Report

Analyzing the Factors Responsible for Slow-Down in Tourist Arrivals in India

A Study by

INDIAN INSTITUTE OF TOURISM AND TRAVEL MANAGEMENT

(An Organisation of Ministry of Tourism, Govt. of India)

www.iittm.org

Commissioned by :

Ministry of Tourism

Government of India

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भारतीय पर्यटन एवं यात्रा प्रबंध संस्थान
(भारत सरकार के पर्यटन मंत्रालय का संगठन)
INDIAN INSTITUTE OF TOURISM
AND TRAVEL MANAGEMENT
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CERTIFICATE

This is to certify that the study titled **Analyzing the Factors Responsible for Slow-down in Tourist Arrivals in India** being undertaken by a team of researchers from the Indian Institute of Tourism and Travel Management is an original work and not published or produced to any other agency. This study was funded by the Ministry of Tourism, Govt. of India. The report in original is submitted for the consideration/acceptance of Ministry of Tourism, Govt. of India.

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ACKNOWLEDGEMENT

The study titled Analysing Factors Responsible for Slow-down of Tourist Arrivals in India was wide in its scope and coverage. This necessitated soliciting support from different people and institutions and their contributions are duly acknowledged herewith. But, few of them need to be specifically thanked.

Former Union Secretary- Tourism Shri Sujit Banerjee, Addnl. Secretary- Tourism Shri Sanjay Kothari, Addnl. D.G- Tourism Shri Devesh Chaturvedi, Addnl. D.G- Market Research Dr R.N. Pandey, Addnl. D.G- Market Research Shri Ajay Gupta, Dy. Director, Shri K. K Nath and other senior officials in the Ministry of Tourism constantly encouraged the research team and also gave their valuable inputs, which we thankfully remember.

Mr Dripto Mukhopadhyaya is thanked for his help in developing the chapter on tourism demand forecasting. The survey coordinators and filed investigators are thanked for their meticulous efforts. Former Director, IITTM Prof Sitikantha Mishra and our colleagues have put in necessary efforts as and when required. We acknowledge the support of all.

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PREFACE

Global tourism experienced reduced growth rates in 2008-09 and India too could not buck the trend. The downslide in demand has been linked to variety of factors such as economic recession, spiralling oil prices, terrorism and Swine Flu. However, systematic studies on such cause-effect relations were not available and without proper inquiry, it becomes unscientific to establish and substantiate the causative factors of tourism demand.

With hindsight, the periodic hiccups in tourism demand are understood and handled by destination managers from time to time. Those were characteristically short-duration and restricted to either few countries or regions. But, the latest crisis was so widespread and intensive that many countries and institutions had to join hands and formulated specific policy initiatives to bring economy back on course. Indian Government also took many concrete measures to mediate the demand crisis.

Tourism being an important component of global economies, it was a focus area of the recovery efforts. Indian government also initiated a number of steps like aggressive promotion and better tourist facilitation. This study is part of the ongoing efforts and aimed to explore the relations between tourism demand and the slowdown process. It provides useful perspective to plan and prepare similar eventualities in future.

This study followed two-fold approach: First, it located major causative factors of decline of tourist arrivals in India on the basis of feedback from the tourists and major tourist service providers. Second, the impact of these factors on the international tourist arrivals has been assessed with the help of time series modelling. A forecasting of short to medium term arrival patterns has also been worked out.

The main challenge for the study was data collection that coincided with terror attacks and Swine Flu pandemic. The resultant perception on security made both the tourists and industry establishments cautious of participating in the study. The results shall be useful to the destination managers and promoters in providing functional insights and perspectives to deal with similar unusual happenings in the future. Industry operators would also be benefited from better understanding some of the critical attributes of tourists, industry structure, preparedness for the crises and the like.

