SWOT & NEED ANALYSIS OF TOURISM INDUSTRY IN INDIA

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ABSTRACT

India’s tourism industry is experiencing a well-built period of expansion, driven by the budding
Indian middle class, growth in high spending foreign tourists, and synchronized government campaigns
to uphold ‘Incredible India’. Tourist arrivals are anticipated to raise by over 22% per year through till
2010, with a 33% increase in foreign exchange income recorded in 2004. The promotion helped generate
a colourful picture of India in the minds of clients all over the world, and has unswervingly led to an
augment in the interest among tourists. The concept paper represent possible opportunities for strategic
investment in Remote area Development and further due attention is paid to determine its feasibility. We
examined the status and performance of tourism industry in India.

KEYWORDS: Strength, Weakness, Opportunity, Threat, Stakeholders.

INTRODUCTION

Tourism and Travel organization in the present day is a mode of life of all individuals. Tourism
is considered as one of the principal industries in India, as it receives about 465.6 million domestic and
worldwide tourists each year (Kent 2005, Government of India 2008).

India has the prospective to be the No.1 tourist destination in the world provided:
Our strengths are maintained as it is and in fact, increasing our standards.
Our weaknesses are minimized if not eliminated as much as feasible
making fine use of our opportunities. And last but not the least, nullifying the threat amount to the
minimum. This is striving but possible. Madhya Pradesh bagged the Best Tourism State Award in 2012.
A wish to break from routine or to look forward to a enhanced life, travel has forever remained a
constant joy ever since intelligent life came into being. Ritchie and Crouch (2003) and Dwyer and Kim
(2003) administer to incorporate all the factors, predicted on a holistic vision of the significance of
creating and maintaining tourism competitiveness. India has a dazzling future in the area of tourism and
has a kaleidoscope of tourist attractions and products to offer to visitors. Realising this Government of
India is giving intense attention to build up facilities to attract tourists from world over. Generally, the
tourism growth has been concentrated and accumulated to a only some areas (Singh 2002).

The venture in the present scenario requires capable and confident manpower which has entire
knowledge of the complicated technicalities involved in the soft working of this industry.
GEOGRAPHY OF TOURISM

India is one of the oldest countries in the world, full of charismatic and eye-catching historical sites and challenging and strange stories that laid in the base of Indian cities, regions and even buildings. India is the country of contrasts from architectural and enlightening perspectives. Mistreated assets rights of local communities and their acuity in planning process also influence the results and outcomes of the policies leading to further strengthening of impacts of tourism activities (Maikhuri et al. 1998 and 2000, Balint 2006, Kala 2007).

If we want to surprise ourselves with food, culture, language, clothing and diverse behaviour, India is the correct place for to go. With the population of over one billion people, India is very multicultural and each of the twenty eight states in the country has its distinctive identity that determines and directs its history. At the moment, resettlement has led directly and indirectly to noteworthy growth in tourism to both origin and target countries through improved visibility, especially in the "Visiting Friends and Relatives" (VFR) sector, and to the growth of new tourism infrastructure and transport routes in and between countries (UNWTO, 2010).

Table 1: Trend in domestic tourist arrivals in India

<table>
<thead>
<tr>
<th>Years</th>
<th>Domestic Tourists (in millions)</th>
<th>Percentage (%) change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>391.95</td>
<td>7.0</td>
</tr>
<tr>
<td>2006</td>
<td>462.31</td>
<td>18.0</td>
</tr>
<tr>
<td>2007</td>
<td>526.56</td>
<td>13.9</td>
</tr>
<tr>
<td>2008</td>
<td>562.98</td>
<td>6.9</td>
</tr>
<tr>
<td>2009</td>
<td>669.02</td>
<td>18.8</td>
</tr>
<tr>
<td>2010</td>
<td>740.0*</td>
<td>10.61</td>
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India is the motherland of such famous people as Mahatma Gandhi, Siddhartha, Tata and the others. Everybody knows and heard the names of Taj Mahal, Great Indian Himalaya and Bengal Tiger that became the faces of Indian tourism. For those who prefer beach and sun tourism India is ready to propose famous Goa and Kerala Beaches with more than hundred kilometres long sea line.

