B Godfrey 1999). Cross- functional management is all necessary interdepartmental activities aimed to achieve corporate objectives such as, quality, cost, delivery etc. Quality in routine activities is a decentralized procedure for controlling and improving routine work thereby, to standardize routine activities such as, making a patients database, administering routine medication etc.

Application of quality control systems is a vital aspect that hospitals in South India cannot disregard. It would lead the South to a new road map in ensuring quality and enhancing on customer satisfaction.

12. General Findings

1. Understandably, the overall perception of the quality of service of the assured services and that of the coordinated services were high and were positively correlated. Further analysis confirms that the overall perception of the quality of service of assured services is significantly higher than the overall perception of the service quality of the coordinated services.
2. The research determines that there were significant differences in the overall perception

- of the service quality offered and the overall level of satisfaction with associated and coordinated services amongst the locations. It was perceived that a lesser ratio of medical tourists preferred the services of medical facilitators.
3. The research confirms that there is no difference in the importance of different parameters of quality assurance amongst the different medical tourism destinations and hence there are no significant differences in the factors to be considered for quality assurance amongst the locations. It was understood that the medical patrons considered a physician's credentials as the predominant factor in assuring quality in comparison to hospital accreditation & affiliations.
 4. The study also confirms the most important factors perceived by hospitals for quality assurance as physicians' credentials, global competency, and accreditations. Online communities (word-of-mouth) and affiliations were also moderately important.
 5. The study confirms that the various parameters like travel assistance, language translators, coordinated services, cost transparency, post-operative care, insurance assistance and first aid at the airport are offered by the hospitals to differentiate themselves from their competitors.

13. Suggestions

The stakeholders in medical tourism i.e. hospital authorities, hospitality industry, policy makers and other intermediaries can consider the following suggestions for building professional competency & a better healthcare management and thereby reduce their perplexities to keep with a trend of quality assurance, quality service and service proficiency.

1. A new paradigm in healthcare segment gives a broader space for the government to play a role of healthcare facilitator with effective trade policies to ensure a seamless value chain.
2. Indian healthcare businesses are receiving medical tourist from developing countries who travel for proficient medical procedures with cost and surgical competency being the prime focus. The policy makers need to focus on this segment and eye for a larger share of this market to reposition India as a premium upmarket medical hub.
3. Homogeneity in medical aspirants and heterogeneity in medical services demanded would be challenging for South India from the healthcare providers perspective. It also gives a bright prospect for better servicing when each hospital targets a segment with some USP. They must engage with source communities, healthcare systems and governments over a longer period of time thereby specializing in handling customers from specifically targeted regions and for specific products. Knowledge of markets, consumers and channel partner over a period of time would allow competitive advantage.
4. The administrative authorities should undertake capacity building programmes to train the subsidiary division in the medical tourism framework i.e. the paramedical and non-medical staffs of the service providers who occasionally come across the barriers of cross-cultural sensitivities.
5. South Indian healthcare segment can also focus on alternative forms of treatments like ayurveda, unani, siddha etc. to tap the potential global market thereby creating a niche for itself.
6. The private hospitals can network with the international embassies and the government to attract the government funded medical tourists thereby globalizing its healthcare services.
7. The stake holders in South India can explore exhibitions, trade fairs and associations with international bodies to enhance its medical tourism.

8. The healthcare segment can flourish effectively if the hospital managers are directly involved in promoting healthcare services in the global market, thereby leaving no space for further ambiguity in the minds of the medical aspirants.

14. Scope for Further Research

The arena of medical tourism can be transversely diagnosed to foster the prospects of medical tourism with the changing market expectations. The following areas can endow scope for further research in medical tourism:

- The gap pertaining to the medical tourist's expectations and the relevance in the value chain of healthcare network.
- The complexity in rules and norms followed internationally and the influence on the medical tourists' decision in travelling abroad for medical treatments.
- Identifying the medical tourist skepticism on medical ethics or code of ethics and the prime concerns of medical tourists visiting India.

15. Conclusion

The prospects of medical tourism have radically changed with the divergent role played by the stake holders over the years. Among the healthcare providers, the most predominant stake holder offering a kaleidoscope of services and amenities catering to the needs of the 'new medical tourist' is the healthcare managers. The increased competition and the growing scenario of medical tourism have pulled various other stake holders into the trade. Predominantly, the policy makers, community & other private participants have played significant role in globalizing the South Indian healthcare systems. Equally challenging is the cultural and regulatory barriers which can affect significantly the healthcare globalization in Southern India. Proficiency in delivering healthcare services and lesser perplexity in the healthcare network can enhance the capacity building process. Quality and standard

assurance are some major parameters in benchmarking the healthcare medical hubs to prosper. The South Indian metros have largely outperformed in the developed and developing countries and have benchmarked itself with increased goodwill and globally competitive brand image.

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Indian Tourism Industry

Challenges and Strategies

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Abstract

The Indian tourism industry can be called the “industry of big paradoxes”. On the one hand it has almost unbeatable competitive advantages, huge potential (in terms of generating foreign exchange & employment generation), and high growth rates. On the other hand, inspite of these strengths, the Indian Tourism and Hospitality Industry is still way behind - even against its smaller neighbours in South-East Asia, not to mention the larger counterparts like China. With everything on offer from heritage to wellness, mountains to beaches, just 18 million foreign tourists coming to India each year looks very bleak.

There are some inherent problems and these are well-known but till date nothing concrete has been done to resolve these issues. Foreign tourists visiting India have often voiced their frustration over the country’s inadequate infrastructure, antiquated airports and railways, absence of proper roads, and the outrageous room prices which hotels impose because of a shortage of quality accommodation in the country. Personal safety is another issue that needs to be addressed. Women, in particular, feel unsafe in places such as Rajasthan, Goa and even Delhi where incidents of molestation of women and robberies of foreign tourists are reported on a regular basis.

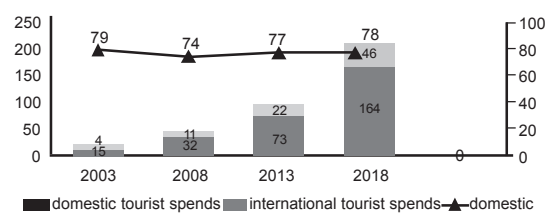
This article highlights and analyses challenges facing the Indian Tourism Industry and the strategies that can be adopted.

Key words: Services, Facilities, Challenges, Strategies, Competitiveness.

Introduction

Travel & Tourism are an inseparable part of the world in which we live, making a significant contribution to the country’s economy as well as to the quality of life of its citizens. Globally, travel & tourism account for 10% of the GDP, 8% of Jobs and 12% of investment, annually. In India, travel & tourism is currently contributing 2.2% directly to the GDP and is expected to grow at 6.6% p.a. WTO had forecasted the Travel & Tourism Industry in India will grow by 8% per annum, in real terms, between 2008 and 2016. In the year 2010, 17.9 million foreign tourists visited India. Domestic tourism in the same year was massive at 740 million. Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Maharashtra received a big share of these visitors. According to World Travel and Tourism Council, India will be a tourism hotspot from 2009–2018, having the highest 10-year growth potential.

Exhibit 1: Indian tourism industry- market size

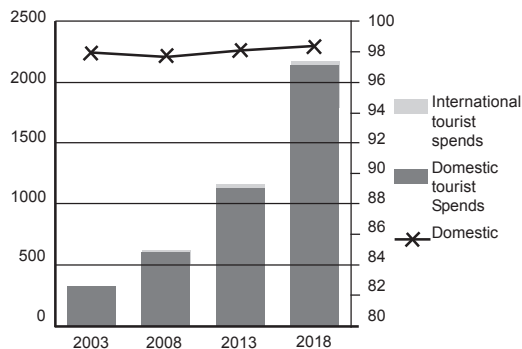


Y1 axis : Market size in U\$ Bn

Y2 axis : Domestic tourism mkt as % of total

Source : Euromonitor, Tourism's Statistic 2007, Ministry of Tourism of India, Technopak analysis

Exhibit 2: Tourist visits in India



Source : Euromonitor, Tourism's Statistic 2007, Ministry of Tourism of India, Technopak analysis

Elements of tourism

Tourism is a complex industry and the task of formulating a sound policy is very challenging. For each of this industry's stakeholders, the element of the industry relevant to them is unique i.e. for the hotel industry, it is daily room occupancy, for the airlines it is the seats & miles

flown, to the museum, art gallery or archaeological site the key metric is the number of visitors. It is therefore important that tourism planning be looked at holistically with every individual element being considered.