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September 2010

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ABBREVIATIONS

ASI	:	Archaeological Survey of India
FICCI	:	Federation of Indian Chamber of Commerce and Industries
FHRAI	:	Federation Hotel and Restaurants Association of India
GOI	:	Govt. of India
HAI	:	Hotel Association of India
IATO	:	Indian Association of Tour Operators
M. R Division	:	Market Research Division, Min. of Tourism, Govt. of India
MoT	:	Ministry of Tourism, Govt. of India
TAAI	:	Travel Agents Association of India
UNWTO	:	United Nations World Tourism Organisation
W. B	:	World Bank

EXECUTIVE SUMMARY

In last two to three years, tourism industry has been hit by one of its worst ever crises. Tourist flows were compressed considerably resulting great strain on the entire tourism industry and business. This was reflected in many ways; viz. reduced business volumes, compression of revenue, discounted business offers beyond permissible limits, recruitment freezing, retrenchment and so on. In its severest phase from second half of 2008 to the middle of 2009, overall trend has indeed made most analysts to become pessimistic about the prospects of an otherwise resilient travel and tourism industry; at least in the short to medium term.

The crisis in general demand was an outcome of a variety of factors with most analysts attributing it to the economic recession notwithstanding (UNWTO, 2009)1. However, any exercise to understand the crisis in tourism demand need to embrace a broader framework, transcending economic paradigm and to factor-in those socio-economic and natural parameters having varying roles in shaping the demand. Another dimension that limits proper understanding of demand determinants in the present context is related to lack of attempts to quantitatively establishing relative bearing of each determinant on tourist behavior. Again, preparedness of the industry operators to deal with the shock events and crisis of different nature is another aspect that merit equal consideration. It is in this broad background that the present study was conceived.

The study aims to examine the demand patterns in India, with emphasis on inbound tourism and to analyze its major determinants. Based on this, a short to medium-term forecasting of inbound tourism has also been attempted. The findings from secondary data analysis have been then corroborated with the data generated from field survey, especially probable factors that could shape travel perception of the tourists and its bearing on their travel decisions. Equally important was evolving proper understanding of the prevalence of crisis management practices in the sector.

1.1 Scope of the Study

This study is scoped to inquire into the causes of ongoing turmoil in tourism business in India. The results of the study aim to provide a sound basis for formulation of appropriate policies and program for competitive sustenance of tourism sector. Specific focus of the study was the demand component (i.e. tourists) and the inputs from tourist establishments were taken to corroborate the results emerging from macro-level demand-side analysis.

1.2 Objectives

1. To examine the nature and patterns of tourism demand in India.

2. To analyse major factors affecting tourism demand in India with specific focus on its decline from September–2008 onwards.

3. To examine response of tourists towards the economic and other crises situations and the influence of those in the travel decision- making.

4. To examine the response mechanisms, if any, being devised by destination management agencies and service providers to deal with various forms of crises.

5. To suggest corrective measures that can strengthen tourism demand and its sustainable growth.

1.3 Data Source and Methodology

For most data requirements, the study depended primary sources. However, many macro-level data sets are available at secondary-level and those were adequately used wherever necessary.

For short to medium-term forecasting of inbound tourism from major regions and some leading inbound tourism markets of India, regression equation has been formulated as per following:

$$Y = f(X_1, X_2, X_3, \ldots X_n) \qquad (1) \text{ OR}$$

$$Y = a + b_1X_1 + b_2X_2 + \ldots b_nX_n + e \qquad (2)$$

Equation (1) can also be a multiplicative function as given below:

$$Y = a\, X_1^{b}i\, X_2^{b}2\, X_3^{b}3 \ldots X_n^{bn} \qquad (3)$$

It can then be transformed in a log-log function of the type:

$$\text{In } Y = \text{In } a + b_1 \ln X_1 + b_2 \ln X_2 + b_3 \ln X_3 \ldots b_n \ln X_n \qquad (4)$$

In equation (4), the regression coefficients b_1 b_2, etc. become elasticity coefficients.

Variables included in the model are GDP, disposable income, age, distance and travel cost (expressed in fuel price), exchange rate, terror activities, promotional initiatives etc.

All questionnaires filled-in during field investigation were first examined for consistency and incomplete/ inappropriate responses were eliminated from processing. Appropriate statistical techniques were employed to analyze survey data. Particularly, a weighted index (WI) has been developed to analyze responses assigned with rank values.

Weighted Index (WI) = $\Sigma W_i * X_i$,

Where, W_i is the weight of the rank $_i$ for a parameter and X_i is the score associated with rank 0I of that parameter. The Weighted Index (WI) thus derived could define the importance of the parameters under study; higher the value of index, higher the importance that parameter.