For more interesting visitors, India is opening the doors of the Khajuraho temples with its glorious arts of early medieval period. Constructed back in the ninth and tenth centuries, these buildings keep the history of India and will not leave even the most demanding tourist unconcerned. The tourist inflow suddenly increased after a relaxation of government rules in 1990 (Rai and Sundriyal, 1997).
Cultural India is for those who want to jump into local traditions and celebrations to feel the real country’s spirit. Goa carnival, Pushkar Fair and Varanasi Ghats are the places that we cannot miss if we are in search of divine and cultural tourism. There is no other country that is able to propose such an enormous variety of attractions and historical sites for its visitors as well as its hospitable people and feeling. We cannot miss India if we consider ourselves a traveller. For every business venture and similar concern SWOT analysis helps to guide and realize external and internal environments favourable for running an organisation.

TOURISM INDUSTRY AT A GLANCE

Strengths

1. India’s geological location is a culmination of forests, deserts, and mountains and beaches.
2. Variety of culture i.e. a mix of diverse civilizations and their traditions. A wealth of archeological sites.
3. Indian tourism is known for its heritage and monuments.
4. India has a corporation to administer support issues related to tourism.
5. Country of prosperous heritage and traditions having a enormous and varied history.
6. Places of prehistoric civilization and settlements dating back to numerous centuries present in India.
7. Unity in Diversity i.e., Multicultural people staying collectively in the same country. One of the best growing economies of the world.

8. Growing literacy rate among the local people and improving infrastructure leading to increase in tourist visits.

9. India has been maintaining good and pleasant association with different countries which helps the people of those countries to get the visas easily to visit India.

**Weaknesses**

1. Lack of sufficient infrastructure. An intolerant attitude among certain sections of the people.
2. No appropriate marketing of India’s tourism in a foreign country. Foreigners still think of India as a land of snake charmers.
3. Loss of local culture as well as the loss of traditional environmental awareness is one of the negative impacts of uncontrolled tourism (Nyaupane and Thapa 2004).
4. Costly travel, elevated fuel prices resulting in the increase of fares of flight and trains which are the major means of transport for the tourists.
5. Lapses in security and safety incidents of flaunt and harassment of tourists in some places.
6. Gap between requirement and supply of manpower. Insufficient standard hotels in the country leading to the crisis of accommodation for the visiting tourists.
7. Lack of proper infrastructure.
8. Poor health, lack of hygiene and proper sanitation among common people especially in the rural parts of the country.
9. Incidents of local people harassing and torturing the visiting tourists especially the foreign tourists in diverse parts of the country.
10. Irregular progress

**Opportunities**

1. More hands-on role from the Government of India in terms of framing policies.
2. Allowing entry of added multinational companies into the country giving us a worldwide perception.
3. As well as development of domestic tourism is one of the factors of the growth of the tourism industry.
4. A pioneer initiative by Ministry of Tourism, Government of India that will help tap into the full prospective of tourism in India.
5. A countrywide promotion that aims at sensitizing key stakeholders towards tourists, through a process of training and orientation.

6. The Commonwealth Games 2010 in New Delhi was the largest ever event in India’s sporting history.

7. International players of different sports from across the world visited to take part in CWG 2010.

8. This resulted in India’s place on the world map as a ‘sporting nation’ having the competence to host a major sporting event.

9. Major advance for the Indian tourism industry since many foreign tourists visited for seeing the sights and to observe the CWG 2010. Definitely, a key source of income for the Government (Approx. 1500 crores).

**Threats**

1. Financial conditions and political disorder in other countries affects tourism.

2. Aggressive strategies adopted by other countries like Australia, Singapore in promoting their tourism affects Indian tourism.

3. Tourist often ignored, Cheated and rudely dealt with Spoils the image of country.

4. Terrorism incidents like 26/11, 11/7 have an impact on the psyche of the visiting tourists. These incidents considerably reduces the foreign tourist arrivals in India.

5. The rising Naxalite activities and constant Maoist attacks in the country is not helping the cause.

6. Crime rates growing in the country ranging from insignificant thefts to serious murder cases.

7. Diseases in recent years such as Dengue, Chikungunya and Swine Flu are causing the tourists to stay away from visiting various parts of the country.

8. Escalating competition from other exotic countries. Eg. Singapore, Hong Kong etc.

9. Food problems plague the tourists.

10. Lack of basic infrastructure and accommodations for tourists in rural areas of the country.

11. Women particularly western women get harassed by the local men making it unsafe for women and aged tourists.

**Hotel Industry**

Hotels form one of the most important support service that influence the arrival of tourist to a country. The major players in the industry are Indian Hotels Company Ltd (IHCL) operating under the
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Taj brand, the Oberoi, Welcome Group of Hotels, Hotel Leela Venture and the Ashoka chain of hotels, owned and operated by the Indian Tourism Development Corporation (ITDC).