Exhibit 3:



(1) Attractiveness of the destination

Tourism options in India are so varied that very few countries in the world can provide such a mix of nature, richness of architecture, wildlife, festivities, shopping etc in one destination. Travellers of all ages, budgets and interests can find something to their liking.

Exhibit 4: Indian tourist circuits

The golden triangle (Delhi, Agra & Jaipur)	The desert adventure Jodhpur, Jaisalmer, Bikaner & baremer	The heart of heritage Gwalior, Shivpuri, Orchha & Khajurahio	The Buddhist Circuit Sarnath, Kushinagar, bodhgaya, Nalanda, rajgir, vaishali, sanchi, amaravathi & nagarjunakonda
The great pilgrimage Prayag, Varnasi, Puri & Konark	The beaches of India Goa, Diu, Kovalam, Mamallapuram & Gapalpur-on-sea	Adventure sports Srinagar, Manali, Kulu, Thar, Desert, Sariska, Mount Abu, Pune, Gangtok, Darjeeling, Shilong & Ooty	The Temple trail Kanchipuram, Madurai, Tiruchirapalli, Kanyakumari, Bhubaneswar, Puri & Konark
Religion in store Belur, Halebid, Mysore & Hassan	Backwater of Kerala Alappuzha & Kumarakam	Island Holidays Andaman, Nicobar & Lakshadweep	The Lure of the Jungle Corbett, Kanha, bandhavgarh, Sariska, Rnathmbhor, Bharatpur, Periyar, Bandipur, Sasan Gir, Kaziranga & Mans
The north east Gangtok, Guwahati, Shillong & Kohima			

Services on Offer

- a. Medical Tourism & Spas** - India has become a very important hub for medical tourism. Many people from other countries come to India for rejuvenation promised by yoga and ayurvedic massage therapy as well as for high-end surgeries like cardiac bypass surgery or knee/hip replacement. Health/Medical tourism has been identified as a major thrust area by the Government of India. In order to maintain the current pace and capture a larger market share, healthcare professionals, regulatory authorities, government and other key partners will have to play a much more responsible role in attracting and serving global as well as domestic health travellers.
- b. Meeting, incentives convention and exhibitions Tourism (MICE)** - MICE tourism is one of the fastest growing in the global tourism industry. It largely caters to business travellers. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions. The Ashok, New Delhi; Hyderabad International Convention Centre, Hyderabad; and Le Meridian, Cochin are forerunners in the Indian MICE tourism industry, facilitating domestic and International business meetings and conferences.
- c. Religious Tourism** - Religious tourism has a big future in India. India is richly endowed with ancient temples and religious festivals. Religions originating in India, be it Hinduism, Sikhism, Jainism or Buddhism, have a vibrant culture and spiritual philosophy. Religious tourism in India can provide an experience that cannot be had anywhere in the world.
- d. Culture, Heritage and Ethno- Tourism** – States like Chhattisgarh - amongst other states - can be developed as ethnic villages. The private sector can also be encouraged for proper maintenance and professional site management of important heritage sites.
- e. Adventure Tourism** - Adventure sports such as water sports, trekking, rock-climbing, para-sailing and bungee-jumping (popular with the younger travellers and working executives) can also be developed.
- f. Eco-Tourism** - India's forests, national parks and wildlife sanctuaries can become a major attraction for a whole lot of tourists from around the world.
- g. Avian Tourism** – It can be added as another dimension to the Kerala's backwater and health tourism is the avian tourism to attract birdwatchers from all over- the world.
- h. Highway Tourism** - Planned development of highway tourism may open an opportunities for enhancing local employment and uplifting rural economy through local feeder enterprises.
- i. Rail Tourism** - The Indian Railways has introduced several new services to promote rail tourism - luxury tourist trains, exclusive steam & hill charters, tour packages, 'Bharat Darshan' - special tourist trains for the budget travel segment, budget hotels - near important railway stations all over India and car rentals can create new tourist segment.
- j. Caravan Tourism** - A new policy guideline should be made to promote 'Caravan Tourism' in India and Infrastructure facilitation should be done.
- k. Wellness Tourism** - Wellness tourism is regarded as a sub-segment of medical tourism. Here, the primary purpose is achieving, promoting or maintaining good health and a sense of well-being. India with widespread presence of Ayurveda, Yoga, Siddha, and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination.
- l. Heliport Tourism** - With a view to promote tourism in hilly and remote areas, guidelines can be framed to provide central financial assistance to States and Union Territories for construction of helipads/heliports at selected destinations which will have tourism potential, but lack good connectivity.

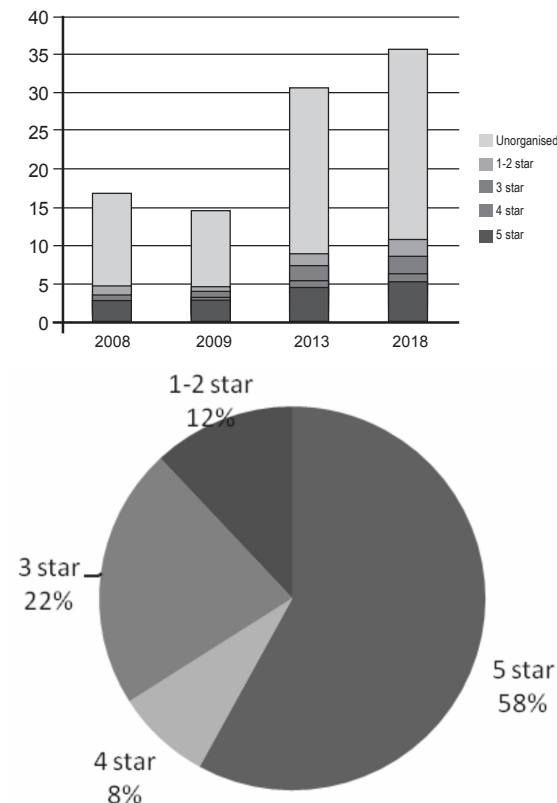
(2) Facilities at the destination

a. Hospitality Industry

The Indian Hospitality Industry is one of the fastest growing sectors of the Indian economy. The size of the Indian hospitality industry is estimated as a sum of revenues of two segments; hotel and restaurants.

i) Indian Hotel Sector There has been a consistent increase in the number of hotel rooms in recent years. The growth was almost 5% in the last 3 to 4 years. However, this rate of increase is still not enough to meet the rising demand of tourist inflows. Much more investment is required in this sector to meet demand. The hotel sector is expected to see an estimated Investment of US\$ 12.17 billion in the next 2 years, and an addition of over 20 new international hotel brands by 2013.

Exhibit 5: Market size & projections



i) Restaurant sector – The size of the Indian restaurant sector is estimated to be US\$ 6 billion now and expected to approximately grow to US\$ 10 billion by 2018. Almost 90% of the industry is unorganized, close to the remaining 10% is organized. Despite the slowdown, the unorganized sector is expected to grow at > 5% in 2012. The organized sector is in fact expected to grow faster at 20% to 25%. Within the overall restaurant sector the quick service restaurants (QSRs) segment will grow the fastest. Cafe Coffee Day, Dominos Pizza, KFC are some of the examples, each having remarkable expansion plans.

Exhibit 6: Expansion plans of few prominent international and national brands.