1.4 Finalization of Questionnaires

The draft questionnaires were prepared in due diligence to the thematic aspects and then discussed with the senior officials of the M.R Division, Union Min. of Tourism (MoT). After presentation of the same in a meeting chaired by Secretary- Tourism, GOI on 26/03/09; schedules were approved by MoT.

1.5 Selection of Study Destinations

Destinations were selected on following basis for detail investigation:

1. Well known products/ destinations/ attractions in India. Most popular ones in each category were taken.

2. Those destinations famous in terms of religious/ cultural importance so as to ascertain various attributes of the tourists and their purposes.

3. The destinations understood to have suffered due to crises of different types; viz. economic and political (terrorism), Swine Flu etc.

Ten destinations representing a composite of above factors were selected for detailed investigation.

1.6 Sample Size, Coverage and Duration of Study

A total of 1272 tourists and 1051 tourist establishments were surveyed at 10 destinations. Sampling procedure was structured in such a manner to have equal number of foreign and domestic tourists as well as fair representation of establishments from each tourism segment. Stratified random sampling has been adopted to pick the samples. In order to ensure meticulous recording of the entries, interviewers were trained adequately to administer questionnaires in all survey locations.

Further, to understand more on reasons of cancellation of trips in India during Sept.–Dec. 2008, a questionnaire was designed separately and circulated in the e-mail addresses of 400 foreign and domestic tourists who cancelled the trips during above period. Despite repeated reminders, it did not yield positive responses. Even requests from ADG-MR of MoT to some badly suffered hotels in Mumbai and Delhi also did not yield any fruitful response. Notwithstanding this, responses obtained from the tourist establishments on probable factors resulted in trip cancellation could provide basic understanding of the pattern.

Besides tourists and tourist establishments; central and state govt. agencies, professional bodies in the domain of tourism and professionals were also interviewed with the help of separate semi-structured questionnaires to seek their views/comments on major issues addressed in this study.

1.7 Period of Study

The survey was launched in the last week of April 2009. However, it took four months for completion on account of the diverse nature of the universe covered in this study. Besides, adverse situations, viz. swine flu, hot summer, non-cooperation etc. on part of many tourist establishments in view of security considerations also delayed the field survey. Consequent upon the above, study took nine months for completion.

1.8.1 Major Findings

1.8.1 Supply-side Analysis of Tourism Demand: Effect of crises on tourist establishments

Core tourist establishments spanning hospitality, transport, travel intermediaries and attractions were surveyed in ten locations spread across India. The results are indeed promising to gain better understanding of some critical dimensions of the crises, their bearing on tourism industry and the nature of responses from stakeholders.

1.8.1.1 Characteristics of Tourist Establishments

The patterns and characteristics emerged in the survey are revealing:

i. Most establishments are comparatively new and reportedly came up post-1990 period, with over 69% falling in this category. Only around 7% of the units were in operation prior to the year 1970.

ii. Over 3/4 of establishments covering segments other than luxury hotels and airlines are stand-alone or single city-based. Among those, more local based are lodges and guest houses (about 90%), followed by unclassified hotels and transport companies (84% each).

iii. Multinational tourism concerns were found mainly in luxury accommodation and airline segments. Equally noticeable was that only a few tourism concerns are part of diverse business groups.

iv. The study also reiterates the established proposition that tourism industry is constituted predominantly by micro, small and medium enterprises (SMTE). Instantaneous being, more than half of establishments reportedly have investment base of upto one crore, followed by those in the range of 1-10 crores. Proportion of establishment with investment of more than 50 crore is just about 7% of the total establishments surveyed.

1.8.1.2 Nature of Employment in Tourism Industry

i. Average number of employees is highest in luxury accommodation sector with 324 persons followed by 3-1 star group at a distant 53 persons/ unit.

ii. On an average, 14 employees of foreign origin were found in the luxury hotel units, of which, majority happen to be in the support staff category. Many of them were reportedly from Nepal. Some other foreign nationals also work but mainly in the middle and top management levels including F&B department.

iii. Existence of a good number of contractual jobs was found in the sector. Though marginal, seasonal employment is very much prevalent especially in the tourism-dependant destinations like Goa, Manali etc.

iv. Nearly 8% of tourist establishments (82 units) reportedly retrenched employees, perhaps, actual numbers were not made available. The major cause of it was to deal with the economic crises that the firms were into.

