

Importance of hospitality industry on Indian economy

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Abstract

The Hotel industry in India has evolved remarkably over the decade and in effect parading quite a wide spectrum of benefits and opportunities for players of the service industry. The industry is statistically proven to have performed creditably countrywide and among its major cities. It is considered to a larger extent that the hotel industry flourishes on the wings of the tourism Industry. The Hotel and Tourism sector is considered among the top ten sectors in India. As a results of its contribution, the Hotel and Tourism sector attracted around US\$ 9.2 billion of FDI between April 2000 and March 2016 as released by the Department of Industrial Policy and Promotion (DIPP). The demand for travel and tourism in India is expected to grow annually by 8.2% which is expected to put India third in the world. Travel and tourism in India also accounted for 49,086,000 jobs in 2010 (about 10% of total employment) and is expected to rise to 58,141,000 jobs (10.4% of total employment) by 2020. According to the Economic Survey of India the Indian Hotel industry accounts for USD 17 billion, 70% (USD 11.85 billion) which take their origin from the unorganized sector and the remaining 30% (USD 5.08 billion) from the organized sector. In 2000, India hosted only 2.6 million international visitors. By 2009, the figure had already increased to 5.13 million arrivals. Over the years, a sustained increase in the tourism industry with increase in number of foreign and domestic tourists has serve as a booster to the Hotel industry. This study makes an

exploratory attempt to study the Hotel industry as it relates to India and analyses its contributory effects on the economy on the heels of the various reforms that have hit the country. The objectives of the study are to analyze and assess the performance of the Hotel Industry in India and to identify the challenges and setbacks of the industry. Data was collected primarily from secondary sources. The findings of the study revealed that there have been a substantial growth in operating performance indicators such as revenue and a decreased countrywide departmental expenses. It was therefore concluded that India's hotel sector has unequivocally entered the next up-cycle with impressive performance suggesting that players of the industry have the onerous responsibility and duty to capitalize on this and make the best out of the industry

Introduction

The hospitality industry is a vital sector that significantly contributes to the Indian economy. It encompasses various segments such as hotels, restaurants, travel agencies, and tourism services, all of which play a crucial role in driving economic growth, generating employment, and promoting cultural exchange. The hospitality industry not only provides essential services to domestic and international travelers but also contributes to the development

of infrastructure and the preservation of cultural heritage. In this introduction, we will explore the importance of the hospitality industry in the Indian economy and its impact on various aspects of the country's development.

Firstly, the hospitality industry is a key driver of economic growth in India. The sector contributes significantly to the country's gross domestic product (GDP) through revenue generation and job creation. According to the World Travel and Tourism Council (WTTC), the hospitality and tourism sector contributed approximately 9.2% to India's GDP in 2018 and is expected to grow at an annual rate of 6.9% over the next decade. This growth is fueled by the increasing demand for travel and tourism services, both domestically and internationally.

Secondly, the hospitality industry plays a crucial role in generating employment opportunities in India. The sector is labor-intensive and provides jobs to a diverse range of individuals, from hotel staff and tour guides to chefs and hospitality management professionals. According to the WTTC, the hospitality and tourism sector directly employed over 42 million people in India in 2018, accounting for 8.1% of total employment in the country. Additionally, the sector has a significant multiplier effect on employment, creating job opportunities in related industries such as transportation, retail, and entertainment.

Thirdly, the hospitality industry contributes to foreign exchange earnings in India through international tourism. India is known for its rich cultural heritage, diverse landscapes, and historical sites, which attract millions of foreign tourists every year. According to the Ministry of Tourism, Government of India, the country received approximately 10 million foreign tourist arrivals in 2019, generating foreign exchange earnings of USD 28.59 billion. These earnings are crucial for India's balance of payments and help support the country's economy.

Furthermore, the hospitality industry plays a key role in promoting cultural exchange and understanding. As travelers visit different regions of India, they are exposed to diverse cultures, traditions, and cuisines, enhancing cross-cultural interactions and promoting mutual respect and understanding. This cultural exchange not only enriches the travel experience but also contributes to global peace and harmony.

The hospitality industry plays a crucial role in promoting tourism in India. The sector provides the necessary infrastructure and services to attract tourists, including accommodation, transportation, and recreational facilities. India's tourism industry is known for its hospitality and cultural diversity, offering a unique experience to visitors. This, in turn, helps showcase India's rich heritage and traditions to the world, promoting cultural exchange and understanding.