QSRs	No. of Outlets	Expansion Plans
Cafe Coffee Day	1300	20-25 cafes every month
Domino's Pizza	220	1000 outlets by 2014
Barista	189	
Pizza Hutt	137	
Nirula's	60	
KFC	59	
Costa Coffee	43	
Yo-China	30	

b. Tour operators/Travel agent - A tour operator is one who buys the individual elements in the travel product on his own account and combines them in such a way that he is selling a complete travel package to his clients. A tour operator bears the responsibility of delivering the services. They create their own packages by buying or reserving necessary supply elements and often retail through travel agents or their own offices and by direct mail or by direct enquiries from consumers. They offer a number of packages known as tour programmes. They are like wholesalers. Today, tour operators are so well equipped that individual or group booking in any hotel of any category and

in any part of India can be made instantaneously. They have very good network all over the country and are in position to offer very attractive discount rates to their clients.

c. Marketing information system for tourism -

Knowledge is supposed to be the power. Of late, to manage a business is to essentially manage information. The sophistication in the evolution of communication technologies in tourism industry has paved avenues for the development of a technology-driven MIS. In an age of information explosion, it is pertinent that an organisation develops and institutes MIS to have an easy access to information needed for planning. The key problem in the management of information is to establish a tourist information network. There is no doubt that Indian tourism industry has developed sophisticated communication facilities and is also in a position to utilise the benefits of new generation of communication technologies. The designing of package tour, innovation in the promotional measures, a change in the pricing strategy or using it as a motivational tool, the management of tourist organisations, tour operators, transport operators, travel agents would be made productive

(c) Accessibility of the destination

i) Aviation Industry – A massive boom in the tourism industry and increasing levels of disposable incomes has increased the importance of Indian Aviation industry. Today, a need for strong government support and private sector participation, coupled with the availability of skilled manpower, and favourable business environment have become all the more important to make India an attractive tourist destination on the world map. But the industry is facing many problems. Some of which are – Low air connectivity to many of 2 tier and 3 tier cities of our country, complex taxes system, outdated airport facilities, amongst others.

The increasing share of Low cost carriers (LCC) from 33% to 47% between 2006 and 2008 has supported the tourism industry. These low-cost carriers have brought down the cost of travel and boosted the growth of domestic air travel immensely. The airports of several metros are undergoing renovation and re-positioning. State-run oil companies have slashed aviation turbine fuel (ATF) prices and government is drawing up a whopping bailout package – for aviation industry.

Govt has relaxed external commercial borrowing (ECB) norms (announced in the Union Budget 2012-13 for the aviation sector). Buoyed by the success of implementation of public private partnership (PPP) model in airport development, the government plans to invest US\$ 30 billion in next 10 years with more existing airports being opened up for modernisation.

ii) Rail –In order to carry out the broader social goal of providing affordable transport service to the country, Indian Railways (IR) have made substantial investments in resource saving technologies. The progressive implementation of IT served as a thrust towards better responsiveness to the rising passenger demands. The communication infrastructure that IR built up over the years not only helped it cater effectively to the rising customer needs but also opened new avenues for revenue generation. The Internet reservation system, unreserved ticketing system, railway credit cards and mobile reservation are only some of the instances where upcoming technologies gave new dimensions to customer satisfaction.

iii) Metro - One of the most liked travelling options which have caught the fancy of all is the “Metro”. And now cities like Delhi, Chennai, Bangalore and Mumbai are fast developing this option for intra-city travelling. It makes the travelling within city easy and comfortable.

iv) Highway – We see a big visible improvement in highway developments. Work is already under way at many places. Once these are completed (say in 4/5 years time), it will create a road network with comfortable transport – systems, now that quality cars & buses are available in India. There will be further boom in industry with improved infrastructure on highways. This will bring big boost to tourism, especially domestic tourism. A lot of infrastructural facilities are coming on the highway in the form of wayside amenities, shopping malls, petrol pumps etc. This will open up many new opportunities in tourism related activities.

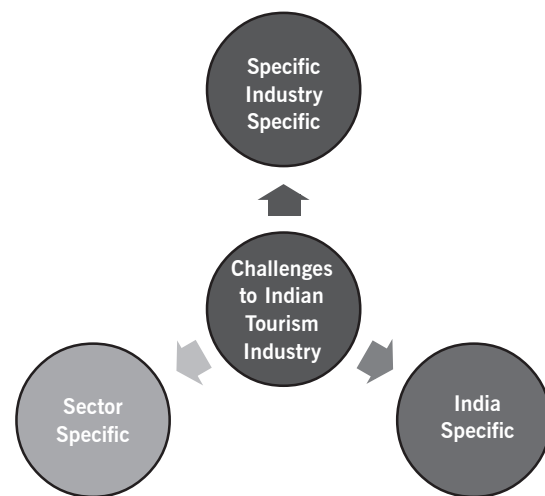
The ambitious National Highway Development Program (NHDP) envisaged 4-6 laning of the existing high-density highway corridors linking the four mega-cities of Delhi, Mumbai, Chennai and Calcutta. It also aimed at the creation of north-south and east-west corridors. The modernization of the national highways is being implemented in two phases. The projects will be focusing on enhanced safety, better riding surface and road geometry, traffic management and noticeable signage. The other features are divided carriageways and service roads, grade separators, over-bridges and underpasses for uninterrupted traffic flow, bypasses and wayside amenities along with ambulances and cranes.

To encourage the country's road construction industry, the Central Government has offered many concessions and incentives to them. They include income tax exemption for 10 years from earnings from the Project and total customs duty exemption on road building equipment not being produced in the country. In the Build-Operate-Transfer (BOT) scheme, grants up to 40 per cent has been permitted.

Challenges for Tourism Industry

Challenges for Indian Tourism Industry – on basis of current performance, Indian Tourism Industry

can be termed as 'successful', but being 'successful' is very different from being 'competitive' and there are critical challenges which are negatively dictating and adversely affecting its competitiveness. These challenges can be classified into 3 broad categories:



1. Sector Specific

- a. **High Exit Barrier** – One characteristic of services is that it is hard to escape from the consequences of a poor choice (of service and service provider). Tourists know this and they also understand that once they are at a destination, a U-turn is not easy. Hence, they are over cautious while deciding on the tourism services (choice of destination, transporter and hotels etc).
- b. **Difficulty in trial** - Another service characteristic that affects tourism industry is 'reduced trialability'. Since the trialability is also almost nil in (tourism) services, in case of tourism industry, it is a prerequisite to have a good 'product' and a sound reputation in place, only then sustainable sales can be expected.
- c. **Word-Of-Mouth (WOM)** – WOM is crucial in selling of (tourism) services because usually

the choice of destination is affected by WOM publicity. Here, it is important to realize that tourists tend to believe more on information from independent sources and less on promotions, thus, a destination may be 'pushed' through heavy promotion, but the longevity of its Product life cycle is finally dictated by the WOM.

- d. High Social Cost** – Tourism takes a toll on the resources (especially natural resources), and a large part of the revenues brought in by tourism is required for sustaining the resources, so the profitability of tourism industry is suspicious, especially in countries where proper 'sustainability' mechanisms are not in place.
- e. Intermediary Conflicts** - Components of the tourism industry have different commercial objectives, strategic interests and operational procedures, so as channel partners protect and advance their own interests, often at the expense of their partner's gains, several intra-channel conflicts emerge inevitably. Major reasons behind such conflicts are -
 - o Price and Profit Margin Distribution.
 - o Exceeding Vertical Integration generates Oligopolistic Behavior.
 - o Operational issues - partners failing to fulfill their obligations or providing the service they promised.
- f. Tourists rates the overall experience** – Visitors tend to rate their overall experience at the destination and in the process they credit tourism industry for the performance of industries and sectors, which are not directly related to tourism. If 'anything' is not according to tourists' expectations, it might go against the tourism industry, because the negative WOM will be generated for the destination.