1.8.1.3 Business Aspects of Establishments

1.8.1.3.1 Customer profile

In terms of the volume of booking during the quarters under study, Oct. - Dec. 2008 recorded to have highest proportion of bookings. Further, April-June '08 quarter has seen domestic tourists providing adequate customer support for the establishments to sustain, particularly airlines and travel intermediary segments.

1.8.1.3.2 Growth Pattern during 2004 -05 to 2008-09

i. In the first four years under study, i.e. from 2004-05 to 2007-08, business activities of establishments grew appreciably well. More than 50% establishments reportedly had growth of over 10% during this period.

ii. Proportion of establishments growing faster (over 10%) is found to be higher among luxury hotels (4-Star and above), followed by travel intermediary segment. However, clear signs of decline in turn-over were evident from 2007-08 and that became prominent in the subsequent period.

iii. On an average, nearly half of the establishments under study had reported negative growth in 2008-09. Alarmingly, 41% of those had negative growth of 10% and above. Airlines were most affected, followed by luxury hotels and travel intermediaries respectively.

iv. All range of budget accommodation and transport segments had over 50% establishments reporting positive growth in 2008-09.

From analysis, it is reasonable to state that organized tourism sector had suffered most during the period under study, probably due to its usual dependence on business as well as mid to upper-class customers.

1.8.1.3.3 Trend in Online Booking

Online business in tourism sector has been growing consistently and the results emerged from the study are confirming of this trend. During the period under study from 2004-05 to 2008 -09, number of establishment reported to having on-line business increased over 60%. Understandably, growth of such units has been faster in luxury accommodation sector, travel intermediary and 'others' segments.

1.8.1.4.1 Trend in Cancellation of Booking

Enquiry among establishments on cancellation of bookings suggests that:

i. **General trend:** Rate of cancellation was above usual trend in over 50% establishments. Noticeably, a large chunk of such establishment was in Delhi (38.6%) and Mumbai (29.6%).

ii. Across segments, travel intermediaries encountered proportionately higher cancellations, constituting about 42%. Accommodation sector also had sizable number of units reporting unexpected level of cancellations during the period under study.

iii. **Trend in Inbound Tourism:** Analysis of quarterly trend during April '08 to March '09 revealed that the rate of cancellation peaked in Oct- Dec. '08 (6.9%), followed by Jan.-March '09 quarter (4.4%). Further, rates were comparatively higher among the West European and N. American countries.

iv. **Trend in Domestic Tourism:** Unlike inbound tourism, cancellation rates among this segment were comparatively less. Moreover, quarterly cancellation pattern appeared to be more in tandem with inbound tourism (Oct.-Dec. 2008: 4.8%; Jan.-March 2009: 3.4%). Lowest cancellation rate was seen in Jul- Sept. '08 and that perhaps coincided with the main Indian vacation season and Monsoon tourism.

v. **Trend in Outbound Tourism:** Almost similar quarterly pattern to that of inbound and domestic was observed among outbound tourists as well but with exception of very low rates of cancellation.

1.8.1.4.2 Reasons for Cancellation of Trips

i. **Inbound tourists:** Safety & security reasons other than terrorism ranked first. It was followed by decline in income, personal reasons, 26/11 attack in Mumbai and cut in travel expenditure by the companies.

ii. **Domestic tourists:** Personal reasons topped the list, followed by decline in income, 26/11 attack in Mumbai, and safety & security reasons other than terrorism. Loss of employment and cut in travel expenditure of the companies were also relatively important ones.

iii. **Outbound tourists:** The pattern was found almost similar to that of domestic tourists with exception being Mumbai terror attacks, which received a low rank average among foreigners.

1.8.1.5 Response of Establishments during Crises Situations

1.8.1.5.1 Common steps:

i. Dealing with concerns of clients was the major focus area of those establishments having taken some actions (nearly 12%) to deal with different types of crisis unfolded in 2008-09. Quick response to queries of the clients was next major step in this direction. This was perhaps natural since retaining the confidence of customers is crucial during the crisis especially terror attacks and the pandemic like Swine Flu.

ii. Re-working expenditure strategies emerged to be another step for some establishments. Main crisis being economic recession at present, it was natural to expect the establishments embracing spending austerity. Specific strategies included recruitment freezing, retrenchment, reduction in salaries of employees and reducing fringe benefits of the clients. Some establishments also considered postponing further investment at this point of time.