Objective

1. Foreign exchange and direct investment
2. Revenue generation
3. The impact of economy in hospitality industry
4. The role by hospitality industry in Indian economy

5. Economy factors affecting the hospitality industry

REVIEW OF LITERATURE

The main purpose of this paper is to bring out that how the Tourism and Hospitality Industry contribute and playing a vital role in the economy of India. Also what is the data produce by the industry and what is the percentage of contribution in GDP in the previous years and current and what will be in future? In the introduction part of the paper put focus on the key players of the hospitality in India. The review of literature is showing the reviews of various officials and authors, what they explain that how the Indian economy effected by the tourism and hospitality industry time to time. The methodology is showing as the tools of the study, what are the earning sources of the industry. The finding and result highlight the Foreign Tourist Arrivals (FTA) and Foreign Exchange earnings (FEE) in India. How the various key players contribute in the economy of the country? How the Tourism & Hospitality Industry develop/maintain the economy of India during the period of recession, this can be easily understood able through the finding of this paper. Parul Mathur, Dileep Kumar

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TOURISM AND HOSPITALITY INDUSTRY IN INDIA.

India is known worldwide as ancient and mysterious civilization and the second most populated country of the world after China, with a population of one billion. With increasing worldwide tourism and travel for leisure, business and cultural purposes are on the rise, India attracts only 2.4 million visitors annually of the 600 million who travel. India can develop a sound policy to attract tourism and travel to generate jobs at the lowest cost of investment per job in this industry as well as promote sustainable development and cultural heritage, which has been so precious to India. India needs to shed its reluctance of encouraging tourism by affluent Westerners. Tourism, if properly planned and promoted can provide 20+ million jobs in next ten years and foreign exchange in excess of 30 billion dollars. What India needs is a firm policy and commitment to expand tourism as a source of sustainable economic development with value for the tourists and enhancement of India's cultural heritage **Authors**

Karthala, S.K

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generated. For the set objectives secondary data has been collected through newspapers, magazines, website, and research papers. After analyzing the facts and figures it can be said that the role of tourism in GDP contribution is getting large day. Authors Rawat, Deepak Singh

Impact and Survival Strategy for Hospitality Industry after Covid-19

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Ana wade P.A. & Bendale Shilpa K. (2016)

Studied on the topic "Development and Impact of Tourism Industry in India". He concluded that tourism industry in India is developing with fast rate and it has high potential for creating employment opportunity and generating large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. In spite of several efforts by the central and state government, the growth of tourism industry is not getting that status which Indian Tourism deserves actually. It is time that India should look for and make efforts on global

market to offer the best product mix and adopting right strategies for the promotion and development of tourism in the country. **Mutha, D. A. (2015).**

Studied on the topic “Impact of Tourism in Indian Economy” and concluded that the tourism industry in India is substantial and vibrant and the country’s rapidly growing as a major global destination. Moreover tourism industry contributes up to a great extent to grow horticultures, handicrafts, agriculture, construction, and poultry and so on. Today, tourism has become more inclusive of new concepts which needs the support of the government for development and growth. There is also a need to propagate these concepts with dedicated policies formed for the development of tourism. Effective implementation of the policies will help to boost the growth of the industry

Vijayaragavan, T. (2014)

On the topic “Role of Tourism Industry in India’s Development” studied the role and importance of tourism to the generation of national income, expansion of employment opportunities, rising of tax revenue, generation of foreign exchange and transformation of regional economy. Travel & Tourism is a significant economic aspect in most countries around the world. As well as its direct economic impact, the industry has major indirect and induced impacts. Indian Tourism offers a potpourri of variety of cultures, traditions, festivals, and places of interest. India is a country which has rich cultural, religious and traditional diversity. This aspect is also reflected in its tourism. The different parts of the country offer diverse variety of interesting places to explore. **Mathur, Parul & Kumar, Dileep. (2014).**

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Analyze the topic “An Economic Evaluation of Indian Tourism Industry” and concluded that tourism industry has emerged as an important instrument in the economic development of Indian economy, particularly in remote backward rural areas in present time. Because of its strong backward and forward linkages it helps in creating employment opportunity in different profiles and thus increases living standard of people who are directly as well as indirectly linked with this economically profitable activity.

Foreign Direct Investment and its impact upon the Indian Hospitality Industry

Foreign direct investment (FDI) is a vital aspect for economic growth and development of the Indian hotel industry as it generally tends to strengthen the capital amounts available, enhances productivity and creates employment. FDI is also important in the upgrading of technology, skills and managerial capabilities in various sectors of the industry and also within the overall economy. The present study is an attempt to analyse the status, role and importance of FDI in growth and development within the Indian hotel industry. The hotel and tourism industries burgeoning development have effects on the economy of India which are considerable when viewed from an economic perspective. Viewed as a multidisciplinary activity involving several industries and drawing upon a variety of skills, the benefits of FDI are spread over a wider section of society compared to those from other sectors of the economy. FDI should thus play a significant role in developing the hotel industry in India and also in other developing countries, by providing the required capital and infrastructure which is needed, such as international airports, highways and related modern technologies which are all in any event, keystones to tourism development and critical to economic growth.