2. India Specific Challenges

Some challenges facing Indian Tourism Industry are uniquely India specific, like –

- a. Sensitizing the diverse Human Resources** – It is an industry where even the behavior of general public affects the overall experience of tourists, and people associated with this industry vary significantly in their background, education, occupation and experience etc (a hotelier is totally different from a taxi driver), it is a big challenge to sensitize such a large number of diverse people simultaneously.

Although efforts like the "*atithi devo bhava*" campaign have been made to train and groom the HR associated with this industry, they have not been as successful in achieving significant and measurable results as they were expected to, and neither has much research has been done to measure and evaluate the impact of such efforts.

- b. Economic Slowdown** - Average room rates have fallen by 10% to 15%. As cost cutting measures hotels have put on hold their expansion plans for the moment. There has also been a freeze on new recruitment.
- c. Impact of Terrorism** - Leisure destinations like Goa and Kerala are likely to be affected more than business destinations. It is expected that average occupancy levels across major cities is likely to decline from the current average of 65% to 58%.
- d. Evening entertainment** - It needs to be developed in places including metropolitan cities. Some serious partnerships need to be formed between State Govts and private sector so that tourists can enjoy in the evening. They should get an opportunity to experience local culture. An increase in availability of facilities (like sports, healthcare, museums, etc) for longer hours / late in the evenings, will improve attractiveness for tourists.
- e. Basic Amenities** - Quality tourist literature, decent upkeep of monuments, amusement parks, multi -cuisine food plazas, shopping malls- all these are needed for successful tourism. All the more, some self control is

needed about hygiene. Hotels need to control prices; municipality for over all cleanliness of city; policing for security of tourists; control of beggars at tourist places; cleanliness inside the airport and crowd management outside; proper signage at all places; places need to be earmarked for paid parking; properly illuminated road junctions; if these can be done, one can see & feel a sea change improvement. Tourists will always feel it a pleasure to come back, and will come back in numbers.

3. Industry specific

Challenges to Hotel Infrastructure – India has approximately 150000 hotel rooms, which are insufficient to meet the existing demand, let alone catering to new demand. Moreover, concentration of Hotels - approximate 7000 rooms are in Delhi itself - is causing an acute shortage of rooms in other tourist destinations.

a. High Operating Costs – Indian hotels suffer from high operating costs and this ultimately reflects in their higher prices. And when the facilities are not in line with the prices, it leads to dissatisfaction and makes the destination unattractive for tourists.

b. No Uniformity in Taxes & High Tax Structures - Due to high duties and the imposition of several taxes by state governments, the industry ends up paying multiple taxes, substantially increasing overall costs, and impacting profits. India has the highest tax rate on tourism projects in the Asia Pacific region. Each state has its own criteria for luxury tax, varying from 5% to 20% on rack rate, rather than the actual rate. Luxury tax on the rack rate increases the effective rate of tax to 25% to 30%.

c. Cost of Land - Land prices in India constitute almost 25% of total cost of the project, whereas it accounts for only 15% to 20% of project cost overseas. The rising land cost and low Floor Space Index (FSI), adds to the industry's financial dilemma.

d. Cost of Debt - The industry is capital intensive and has a long gestation period, with repayment of loans typically running at 11-15 years and even beyond. However, the current borrowing and lending scenario is not something to cheer about, as (a) banks are not looking at funding beyond a period of 7 to 9 years; and (b) they have made lending norms and the process more rigorous.

e. Skilled Manpower Shortage - The hotel sector is labor-intensive with an average employee-to-room ratio of 1.8 : 1 in India (compared to 1.5: 1 globally). However, there exists a huge gap in manpower availability, especially in the budget hotel segment.

Transportation Chaos – Increasing number of airlines (from 2 to 10 in last 4 years) has rapidly increased the number of passengers, resulting in a virtual collapse of facilities at Indian airports. Moreover, there is no supervising authority, maintaining and monitoring the quality and standards of services delivered by airlines making an unpleasant experience a rule, rather than an exception. Indian Railways, another popular mode of transportation suffers from conditions worse than the airlines (in terms of reservations, punctuality, cleanliness, facilities etc). Since India welcomes tourists mostly from developed countries these problems convert their trip into a 'mission' and few return with good memories.

Strategies to Enhance Competitiveness of Indian Tourism Industry

Strategy for the Industry

- Promote Public Private Participation.
- Deliver on scheduled timelines and share accountability with the government on public private partnership projects to reduce the cost involved in development.
- Develop an academic think-tank to trigger the right kind of training in hotel management institutes in India.

AMBER

- Establish commendable Master's and PhD programs in hospitality.
- Undertake measures towards employee retention.
- Coaching, development and training of employees for their long-term career development and retention process.

Strategy for Government

Government has implemented many new policies in support of tourism infrastructure and services. The government has permitted 100% FDI into construction of hotels and resorts, recreational facilities, and city and regional level infrastructure. A five year tax holiday has been given to organizations that set up hotels, resorts and convention centers at specific destinations. Government has also introduced a new category of visa - 'Medical Visa' ('M'-Visa) for Medical Tourism. Govt. has tied-up with the United Nations Development Program (UNDP) to promote rural tourism. The Ministry has sanctioned 102 rural tourism infrastructure projects to spread tourism and socio economic benefits to identified rural sites with tourism potential. The Government also has announced a scheme of granting Tourist Visa on Arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. During the 11th Five Year Plan, (as on 31.12.2010) Ministry of Tourism has sanctioned an amount of Rs. 31.13 billion for 991 tourism infrastructure projects, including rural tourism and human Resource development projects. Some more suggestions for govt for supporting and promoting the tourism industry are -

- **Effective Market Research to 'Understand Tourists'**- Market research to know about the desired destination attributes and what provides tourists' satisfaction to develop overall 'competitiveness enhancement strategy' for Indian Tourism Industry.

- **The planning framework of Indian Tourism Industry needs to be redesigned** - Professionally designed plans for specific destination responding to changing consumer demand and other critical and contemporary issues, like :
 - Destination marketing; Product, branding and competitive positioning, Pricing, Market segmentation, Promotion and distribution
 - Cross agency cooperation
 - Site Management
- **Effective Destination Management through Encouraging Business Operators for Adopting Higher Standards** - Management is another area where Indian Tourism Industry has performed miserably and negatively affects the impression of tourists.
- **Public Private Partnership is critical for enhancing competitiveness** – Enhancing coordination and cooperation between public sector and private sector undertakings of the industry will help in creating a wholesome experience for the tourists.
- **Sensitize the Community for sustainable competitiveness** – Community is an important stakeholder in tourism industry and can play a vital role in enhancing its competitiveness through sharing the responsibility and thus easing out the job of sustainability and destination management to some extent, but unfortunately, in Indian Tourism Ministry this important stake holder of tourism industry has been rarely involved and sensitized for such efforts.
- **Effective deployment of 'Human Resources'** – Although, some private players have opened their own academies to develop talent, it is not possible either for the private sector or for the public sector, to cater to the growing demand single-handedly.
- **Local Infrastructure development** - Local govt. and municipal corporation needs to develop means to improve the existing infrastructure

and hygiene conditions at places of tourist interest and public places.

- **Conduct a Joint promotional campaign** for various states in India and allocate budgets for marketing at international travel fairs to boost tourist inflow in the country.
- **Rationalizing land cost** – Govt. can play a significant role in rationalizing the cost of land auctioned for hotel development. This would assist the industry in creating value by adding substantial inventory of hotel rooms required to diminish the demand-supply gap.
- **Granting ‘Infrastructure’ status to the hotel industry** under SEC 80-IA of IT Act and increase depreciation on hotels from 10% to 20%.
- **Rationalise Floor Space Index (FSI)** Floor Area Regulation (FAR). This would allow hotels to build more rooms on the same property eventually leading to more affordable room rates. Subsequently, the government can reduce development charges for adding more rooms in existing hotels. Further incentives will boost investments in the sector such as offering a tax holiday to the industry.