iii. Media strategy is scant in the industry despite it being service-based and very sensitive to different crises. The structure of tourism industry, characteristic of small and medium size of enterprises (SMTE) dominant, could perhaps be a major cause. For such units, mobilizing the required resources, expertise and acquiring specific knowledge to handle the media could be major constraints.

iv. Even if the crisis would have intensified further and taken their business to the brink, most respondents would still choose to remain in tourism sector. They were optimistic and their resolve to take 'efforts to sustain in the sector till scenario is reversed' was very much evident. Inclination to move out of tourism seemed to be on lower ebb. Again, their probability of closing down the business and then taking up a job was perhaps least to happen.

1.8.1.5.2 Actions Specific to Tourists Segments

i. As regards to incentives, irrespective of segments, it was mainly in the form of special deal offers for regular/repeat clients and communicating the same to them. Very few establishments took decisions to waive-off cancellation charges.

ii. Among promotional activities, launch of specific campaigns aimed at target markets, especially inbound and outbound, was amongst major initiatives. Organizing promotional events were to largely address the domestic and then outbound tourists.

iii. When it came to outbound tourism, measure like tie up with airlines came next to specific campaigns.

1.8.1.6 Post-2009 Tourism Business Scenario

About 83% respondents were having a positive outlook with 39% projecting to grow in the range of 11-20% and another 19% of them for over 20% growth in coming 02 years.

1.8.1.7 Factors Expected to Influence Tourism Demand in India

There are many propositions already available on this. But, in Indian context, proper documentation of key factors was lacking and both at the macro and micro levels, this study made an attempt in that direction. Analysis of firm-level (micro-level) data enables to conclude the trend for in coming two years as following:

i. Of all factors examined, the Commonwealth Games (CWG)- October 2010, Delhi received highest score for 'maximum effect' (59%), followed by improvement in tourism infrastructure, and rationalization of tourism-specific taxes (over 50%).

ii. Other factors received better scores (in the range of 46% to 35% points) on account of 'maximum effect' are regulation of hotel tariff, reduction in fuel prices and attractive business deals.

iii. The economic stimulus package, familiarization (fam) trips, use of important personalities and many such factors would have 'noticeable' effects to 'little effect'.

1.8.2 Demand-side Analysis: Survey of Tourists-Effects of Crisis on Tourist Behaviour

1.8.2.1 Major Determinants of Tourism Demand

There are a variety of factors viz. socio-economic, political, natural, epidemics etc. exerting impacts of varying degrees in shaping tourism demand patterns. In this study, specific determinants of foreign tourist arrivals in India have been examined with the help of times series regression modelling. The approach was to regress foreign tourist arrivals from all inbound tourist regions of India with the selected set of determinants. The same exercise was also undertaken for six selected countries of origin to India.

The analysis provide to summarize that: Firstly, results were emphatic enough to establish that the gross domestic product (GDP) of the generating countries is a major determinant of foreign tourist arrivals in India. The effect of GDP was relatively high for North America, Eastern Europe, South East Asia, East Asia and South Asia. It was equally a revealing factor for countries like Singapore, the U.K, Canada and the U.S.A.

The strong influence of GDP can also be seen in global tourism demand. For instance, according to UNWTO Barometer (Jan. 2010) figures, during 2008-09, receipts from international tourism recorded decline of (-) 6% as against (-) 4.56% in tourist arrivals. It further shows that in all regions, revenue per room (revPAR) also posted a double-digit decline during Jan- Nov. 2009. These trends clearly indicate that tourists might have spent comparatively much less to that of previous year and that probably could have linkages with economic recession.

Secondly, for the countries under analysis, factors like exchange rates and consistency in arrivals to India (lag effect) were found to be of determining though not significant in nature. Across regions, terror attacks were negatively regressed with tourist arrivals, indicating its adverse effects on tourism demand. However, the coefficients were not significant and a possible explanation for this could be that persistence of effects post-attack is comparatively shorter and perhaps that cannot be captured effectively using annual data. Perhaps, use of monthly / quarterly arrival data would be serving better to demonstrate its effects more meaningfully.