Role of tourism and hospitality business in economic development

Tourism is critical in creating goodwill among people and, as a result, socioeconomic growth in the country. Tourism as an industry contributes significantly to the country's foreign exchange reserves and provides direct and indirect job possibilities to a broad segment of the population. Furthermore, supporting a nation's handicrafts and fine arts aids in the preservation of nature's beauty, cultural legacy of the country, and soil tradition, as well as strengthening the process of national integration and global brotherhood. For analytical purposes, it is important to distinguish between different forms of tourism. For example, tourism is often divided into two main categories: international tourism and domestic tourism, which is determined by the tourist's permanent residence's territorial limit. There is no minimum duration of travel required to qualify as a tour, and the important component is the movement away from the permanent residence to the destination or locations that are not in the same region. This article discusses the importance of tourism and the hospitality industry in economic growth.

Hospitality Industry: A Financial Boom for Indian Economy.

Hotel Industry is one of the important component of tourism industry. The definition of tourism industry can't be completed without mentioning the presence of a hotel. A hotel is a place which provide a space to stay, some food & beverages to eat and drink, and some facilities to enjoy. Hotel industry is playing a vital role in earning millions of dollars from foreigners and thus contributing towards revenue generation and increasing employment opportunities to the host community. Present paper highlights the significance of hotel industry in Indian economy, their demand and supply scenario, and various challenges before hotel Industry and Government efforts to remove the problem associated with this industry. To obtain all said objectives data has been gathered through secondary sources especially with the help of books, magazines, e-journals, and websites. After analyzing all the facts it may be concluded that the Indian Hospitality sector is expected to show a healthy growth in the coming years. Strong

economic growth, increased FDI, greater emphasis on tourism development, favorable Government policies, impending 2010 Commonwealth games, 2011 Cricket World Cup and other international events, have proved as a major drivers for the growth of this sector. Authors

Sharma, Anupama

Critical success factors for experiential marketing: Evidences from the Indian hospitality industry

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Saranjit Gupta, Samrat Dasgupta, Ranjan Chaudhuri

International Journal of Services and Operations Management 11 (3), 314-334, 2012

With the continuous proliferation of communication media and ever-dynamic consumer expectations, the fight for capturing a prospect's mind-space has seen a radical shift from product/service orientation to a customer-experience driven approach. In the cluttered space of brands and advertising noise, consumer engagement is turning out to be the winning formula. The traditional product-centric positioning needs to be necessarily complemented by emotional buying triggers encountered during the 'moments of truth' to lead to consumer action and advocacy.

This paper, based on existing literature and primary research conducted on 17 luxury restaurants and over 200 customers and service staff in and around Mumbai, identifies seven essential factors (physical ambience, food quality, interaction with service staff, interaction with other customers, price, service quality and theme) contributing to a positive customer experience. The study examines the contribution of the service elements to customer perceived value and explores the service gap model for delivering experiential value across restaurants. Using these insights on the psyche of the Indian consumer and his response to experiential marketing; the paper helps propose an indicative framework to successfully launch and sustain experiential marketing from the perspective of the Indian hospitality industry.

Hospitality Education in India-present status, challenges and opportunities

The Hotel Industry in India has witnessed a tremendous boom in recent years. It is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of the hotel industry. The thriving economy and increased business opportunities in India have also acted as a boon for Indian hotel industry. Today, the hospitality industry is shifting towards technologically interfaced products and services. To perform and remain competitive in the volatile hospitality business environment, graduates require a complex set of operational & managerial skills, and to develop constructive thinking for transferring the acquired skill and knowledge into productivity and performance. In order to enable the supply of a skilled and efficient human resource for the industry, hospitality schools in India should revisit certain challenges facing the industry and attract the right kind and type of talent and develop the right attitude in staff. During the last two decade numerous hospitality educational institutions have introduced hospitality management education programs to cater for the diverse requirements of

the industry in India. In this context, the present article has a two-fold purpose: to identify the present status of hospitality education in India and to explore the challenges facing hospitality education in the country so as to forge the path ahead.

Mahesh Kumar African Journal of Hospitality, Tourism and Leisure 3 (2), 1-12, 2014

CONTRIBUTION OF TOURISM AND HOSPITALITY INDUSTRY IN THE ECONOMY OF INDIA

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Challenges and Solutions to the Development of the Tourism and Hospitality Industry in India.