Implement a uniform luxury tax code

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Bloody Awful to Branded Awesome

A Case Study on British Airways

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Travel and tourism is a vital part of the global economy. One of the essential requirements in tourism is time and cost effective movement of people from one place to another. The role of aviation sector gains a great importance. The aviation sector is one of the fastest growing sectors in the service industry. Due to higher disposable income and need for faster travel, there is more demand for air travel. In today's global and dynamic business environment, CRM solutions can aid in improving customer satisfaction and make efforts to exceed customer expectations. British Airways is one of the leading international airlines today covering more number of countries than any other airline in the world. BA has come forward with several strategies and successfully implemented customer centric practices in the last two decades. A study is made as to how they have been able to enhance customer loyalty and retain their customers.

Keywords : Customer Service, Benchmarking Competitive advantage, Leadership, Service Recovery, CRM.

Introduction

Tourism industry contributes greatly to a country's GDP. Tourism is as significant as manufacturing in the export basket of any country. International tourism is ranked as the fourth largest industry in the world after fuels, chemicals and automotive products. The breadth of international travel has greatly expanded in recent years to encompass the developing world. In the 1950s, just 15 to

18 destinations mostly European, accounted for nearly 98% of international arrivals. Subsequently tourism has picked up in the Asian countries such as Malaysia, Singapore, Thailand, India, China & Japan. There emerged the requirement of a professional airline to cover many countries and also provide good customer service.

The air travel, once confined to an elite few, it is now a medium for the masses. With increase in discretionary income, more and more people from a wide range of social, economic and geographic origins have been taking to air travel. The traditional "one size fits all" model common to many airlines is making it increasingly difficult to satisfy customer requirements and not possible to exceed customer expectations.

IBM Institute for Business Value Analysis in their survey has identified the forces shaping the future of the airline industry. Some of the important forces are worldwide growth in population leading to higher demand, globalization leading to more trade between various countries, innovation by airlines to apply new technologies, variation in demand leading to the airlines to adjust capacity and availability of substitutes i.e. alternative modes of travel available to the customers.

In the light of the above, it has become imperative for the airlines to adopt CRM solutions and stay in business. In this paper, the author who is a frequent traveler by British Airways has made an attempt to analyze the reasons how BA has turned around and continue to meet their customer expectations. The findings have been consolidated

in the form of a case study which can be used for discussion by management students.

CRM Implementation by British Airways

Ask BA, a customer service implementation answers 55,000, customer queries every week. The web plays a pivotal role in allowing customers to go for self service for literally everything from booking their tickets, planning their holidays through choosing their seats in advance, checking in online and printing their own boarding passes.

British Airways is one of the world's largest international airlines, carrying around 44 million passengers worldwide to more than 500 destinations. After 13 years as a nationalized airline, the British Airways was privatized by the then Conservative British Government. Originally it was formed in 1974 by merging BOAC and BEA.

BA contracted Interaction in the early 90s after customer research finding revealed that their service was perceived as "professional but cold". BA was looking for the best training to be provided to their staff to bring about attitudinal transformation. The result was that a culture was created in BA where leaders served staff who served customers instead of the staff needing to meet the demands of customers and leaders at the same time. The unique training by Interaction empowered the staff at all levels to challenge the then prevailing beliefs, customs and behaviors around customer service. The training by Interaction was not a onetime activity. They trained the internal trainers to sustain programme delivery and results. They also provided transformable modules and skills to benefit BA long after they concluded their programme.

Competitive advantage in the airline industry is based on many factors. One important factor is superior Customer Service. BA improved the Customer Service by eliminating the frustrating queues for flight check-in. By implementing a self service check-in (SSCI) application integrating the

same with their then existing reservation and other back-end systems, BA pioneered a convenient and cost effective way of serving customers.

BA implemented a series of tried and tested best practices by benchmarking themselves with blue chip enterprises across different sectors as well as different airlines all over the world.

SmartAssistant reads a question before the customer submit it via a web form, and proactively pushes additional answers to the customer. Proactiveness leads to Customer Delight. A mathematical definition of Quality is the ratio of Performance to Expectations. BA tries to achieve this ratio to be more than one i.e Performance exceeding Expectations which is what Customer Delight all about.

By implementing the various technology enabled web services, BA has truly achieved Value Innovation. It is all about cost savings for the organization simultaneously providing additional benefits to the customers. Value Innovation is nothing but creating value for both — the customers as well as the organization.

The increased customer utilization has reduced calls to contact centers. This has resulted in increased ROI. The ease of use for customers and additional functions has enabled BA to upgrade themselves from "Customer Delight" phase to "Customer Experience" phase. The improved overall customer experience is the key to the success of BA. With the use of SmartAssistant, BA wanted to achieve 15% reduction in emails but they were themselves stunned by an achievement of 60% reduction.

British Airways has been regarded as an industry leader and in recent years has sought to develop a wide range of technology to make the airline even easier to deal with from a customer perspective.

BA's executive management team recognized that data quality is highly essential to their organization competitiveness. The airline is careful to make certain that it captures commercial data such as passenger information, their reservation etc and use the data across hundreds of vital business processes. Ensuring its quality can be a challenge, given the multiple sources of data and the different standards and formats.

Leadership is an important factor for the turnaround of any organization. From a loss making organization about 30 years ago to one of the leading international airlines operating in many countries from Afghanistan to Zimbabwe could not have been possible without a proper leadership at the top. Colin Marsh Marshall was with the British Airways from 1983 to 2004 and was the Chairman from 1993 to 2004. The Marshall plan to transform BA from a lamentable waste of taxpayers' money to a profitable premier league airline was not all that easy. He instigated a pioneering programme called "Putting People First", in which every employee was invited to spend a day learning the airline's new mantra and meeting the man responsible. One of his key messages was on Service Recovery. The customer does not expect everything will go right all of the time – the big test is what you do when things go wrong.

Colin Marshall had to face the music-business entrepreneur Richard Branson who launched the Virgin Atlantic to take on the existing transatlantic carriers. BA's privatization in 1987 was heavily oversubscribed. The staff were invited to invest heavily in the airline's future. Before the sale could go ahead, a lingering dispute over BA's alleged part in the downfall of Laker Airways had to be resolved. Within a few years, allegations of corporate misconduct were to surface again, this time made by Virgin Atlantic.

The earlier joke about BA was something like this – "A BA 747 is the best way of transporting four

engines around the world". There was no emphasis on caring for the passengers on board, nor the need to turn a profit. Marshall realized that these two virtues were very much interdependent.

BA now delivers the best on time performance, fewest lost bags and fewest customer complaints. Fares are kept simple and competitive. Central to BA's success has been the people to run the airline, in order to maintain their position; BA recruits the best in the industry. The focus of interviews is attitude and teamwork with an emphasis on peer recruiting. Once inside BA, training takes over, where the emphasis is on doing things better, faster, cheaper. In doing this each employee is expected to understand other colleagues' jobs in order to deliver an outstanding customer experience, which in turn keeps the culture of BA alive.

The key to the success of the BA model has been asset utilisation and low variable costs, married with strong company culture to aligning values, systems, structures and strategy. By doing this BA has been able to sustain competitive advantage by unleashing the potential in their workforce.

Teaching Notes

a. Key issues highlighted in the case.