1.8.2.2 Short to Medium Forecasts of Inbound Traffic to India

With the help of inbound arrival data, forecasting of arrival on short to medium horizon has been attempted. Approach to this was to first project the trend from 1995 for all regions and countries to India separately. Afterwards, projected numbers for the regions have been aggregated for each year to derive total numbers for the country. Three probable scenarios- 'Pessimistic', 'Most Likely' and 'Optimistic' were constructed.

The results show that under most likely scenario, inbound arrivals in India will increase from 5.36 million in 2010 to 6.96 million in 2014. Across regions, growth could be faster from East Asia, Africa, Eastern Europe and Oceania compared to traditional source regions like Western Europe and Americas.

According to optimistic scenario, arrivals could increase from 5.45 million in 2010 to 8.14 million in 2014. As per prevailing tourism environment, inbound traffic in the country is expected to move more in tune with the 'most likely scenario'. However, achieving the numbers as per optimistic scenario would also be possible if the economic scenario improved for better and consumer confidence catch-up accordingly.

1.8.3 Conclusions from Tourist Survey

1.8.3.1 Demographic attributes of tourists

Attributes like age, sex, literacy level and marital status are some of the important determinants of travel decision-making. Results emerged as part of this study is indeed further confirming of the established inbound patterns in the country viz.:

a) Overall, 69.41% of the respondents were males.

b) A good percentage (63.1%) of the respondents was married.

c) Respondents were mostly in the age group of 25-54 years.

d) The number of dependents in the domestic households was proportionately higher with nearly 62% reporting to have two dependents and above.

e) A good chunk of tourists possess graduation degree or above, whereas, illiterates were found to be very negligible in proportion. This is possibly due sample selection process, where, respondents who could understand the contents of the questionnaire fully were only considered for interviewing.

f) Higher education status was also reflected in their employment status. As many as nearly three-fourth of respondents was reportedly in some form of jobs. Unemployed in the sample were about 8%: a pattern found similar across both domestic and foreign tourists segments.

g) Most respondents had 02 or more working members in the household.

1.8.3.2 Dimensions of Travel Planning

1.8.3.2.1 Information sources

i. Internet is already a defining variable in travel planning and its influence would increase in the coming years.

ii. Traditional sources like word of mouth (i.e. through Friends & Relatives, those already visited etc.) are still relevant due to its personalized nature and greater reliability.

iii. Travel intermediaries and guide books continue to hold their relevance.

1.8.3.2.2 Travel arrangements

Majority of tourists 'usually' prefer to travel independently if circumstances were conducive. That has been reinforced by the travel arrangements made for the 'current' trip, where, similar trends were visible for domestic and inbound tourists. Cross tabulation further reveals that tourists opting for package tour decreases with increase in duration of stay.

1.8.3.3 Purpose of travel and duration of stay

Inquiry into main purpose of travel of domestic tourists suggests it to be mainly leisure based. But, religious and social reasons among them are also worth mentioning. For most foreign tourists, India is primarily a holiday destination (78%) followed by business visits, which is at a distant 8.5%. It was also observed that about 4% of foreigners had religion/ pilgrimage as their main purpose of visit, a pattern probably attributable to coverage of three major religious destinations viz. Ajmer, Varanasi and Puri in the study.

Further, foreign tourists were expectedly staying longer than domestic tourists. On an average, over 51% of foreigners stay over 14 days and another 30% in the range of 8-14 days. Among domestic tourists, nearly 46% have their trip duration ranging from 4 to 7 days, followed by 8-14 days category.

1.8.3.4 Other trip characteristics

1.8.3.4.1 Mode of booking:

The results suggest continuing importance of travel agents and tour operators as major mode; a common trend for both tourists groups (about 46% each), whereas, 30% purchased travel products directly from the service provider, viz. airlines, hotels etc. Strikingly, more than one-fifth of the domestic and foreign tourists were seen using e-portals for booking purpose.

1.8.3.4.2 Frequency of tour and group size

As regards the number of places covered in the current itinerary, about 45% of foreign tourists covered three destinations or more against 21% of the domestic tourists. Over half of domestic tourists undertook more than 03 trips prior to the current one in India. If proportion of those undertook 02 trips and above is taken together, it works out to be around 80%. Corresponding figures for foreign tourists were around 22%. In other words for about 70% of foreigners, it was their first visit to India. Further, proportion of single travelers was relatively small in the sample; however, their share is slightly higher among foreign tourists at about 17%. Those accompanying the trip were also found to be mostly family members and/ or friends.