There are around 1000 categorised hotels and the total room availability is pegged at 97,000 rooms. Hotels are classified into six categories according to the star rating assigned by the Department of Tourism. These range from one star to Five star deluxe depending upon size and facilities. About 30% of the rooms fall under the 5-star deluxe categories.

To find out the current status of this industry a strength, weakness opportunity and threat (SWOT) analysis is needed. This will help us in understanding this industry and also identify the weak points.

**Strengths**

1. A wide variety of hotels is present in the country that can fulfil the requirement of the tourists.
2. There are international players in the market such as Taj and Oberoi & International Chains. Thus, the needs of the international tourist’s travellers are met while they are on a visit to India.
3. Manpower costs in the Indian hotel industry is one of the lowest in the world. This provides better margins for Indian hotel industry.
4. India offers a convenient tourist destination with the income it has. Thus the magnet to pull customers already exists and has prospective grow.

**Weaknesses**

1. The cost of land in India is high at 50% of total project cost as against 15% abroad. This acts as a major prevention to the Indian hotel industry.
2. The hotel industry in India is heavily staffed. This can be gauged from the facts that while Indian hotel companies have a staff to room ratio of 3:1, this ratio is 1:1 for international hotel companies.
3. High tax structure in the industry makes the industry not as good as international equivalent. In India the expenditure tax, luxury tax and sales tax go up the hotel bill by over 30%. Effective tax in the South East Asian countries works out to only 4-5%.
4. Only 97,000 hotel rooms are available in India today, which is less than the Bangkok hotel capacity.
5. The services presently offered by the hotels in India are only limited value added services. It is not comparable to the existing world standards.

**Opportunities**

1. Demand between the national and the inbound tourists can be effortlessly managed due to variation in the period of holidays. For international tourists the peak period for arrival is between September to March when the climatic environment are suitable where as the national tourist waits for school holidays, usually the summer months.
2. In the long term the hotel industry in India has dormant potential for growth. This is because India is an ideal destination for tourists as it is the only country with the most varied
topography. For India, the inbound tourists are a mere 0.49% of the global figures. This number is expected to increase at a unusual rate thus approaching up the requirement for the hotel industry.

3. Exclusive experience in heritage hotels.

**Threats**

1. Guest houses replace the hotels. This is a budding trend in the west and is now easily spread up in India also, thus diverting the hotel traffic.
2. Political instability in the area reduces tourist traffic and thus the business of the hotels. In India examples of the same are Insurgency in Jammu Kashmir and the Kargil war.
3. Varying trends in the west demand similar changes in India, which here are hard to execute due to high project costs.
4. The economic situation of a country have a direct impact on the income in hotel industry. Lack of training man power in the hotel industry.

**Transport Facilities**

A fine knit and synchronized system of transport plays a significant role in the continued economic growth of the country. The current transport system of the country comprises of numerous modes of transport including rail, road, air transport etc. Tourism industry is also affected by the performance of these services heavy road taxes are the great threat to the tourism industry.

Airports are the main infrastructure provision that a country has to present to the international tourists. It would be astonishing to note that prominent tourists destinations like Jaipur and Goa do not have an international airport. Foreign guests, who constitute more than 60% of the tourists destined for these cities, presently have to travel via Mumbai, unless they are ready to charter a flight. This makes things burdensome and time consuming, thus disappointing many time aware tourists from visiting these places.

Similar is the case of cities like Agra, Udaipur and Varanasi where foreign tourists account for approximately 50% of the total tourists arrival.

These services decide the position of a place in a tourist's portfolio. They on one hand attract tourists to a particular destination and on the other act as a major demotivating factor if they are not capable to fulfil the expectations of the visitors. So the main bottlenecks to this industry are to be found here. In this regard an attempt to SWOT analyse some of these services and detect areas that need attention.

To find out the current status of this industry we have done a strength, weakness opportunity and threat (SWOT) analysis. This will help us in understanding this industry and also recognize the weak spots.
AIRLINES INDUSTRY

Strengths

1. Airlines are the most ideal mode of transportation by the foreign tourists as the ease provided by the airlines is higher.
2. The savings in time that this mode of transport offers is enormous.
3. Manpower costs in the transportation in Indian hotel industry is one of the lowest in the world. This provides enhanced margins for Indian hotel industry.
4. India offers a convenient tourist destination linked by air. Thus the magnet to pull customers already exists.
5. Low cost carriers have brought boom in air travel.