1. Customer experience is the core in any service industry and more so in air travel. Hence CRM has gained more importance in travel and tourism and also in the airline industry.
2. Employee empowerment plays a vital role as "satisfied employees produce satisfied customers".
3. Building brand loyalty is one of the first steps which every organization need to recognize and reorganize their policies to make them revolve around creating customer satisfaction.
4. Creating value for the customers and at the same time creating value for themselves can

only determine the long term survival of any organization.

b. Teaching objectives and takeaway for students

1. Students get an idea of what kind of strategies are adopted by organizations and under what situations.
2. The concepts learnt in Operations Management, Strategic Management and Services Marketing can be correlated by the students while analyzing this case study.
3. Students will also understand that decision making is very complex due to the uncertainties of external environment and that all decisions cannot be forecasted accurately in advance.

c. Questions for classroom discussions

1. What is turnaround strategy and how did BA go about the same?
2. How does an Organization Culture help in improving the productivity and quality in an organization?
3. What is Benchmarking? Did BA benchmark only with other airlines?
4. What was the change made in BA organization structure and how did it help them?
5. What is Service Recovery and what kind of Service Recovery Strategies can be adopted by an airline?

d. Teaching plan

This case can be used in the classroom by the teachers teaching subjects like CRM, Strategic Management, Operations Management and Services Marketing. The students can get insight into the kinds of service complaints and how they can be addressed by the service provider employees. The students will also get to know the importance of customer satisfaction, customer delight and customer experience in the service sector.

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Rural Tourism and Recreation: Principles to Practice

By L Roberts and D Hall, ISBN: 978-0-851995-40-3; 2001; xix+272 pages; CABI Publishing, Wallingford, Oxon.

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This book explicitly makes an attempt to analyze the two distinct intellectual traditions and odd combination viz. rural development (a hybrid of rural sociology and human spatial geography) and tourism, a feat the authors achieved remarkably well. The authors, Lesley Roberts and Derek Hall, are associated with Leisure and Tourism Management Department, Scottish Agricultural College in Ayr. Shire. It is a jointly authored book; they have included numerous short invited contributions from a wide range of contributors from Europe.

The book's intentions are noble and it meets the stated goals (page 1) to: review the work of academics and practitioners concerned with recreation, tourism and rural development issues, and to present an accessible synthesis of key issues arising from the observations and conceptualizations of such work; illustrate policy and commercial relevance and/or application by linking the key issues raised by such work with policy, planning and markets for tourism and recreational products and services; and adopt a rather different analytical approach by emphasizing a focus on neither tourism nor the tourist, but on the ways in which the one is consumed by the other.

In blending the two fields of rural development and tourism, it is a much more sociological and analytical work than many other books on tourism, at the same time being more applied and practical than many rural sociological analyses. The book is structured around the themes of change, unsustainability, integration, transparency and

paradox. These themes are emphasized in every chapter meticulously by the authors. After a general introduction to the issues, chapters focus on the rural as a social construction, unsustainability, the management of rural tourism in a policy sense, understanding the concept of community and its connection to rural tourism development, the tourism market, the concept of 'nature' and its commodification, the integration of tourism in rural development, ending with a synthesis chapter. The European policy milieu is addressed throughout, with some discussion of the LEADER program, one of the initiatives for the advancement of disadvantaged rural areas in the EU. The Cork Declaration on Rural Development remains a major highlight of the book.

The book, although covers a lot of ground, has noticeable deficits in the range of material that could have been considered. For example, there is no reference to the perspective on 'endogenous rural development' of van der Ploeg and others. Unfortunately, these deficits are exacerbated by an index that does not do justice to what is actually included. In fact the more we dwell the book, the more we get annoyed by the inadequacy of the index. Another deficit is, obviously, the extensive references are given at the end of each chapter rather than at the end of the book. Scanning for key references thus has to be done for each of the nine chapters.

The book has been recommended at the University (advanced undergraduate/ masters) level and marketing of tourism studies. Within the UK, it would be an ideal text. The lesser significance of

rural tourism in the Indian context and the distinct nature of Indian rural folk, makes the book less relevant but potentially applicable for a discussion of the two tier cities. The book nevertheless, would serve as an introduction to the social issues and the social literature in a subject on the sociology / geography of tourism. From the non-sociological perspective of tourism, the book contributes limited insight; however, the book has succeeded in making tourism literature richer by properly addressing policy issues of rural tourism. Serious observations made on the application of rural practices in promoting recreation, is really laudable although they are pole apart. The contents of book, barring few things, could be useful for evolving rural and agricultural tourism policy in many less development countries. The book has the capacity to reach out the target audience as every book has its own readers. Nevertheless, the book would still serve as a useful reference or sourcebook on the theme. It is a valuable addition to the Tourism Management Institute libraries.

A Review of Gujarat Tourism

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Abstract

India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. Gujarat is one of the most popular tourist regions in the country, and was visited by 19.8 million tourists in 2010-11. Within Gujarat there are a wide variety of historic forts, palaces, mosques, temples, and places of historical importance in India's struggle for independence. Gujarat is a home to incredible diversity. After launch of the Ad campaign "Khushboo Gujarat Ki", featuring Amitabh Bachchan, Rann Utsav as well as whole of Gujarat received overwhelming response from all around the world since 2010. Gujarat is already the growth engine of India; it should now strive towards becoming the Gateway to tourism in India.

Introduction to Tourism Sector of India

Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals in India were 5.78 million and India generated about 200 billion US dollars in 2008 and that is expected to increase to US\$375.5 billion by 2018 at a 9.4% annual growth rate. The Ministry of Tourism also maintains the 'Incredible India' campaign.

India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. It presents heritage and cultural tourism along with medical, business and sports tourism. India has one of the largest and fastest growing medical tourism sectors.

Overview of Gujarat Tourism

Gujarat is the seventh largest state in India, located in the western part of India with the longest coastline of 1600 km. It is one of the most popular tourist regions in the country, and was visited by 19.8 million tourists in 2010-11. Gujarat offers scenic beauty from Great Rann of Kutch to the hills of Saputara. Gujarat is the only place to view pure Asiatic lions in world.

Amitabh Bachchan is currently the brand ambassador of Gujarat Tourism. The 'Khushboo Gujarat Ki' campaign by a celebrity like Amitabh Bachchan has increased tourism in Gujarat by 14 per cent per annum, twice that of national growth rate.

Business Tourism

Gujarat is one of the most industrialized states in the country. There are many Indian and global companies located in Gujarat and the area has seen double digit GDP growth in past decade. It is also known as "Growth Engine of India".

'Vibrant Gujarat' is biennial investors' summit held by the government of Gujarat. The event is aimed at bringing together business leaders, investors, corporations, thought leaders, policy and opinion makers; the summit is advertised as a platform to understand and explore business opportunities in the state. It has become a model for economic success for many states. According to the list of the top 10 Indian cities by GDP in 2009, based on a Price Waterhouse Coopers study, Ahmedabad ranks 7th in India with an annual GDP of 59 billion USD.

Gujarat International Finance Tech-City is an under-construction city in Gujarat. It will be located next to the Sabramati River, 12 km north of Ahmedabad and 8 km South of Gandhinagar, the political capital of the state. It will be built on 500 acres (2.0 km²) of land. Its main purpose is to provide high quality physical infrastructure, so that finance and tech firms can relocate their operations there from Mumbai, Bangalore, Gurgaon and other regions where infrastructure is either inconsistent or very expensive.

Archeological and Heritage Tourism

Within Gujarat there are a wide variety of historic forts, palaces, mosques, temples, and places of historical importance in India's struggle for independence. Many of these palaces and forts have been converted into heritage hotels to keep tourists close to the vibrant history of Gujarat. For example, Laxmi Vilas Palace, Vadodara is reputed to have been the largest private dwelling built at the time and it is four times the size of Buckingham Palace in London. These sites are under-developed and are considered to have huge development potential. World heritage sites like Lothal, Dholavira and Champaner are also located within Gujarat.

Medical Tourism

Ahmedabad, leading city of the state is the most preferred place for medical tourism or medical treatments in India. With world class health facilities and affordable cost, the city is becoming one of the most sought medical tourism center in the country. The 108 Service is the highly appreciated 'Medical at doorstep' Service. More than 1500 foreigners visit the state per year for various treatments in the state. Ahmedabad Civil Hospital is the biggest hospital in Asia.