The tourism and hospitality industry has gained significant importance in the changing market scenario of India over a protracted and long term period. In addition, the increase in domestic travel, as well as high disposable income levels, have all contributed to the good growth. It is expected that over the next few years, the aviation industry will certainly grow and it has a direct impact on the tourism and hospitality industry of India. Furthermore, social travel websites have gained increasingly significant growth in recent years due to the convenience and ease of access they offer. It has been also analyzed that the middle-income groups prefer budget hotels and are also highly attracted to schemes and price reductions offers. Altogether, their potential suggests that the tourism and hospitality industry can look forward to growth in the forthcoming years specifically in the market of Indian tourism. There are however, also negatively impacting factors that are degrading the rate at which the tourism and hospitality industry could enhance and grow in the market. The research methodology used for the study includes an inductive design through the use of case study or journal analysis in order to attain suitable qualitative data. The findings of the study revealed that the challenges including financial issues, global uncertainty, branding issues, human resources, financial viability, customer issues, operating cost creep, supply, safety, and security, all hugely impact the growth and development of the tourism and hospitality industry in India. On the other hand, the solutions to these issues include the development of effective policies and guidelines as well as effective talent management, which would both certainly assist to mitigate negative impacts. Conclusively, it can be stated that the challenges associated with the tourism and hospitality industry in India require immediate attention along with the inclusion of the inputs of stakeholders such as inter alia, policymakers, governmental bodies and firms in the particular sector."

Foreign Direct Investment and its impact upon the Indian Hospitality Industry

Foreign direct investment (FDI) is a vital aspect for economic growth and development of the Indian hotel industry as it generally tends to strengthen the capital amounts available, enhances productivity and creates employment. FDI is also important in the upgrading of technology, skills and managerial capabilities in various sectors of the industry and also within the overall economy. The present study is an attempt to analyse the status, role and importance of FDI in growth and development within the Indian hotel industry. The hotel and tourism industries burgeoning development have effects on the economy of India which are considerable when viewed from an

economic perspective. Viewed as a multidisciplinary activity involving several industries and drawing upon a variety of skills, the benefits of FDI are spread over a wider section of society compared to those from other sectors of the economy. FDI should thus play a significant role in developing the hotel industry in India and also in other developing countries, by providing the required capital and infrastructure which is needed, such as international airports, highways and related modern technologies which are all in any event, keystones to tourism development and critical to economic growth.

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SUMMARY

The hospitality industry is a crucial component of the Indian economy, playing a multifaceted role in its development. It serves as a significant source of employment, offering jobs to millions of people across the country. Notably, it provides opportunities for both skilled and unskilled workers, thereby contributing to reducing unemployment rates.

Moreover, the industry contributes significantly to the country's GDP through its direct and indirect economic activities. It encompasses a wide range of services, including hotels, restaurants, travel agencies, and tour operators, all of which contribute to economic growth.

CONCLUSION

In conclusion, the hospitality industry in India is a key driver of economic growth, employment generation, and foreign exchange earnings. It serves as a significant source of livelihood for millions of people, both directly and indirectly, contributing to reducing unemployment and promoting regional development. The industry's role in cultural exchange and promoting understanding between nations is also noteworthy. Overall, the hospitality sector's impact on the Indian economy is substantial, and its continued growth and development are essential for the country's overall prosperity.

SUGGESION

The hospitality industry is one of India's largest service industries, and it plays a significant role in the country's growth and prosperity. It contributes to the economy in many ways, including:

Employment: The hospitality industry creates jobs and revenue, especially in beautiful locations. In 2023, 320 million people were employed in the travel and tourism sector globally.

GDP: The hospitality industry contributes to a country's GDP by employing its human resources.

Foreign exchange: Tourism is an important source of foreign exchange earnings in India.

Infrastructure: The hospitality industry helps develop infrastructure.

Heritage: The hospitality industry helps preserve national heritage and environment.

Peace and stability: The hospitality industry helps promote peace and stability

RECOMMENDATION

The hospitality industry is one of India's largest service industries and plays a key role in the country's growth and prosperity. It contributes to 6.23 percent of the National GDP and 8.78 percent of the total employment in India.

Here are some of the ways the hospitality industry contributes to the economy:

- Support to local businesses
- Revenue generation
- Local art and culture preservation
- Foreign exchange and direct investments
- Encourages infrastructure development
- Increased employment
- Improved living standards
- Greater tax revenues to State and local governments
- Growth in local retail sales
- Tax revenue from the hospitality department goes to the government fund

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