Weaknesses

1. Incompetence of the domestic airlines there are number of instances of flight being cancelled or late. Secondly frequent strikes by the pilots and maintenance problems are a major cause of worry. This is one of the reasons that make a tourist discouraged
2. Lack of basic services at the airport. When international airports propose such services like free transportation facilities, private lounge facilities at airports, food etc, it sometimes become impractical to find a clear toilet in our international airports.
3. Government does not let the capacity of existing airports to increase and private and foreign operators are not given clearances to function in the country.

Opportunities

1. Development and up gradation of the present airports, India's geographic locality makes it a perfect location to provide as a link between the East and the West.
2. Airline market growth offers frequent expansion opportunities for both leisure and business destinations. This is predominantly true for international destinations.
3. Technology advances can result in cost savings, from more fuel efficient aircraft to more mechanized processes on the ground.
4. Technology can also result in augmented revenue due to customer-friendly service enhancements like in flight Internet access and other value added products for which a customer will pay extra.
5. Link-ups with other carriers can very much increase passenger volumes. By coordinating schedules, airlines can offer service to destinations via a code share agreement with a partner carrier.

Threats

1. Domestic airlines (Air India and Indian Airlines) face major competition from other transnational airlines.
2. Under cutting in for their survival and then go on to business. A global economic recession negatively affects leisure, optional travel, as well as business travel.
3. The price of fuel is now the largest cost for many airlines. An upward spike can threaten the business model.
4. A plague or terrorist attack anywhere in the world can disapprovingly affect air travel.
5. Government interference can result in new expensive rules or unexpected new international competition.

ROAD AND RAILWAYS NETWORK

Strengths

1. India has one of the major road networks in the world. Country's total road length was 30,15,299 km. More roads are being added in near future.
2. Trains like Palace on Wheels provide a sense of Indian majesty of the days gone by.
3. Deccan odyssey, Heritage on wheel, Taj trains offer exclusive Rail experience.
4. High standards and increasing passenger flow of the international air traffic.
5. A well-built railway system about 60 % of the cargo is carried by the railways.

Weaknesses

1. The road condition in India is very shocking. The roller coaster ride is not what is expected while travelling by the tourists.
2. Heavy road taxes.
3. The majority of the roads are in a poor condition (lighting, traffic signs, etc).
4. A high number of road victims which remains the highest in India.
5. The rolling stock of the railways is exhausted and old.
6. The railway transportation is slow, which hinders the passenger transportation.
7. The transport services are badly developed in India.

Opportunities

1. As the tourism industry expands the airline industry is also in for a boom.
2. The smaller places that cannot be accessed by the air, road and railways are the next finest options.
3. To progress the safety on Indian roads via superior road quality.
4. To optimise the system of railways and auto transport roads and further coordinate with the territorial planning.
5. Develop the public transport system, particularly in Madhya Pradesh with a suitable pricing policy.
6. To develop logistic services to guarantee India becomes more noteworthy transit route for cargo.
7. The prospective of regional airports should be assessed and developed.
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Threats

1. There are no major threats to this industry as there is no alternative at present.
2. Airlines are the only threat, which will take time to develop to come up to have such wide circulation as rail or roadways.
3. The fast growing number of passenger and cargo can cause a further damage to the roads.
4. Increasing load upon the urban centres transport system.
5. The workforce emigration.
6. Political changes, predominantly in regarding the transit sector.

 TOUR OPERATORS IN INDIA

Strengths

1. Travel agents are moving from being mere ticket issuers to travel consultants taking whole liability for the consumer's requirements.
2. Travel agencies not only provide the image of the country to the concerned parties but also attract them to visit a country by the eye catching packages.
3. Vertical assimilation
4. Skilled management team
5. Determined acquisitions
6. Diversifying its market and reducing reliance on Indian market
7. Excellent range of choice of holidays
8. Diverse distribution channels

Weaknesses

1. Travel agents are most affected by the taxes that are part of the industry.
2. Propagation of brand names could cause misunderstanding
3. Abnormal growth will the bubble burst?
4. Incomprehensible range of acquisitions
5. Local company with international ambitions