For Gujarat, the overseas competitors in this sector are mainly Thailand, Malaysia & Singapore while the domestic competitors are the metros and some of the other big cities such as Pune. Though USA and UK are great countries for attracting NRIs, for targeting international medical tourists, the state should focus upon countries in Africa, Middle East, Fiji, Maldives, Madagascar etc.

Some of the plus points for Gujarat in attracting medical tourists are:

1. It has got good hospitals with advanced medical facilities at about 30% lesser cost on average;
2. There is no waiting time;
3. The State has good infrastructure with good connectivity of Ahmedabad to most important cities in the country;
4. Good English speaking population; and
5. A peaceful environment with warm & helping society.

Royal Orient Train

The Royal Orient Train is an Indian luxury tourism train that runs between Gujarat and Rajasthan, covering important tourist locations in the two states. The train started in 1994-95 as a joint venture of the Tourism Corporation of Gujarat and the Indian Railways. There are 13 coaches in the train, named after erstwhile kingdoms of Rajputana. The coaches provide five-star hotel comforts to passengers. Cabins are furnished in a palatial style and have spacious baths attached. There are multi-cuisine restaurants that offer Rajasthani, Gujarati, Indian, Chinese and continental cuisine. The Royal Orient train also has a bar on board, as well as a lounge in every coach where passengers can read books and magazines, watch television, listen to music and interact with other passengers. Other facilities include an intercom, channel music, TV, DVD system and a massage-cum-beauty parlor. The Royal Orient offers a 7 Days / 8 Night package that covers important heritage tourist locations in Rajasthan and Gujarat. The train starts from Delhi Cantonment station and has stops at Chittorgarh, Jaipur, Udaipur, Ahmedabad, Mehsana, Junagadh, Veraval, Sasan Gir, Mandvi, Palitana and Sarkhej.

Famous Tourist spots of Gujarat

Religious Places

Gujarat is high on Holy Tourism due to its inception of all-embracing religious faith ranging from caste

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to caste. The major religions followed are Hinduism, Jainism and Buddhism. Islam, Christianity, Parsi, Sindhi and other religions are followed with faith all across Gujarat.

Since ancient times, Gujarat is noted for its temples. The temple of Somnath dedicated to Shiva is the first among the 12 Jyotirlingas in India. Somnath is an eternal shrine built way back during 10th century, believed to be built during Mahabharata times. Also known as Someshwar Mahadev, it is the seventh temple built to commemorate the glory of Lord Somnath known as Bhaireshvar in the Satva yug, Shravanikeshwar in the Treta Yug and Shrigaleshwar in Dwapar Yug.

Hill-top shrines like Ambaji, Palitana, Girnar and Pavagadh are similarly prominent in legend and historical. Palitana is a hilltop place of pilgrimage for Jains. 863 temples of all sizes crowd the hill which has to be paced on foot. Stone and marble spires with their rich detail of carving make for Palitana's architectural splendor.

Forts & Palaces of Gujarat

The Forts and Palaces in Gujarat have an impressive architectural monuments and the historical background. Hindu, Islamic and European architecture is the grace of the ancient forts in Gujarat. The Forts and monuments speak of the grandeurs of Gujarat as they exhibit the historical, cultural and traditional artcraft.

The famous 'Bhadra Fort' in Ahmedabad is a symbol of historical significance and belong to medieval era. Built by Sultan Ahmed Shah in 1411, the fort is named after 'Bhadra', Hindu goddess and incarnation of 'Kali' worshipped by many Hindus. Visited by Tourists from all over the world, the Bhadra Fort and Teen Darwaja is one of the most ancient fort with intricate designs and latticed windows attracts tourists from all over. The arches of the Bhadra Fort have excellent inscriptions carved on them. The Teen Darwaja (Triple Gate) use to be a royal entrance during the medieval period to enter to the Bhadra Fort.

Hill Stations & Tourist Spots

Gujarat has Saputara, a beautiful 'Hill Station' in Gujarat with nearby attractions offering Gujarat's green cover locations promoting eco-tourism.

Saputara is perched at an altitude of 1000 m, and is situated in the heart of Dangs district. Nearby Surat city, it is located on the second highest plateau of the Sahyadri range with cool bracing climate and a scenic view of the verdant valley.

The major tourist destination, Udwada in Valsad district, is being developed as an International centre of peace and harmony.

Gujarat is a home to incredible diversity. Ahmedabad, the cultural and intellectual capital of Gujarat hold the country's prime Tourist places. Gandhi Ashram, being the tourist destination from people visiting from all over the world, the city attracts major tourists.

Dekho Amdavad Initiative by GTCL

Gujarat Tourism Corporation Limited (GTCL) in partnership with Pink Travels, has launched two sightseeing buses for tourists visiting Ahmedabad on 1st May, 2012. The tour buses depart from Law garden based tourist information center every day in morning and afternoon.

International Kite Festival

Gujarat Tourism also hosts the International Kite Festival drawing crowds to witness the show of eminent kitists from many states and countries. The International Kite Festival in Gujarat has become a major tourist attraction. This International Kite Festival is held at Ahmedabad, to coincide with the festival of Uttarayan or Makar Sankranti. People from all over the world display their exotic kites of various designs. It is a splendid spectacular show to see the sky with colourful kites, huge size and varied designs and shapes. This gives the people of Ahmedabad the chance to see the unusual kites brought by the visitors some of which are truly works of art. Cuisine and Crafts display are also enjoyed by the participants and spectators.

Vibrant Gujarat Global Investors’ Summit

Global Investor’s Summit held during this time is also significant for Gujarat tourism. Since 2003, the word ‘Vibrant’ has become associated with Gujarat in yet another manner, enhancing the national and international reputation of the state. In spite of the economic slowdown, the two-day Vibrant Gujarat Global Investors’ Summit 2009 attracted promised investments of over Rs. 12 lakh crore. More than 8,500 Memorandum of Understanding were signed between the State government and the intending investors. These have the potential to create over 25 lakh additional employment opportunities. While the last three editions of the ‘Vibrant Gujarat’ summit in 2003, 2005 and 2007 together received promises for investment of over Rs 6.34 lakh crore, the 2009 summit alone had inked MoUs to invest 12 lakh crore.

Khushboo Gujarat Ki

With the launch of the campaign featuring the living legend and icon of the Indian film industry – Mr. Amitabh Bachchan, the tourist inflow to Gujarat has witnessed a phenomenal upswing. Of course, this campaign is not the sole reason for this sudden growth in tourist traffic. The fact is that a lot of groundwork has taken place in the

Flow of Tourist in Gujarat

The total flow of tourist during the year 2006 – 07 was 12.34 million and recorded a growth of 15% over the previous year. Growth of 18.5% was observed in the tourist flow from foreign countries during 2006-07. With a number of more than 2 Lacs foreign tourists in 2006-07 and around 1.75 Lacs in 2005-06.

The year on year growth between respective months in 2009 and 2010, one would notice that the international tourist traffic has gone up in the range of 30-80% while the domestic tourist traffic has increased by 14-30%.

STATEMENT SHOWING THE DETAILS OF TOURIST VISITED GUJARAT DURING THE YEARS 2006-12

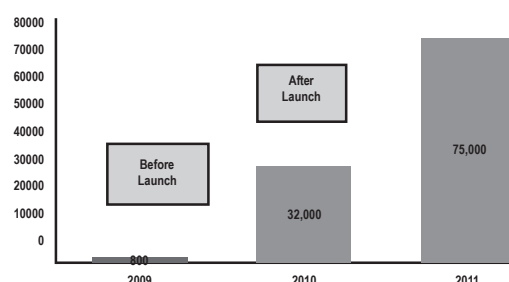
Year	Within Gujarat	Other Indian States	Total Domestic	Foreigners/NRIs	Grand Total
2006-07	9596066	2540533	12136599	206729	12343328
2007-08	11128306	2765749	13894055	228976	14123031
2008-09	12285350	3227444	15512794	294739	15807533
2009-10	13077389	3624156	16701545	309702	17011247
2010-11	15062228	4354641	19416869	395067	19811936
2011-12	17175581	4727872	21903453	451212	22354665

Source : www.gujarattourism.com

State, in terms of infrastructure development, domestic road-shows for tourism promotion and relevant policy changes – all of these combined with a powerful advertisement campaign have led to the growth.

Fig. 1 Comparison of Tourist Visits at Rann Utsav, Gujarat

Growth in No. of Visitors to Rann Utsav, after launch of “Khushboo Gujarat Ki” campaign by Amitabh Bachchan :



Source : <http://www.travelagentsofindia.com/press-releases.php>

Fig. 1 clearly shows that after launch of the Ad campaign “Khushboo Gujarat Ki”, featuring Amitabh Bachchan, Rann Utsav as well as whole of Gujarat received overwhelming response from all around the world since 2010.

The study of number of tourists shows that within Gujarat, there has been an increase of 78% within the last 6 years. There has been a considerable increase of 118% in the Number of Foreigners/NRIs visiting Gujarat as tourists. Gujarat is one of the leading states in India promoting tourism at a very higher pace.

Current activities in Gujarat to Promote Tourism

Some of the recent activities in the Gujarat Tourism sector that are clear indications of the growth trends:

1. McDonlads has already made a decision to expand its chains - other food chains would follow.
2. A dozen new medical colleges (2,200 – 5,000 beds) are being setup in the State; Narayana Hrudayalaya is also coming up.
3. International hotel chains are coming up (the recently opened Marriott is a good example; next in line is Hyatt).
4. The state-of-the-art international airport in Ahmedabad is scheduled to get started soon.
5. The recently organized birds conference at Khijadia Bird Sanctuary was a roaring success – the single day revenue of the sanctuary crossed Rs. 25,000 (which typically never exceeds Rs. 1,500 – Rs. 2,000).

Investment Opportunities

Starting all the way from South of Gujarat, there are very limited places in the State where investment opportunities do not exist in this sector. For example in South Gujarat, Rs. 150 crore has already been sanctioned and work is on for master-planning of the Valsad – Saputara area. Similarly, TCGL has appointed architects to work on master-planning of sixteen beaches of Gujarat. Some of the other specific locations for investment include:

1. The development of Nargol, Ummargam and Suali beaches that would require about Rs. 10,000 crore worth of investment.
2. Navsari & Surat that have great potential for development of Business Tourism facilities.
3. The Five ‘S’ of tourism investment in Gujarat - Saputara, Somnath, Sidhpur, Sasan and Suali beach: these would require a minimum investment worth Rs. 50,000 crore.

Recalling the recently conducted Gujarat Tourism road show in Mumbai, significantly the participation had gone up, compared to earlier road-shows by the Government. If this confidence continues, then the private players will soon help Gujarat become the number one Tourism State in India.

Government of Gujarat in May 2010 has decided to deliver 50 tourism projects within six to seven months. The entire assignment was eventually split into the following six sub-sectors with a total of 39 projects.

Sub-sector	No. of Projects
Eco tourism projects	7
Beach projects	11
Way-side amenity projects	11
Business tourism projects	6
Religious tourism projects	3
Rural and cultural tourism projects	1

Future Role of Government to Promote Tourism

Gujarat is already the growth engine of India; it should now strive towards becoming the Gateway to India. Government should enhance the speed of approvals for hotel projects because as these projects are land intensive. Hotel industry should be treated like any other infrastructure industry – similar incentives and rebates must be given as are given to the industrial sector.

Government should put greater efforts in ensuring that more training facilities catering to the hospitality industry are set-up in the State. Training of women should be given special focus in all training programmes.

Training institutes are required for the tour operators also, especially in the area of foreign language training, if Gujarat has to work out a USP, it is very important that the triple bottom-line strategy is adopted (social, economic and environmental).

Some of the Government laws pertaining to building designs are archaic and need to be looked afresh. Given that water transport is the cheapest transportation mode in the world, three parallel lines - for water, railway and road should be developed eventually, especially for a State like

Gujarat which has India's longest coastline; and Gujarat should wipe out all earlier perceptions through a single window approach and at the same time ensure that there is not much gap between reality and perception.

Private Sector Initiatives

In Gujarat, both domestic and international tourist numbers have grown by over 35% (YOY). Travel time between Ahmedabad and Mumbai is expected to reduce to 4.5 hours (once the work on expressway is over) – this will lead to higher number of tourists flocking the State. Increase in agricultural income of rural Gujarat will create great demands for the restaurant industry in the State. Today is the most opportune time to invest in the Gujarat Tourism sector because the growth curve is steep - being an early investor is essential since once investment scenario starts getting crowded, land prices at all the favourable locations typically go up.

Investment opportunities

At least 1,000 hotels would be required in the State within the coming two years – involving creation about 1 lakh rooms or 1.5 lakh beds. Sixteen beaches of Gujarat including Nargol, Ummargam and Suali beaches require tourist outlook. Focus of tourism development in Gujarat would be - Saputara, Somnath, Sidhpur, Sasan, Navsari & Surat have great potential for development of Business Tourism facilities. Building designs should look at monuments of the future - whilst it is important that the services that are provided be of world class, the raw materials used should also be friendly to the environment.

Improvement in Medical Tourism

Gujarat has good hospitals but many of them lack international accreditation – Government may need to take up this issue at its end. Visa on arrival – if put in place, would be extremely helpful to promote this industry. Government should proactively help international medical tourists in case of death and legal matters and police enquiry during stay should be more courteous. Even the hospitals should be given an industry status-

Electricity Duty should be charged at industrial rates and incentives in the area of property tax should also be provided;

Government should support the industry in marketing it - satellite centres may be opened up in developing countries and stalls and booklets at various forums should be distributed; and systemize an honest, efficient, transparent and cost effective treatment in the State, preferably by involving Government, doctors and hospitals together.

International tourists should not be charged extra fee just because they are coming from overseas – doctors need to be extremely transparent in this regard. The travel agents and tour operators need to come up with more and better packages for the patient's relatives for site seeing and leisure (Thailand and Malaysia already offer this);

Conclusion

Gujarat Tourism has got immense growth opportunities because of the increased awareness as well as the recent developments taken place at the tourist spots of Gujarat. Today is the most opportune time to invest in the Gujarat Tourism sector because the growth curve is steep instead of having reached a plateau.

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1. Your submission must be in MS Word 2003 format.
2. Name of the author, designation and affiliation, and contact e-mail must be placed on the first page.
3. The second page must contain the abstract and keywords. Ensure that the abstract is no more than 150 words. Abstract should be in fully justified; italicized text. The abstract should elaborate research background and methodology. Maximum 4-6 keywords, listed alphabetically, separated by commas, and full stop at the end.
4. The third page must contain the title and the body of the article must start here.
5. The body of the article must be center-justified and the entire article must be of font size 10 in Times New Roman font except for headings. The title must be boldfaced with 14 font size, in Title Case. Each of the subheadings must be of font size 12, boldfaced, and in Title case. Section headings of the subheadings can be of font size 10 and boldfaced in Title case.
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10. Annexure must be numbered and must follow immediately after the body of the text.
11. The body of text must contain references as follows: (Goel, 2009) or (WTO, 2009) i.e. last name/surname of the author and year
12. All references have to be arranged in alphabetical order and must be numbered except those of Internet sources. The Internet sources must be placed after other references and must be separately numbered.
13. The references must be presented as follows:
For books, reports, manuscripts, and unpublished volumes:
 Toffler, A. (1980), *the Third Wave: The Classic Study of Tomorrow*, Bantam Books, New York, pp. 195-207.
For journals and other periodicals:
 Venkatesha, H. R. (2008), “Dealers’ Performance and Customers’ Preference in Passenger Car Marketing”, *Vilakshan*, Vol. 5, No. 6, pp. 222-235.
 For Internet sources, web site addresses must be alphabetically arranged and numbered at the end of the reference section.
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