Opportunities

1. As the number of tourist is increasing, there is a need to recognize their requirements and the travel agencies can tap this section.
2. To become the ideal Indian Tour Operator
3. To be the market leader
4. To expand in to other tourism related sectors such as green tourism, ecotourism
5. To look forward to future trends in the travel industry
Threats

1. With the initiation of internet the role of travel agents is shifting and the whole industry faces a threat of annihilation unless they change to meet the requirement of tourists.
2. Consumers tire of the same old holidays.
3. Augmentation of low cost airlines.
4. Customers can prepare their own holidays and put the package together saving 10% on the cost of using a travel agent.
5. Economic recession, increasing interest rates

GOVERNMENT POLICIES

One of the most obvious reasons that the study has brought out is the lacuna in the Government's policies towards the industry. The Government is the most important player in this industry and all the other players have to follow the guide taken by it. However, the actions of the government have not been practical. Rather it has been late in increasing to the prospect that the tourism industry offers. There are not adequate incentives been offered to the other players like Hotels and the travel agencies. There is no incentives for the hospitality industry to set up shop in area, as is the case with other industries. The government should be taking the lead and attracting the industry to places that have enormous tourist prospective but have still not completely developed. Incentives like tax holiday or a condensed rate of duties would go a long way in the encouragement of the places. Secondly, the various limitations those are in place in areas like Sikkim and the North-East should be comfortable so that more people can visit those places. Even when the Government is in charge of maintaining the sites of historical significance, it has been greatly weighed down due to resource crisis. The sites that are under the Archaeological Survey of India are in useless condition, as the agency does not have sufficient manpower or the money to look after all of them. This has lead to the regular decay and demolition of many important sites both by nature as well as because of sabotage. There have been cases where whole temples have been thoroughly exposed and completely dismantled without the agencies in charge being aware of them.

POOR INFRASTRUCTURE

The infrastructure has been a foremost reason why the international tourist has been skipping the country. Belated or nonappearance of connectivity to diverse locations, lack of appropriate accommodation facilities, bad roads and no communication amenities are some of the factors that are stopping people from visiting many places.

Unless the infrastructure is properly developed, a large majority of tourists will give the country a skip. Again this is linked to the above restricted access. The lack of a Government that is practical. Unless the government sanctions the infrastructure projects there will be no improvements in the state of affairs. A very recent example that has been in the news is the airport project in Bangalore. Although the
plan has been lying with the government for three years, still now it has not been implemented. There is
an acute lack of appropriate accommodation facilities for the tourist. So more hotels have to be built.
Even currently there are some places that are not properly connected by even good and traversable roads.
These also need to be developed.

APPREHENSIONS ABOUT THE LAW AND ORDER SITUATIONS

The lack of protection that is faced by a lot of international tourist is also a foremost root for
concern. There have been many instances where tourist have been physically beaten, robbed and sexually
harassed. Any such incident reflects badly on the country and creates a negative illustration in the
country from which the tourist has come. In the mid nineties, when revolution was thought to be on a
turn down in Jammu and Kashmir, five foreign tourists were kidnapped. This lead to a lot of scream and
the State Department of the USA issued a specific warning to its citizens not to visit Jammu and
Kashmir. even though the notice was only for J&K still then it exaggerated the total inflow of tourist into
the country. Similarly French national/ Japanese National were sexually assaulted in New Delhi and that
too had attracted international notice. Apart from these, there are hundreds of other incidents like
cheating to murder that blemish the image of the country. Socio-religious problems (Riots etc) have
become a usual affair and the country is not professed as a peaceful destination. All these concerns have
to be critically looked into by the concerned agencies.

Conclusions

Indian tourism industry needs enhancement in terms of behaviour, honesty. foremost influential
factor like politeness, humility, willingness to help and accept people has promoted their tourism. The
above behavioural traits have to be strengthened and toughened in India. Indian Tourism Industry is
grossly underutilized or unexploited in case of Tourism development where the Government both Centre
& State may come out with a progressive policy on Tourism which helps to generate Infrastructure
through the inflow of tourist to diverse regions to India. The Government should gives sops like Tax
holiday, Special packages to such areas. The Governments must step in the role of supervisor, facilitator
in order to support private investment in it. A Task force needs to be made which has members from tour
operators & concerned Ministries which come out with holistic and reasonable approach to gauge this
opportunity of rolling tourism Industry in the present time.

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