1.8.3.4.3 Usage of Transport Mode

i. Road is the single largest mode of transport for travel between destinations, followed by rail.

ii. Proportion of air transport users are more among foreigners (24%), but turn out to be negligible when it comes to domestic travelers. Lower usage of air means can be attributed to higher costs involved with air transport.

iii. Nearly two-third of foreigners used tourist coaches when it come to traveling by road and then rented vehicles. Whereas, 'own vehicles' account for single largest category among Indians.

iv. Public coach and tourist coach are also having reckoning share of users, respective figures being 22%.

1.8.4 Comparison of India vis-à-vis S.E Asian Destinations

While India has been well positioned in South Asia and remains as the single largest country destination in the region, it emerges to be far behind when it comes to competitive attributes of S.E Asian countries. Many such factors have been examined in this by ascertaining the perception of the foreign tourists. The results are suggestive of the following:

i. Most critical attributes of South-east Asian destinations are relatively more favorable than that of India. For instance, compared to India; room availability, room rate and facilities, transport infrastructure, better managed attractions, hygiene and cleanliness and civic amenities have received better ratings in case of the South-east Asian destinations (over 60% responded in affirmative). Again, many of these parameters were clearly discriminative, thereby, revealing better positioning in favors of S.E. Asian countries.

ii. On account of taxes also, India has certain competitive disadvantages with nearly 55% stating taxation environment in S.E. Asia as more favourable.

iii. But, only on account of courteousness of the service providers that India fared slightly better (a little over 50%).

In summary, prices of tourist products are determining elements of international tourism demand and, that it often acts as demand 'deflectors'- especially the price-sensitive segments. Competitive positioning of 'Destination India' hence calls for proactive approach on part of major stakeholders, especially, in pricing decisions. Besides this, joint efforts are necessary to address other comparative disadvantages for enhancing competitiveness and its sustenance.

1.8.5 Major Problems of Tourists in India

After due scrutiny, major parameters were clubbed into three categories viz. infrastructure bottlenecks, hygienic condition and behavior of local people and analyzed accordingly. The findings are detailed below:

1.8.5.1 Domestic tourists

i. Bad conditions of roads and highway, unhygienic destinations, higher room rates, inadequate infrastructure at transport modes emerged as most rated concerns in order of importance.

ii. Other issues worth noting are toutism/ cheating, badly managed attraction sites, improper behavior of some section of service providers and the public.

iii. Higher domestic airfares seem to be less concerning; a trend perhaps attributable to a very low proportion of domestic air transport users.

1.8.5.2 Foreign tourists

i. Toutism/ cheating topped the list; followed by unhygienic destinations, inadequate infrastructure at transport modes and bad roads and highways.

ii. They are also equally concerned about poor maintenance of tourist attraction sites, bad behavior of service providers like shopkeepers, taxi drivers as well as the general public.

iii. Incidentally, higher domestic airfares seem to be less concerning perhaps it got overweighed by other considerations. Instantaneous being, air travel save them on time and enable to cover more places, resulting air means a natural choice for many. Cost considerations may also become less when visiting more places in a trip become priority.

In conclusion, major problems of tourists emanate from this study are many at merit attention on priority basis because every issue would have the propensity to influence in varying degrees, sustainability of tourism demand in India.

1.9. Effects of Economic Crisis on Tourism

An economic crisis of present magnitude had multi-faceted impacts especially in throwing the economy in general and tourism industry in particular into tailspin.

1.9.1 Effects of crisis on income

i. Since January 2008, nearly one-fifth of the domestic tourists had encountered decrease in their income. On an average, nearly 22% of them had over 5% decline.

ii. Proportion of foreigners encountered income decline was over one-third of sample. Strikingly, a total of 17% of them reportedly have lost over 10% since the onset of recession.

iii. As regards to income expectation of respondents in the short-run, the results reveal that despite the crisis, domestic tourists in general anticipated either an increase in income or it remaining at the same level, whose proportion was 28% each. Proportion of those projecting an income decline was to the tune of 21%.

Hence, the general scenario emerges out of domestic tourists' expectation is one of cautious optimism. On the other, relatively strong negative sentiment has been found prevailing among foreign respondents with nearly 31.12% forecasting either a decline in income or it remaining at same level (28%).

1.9.2 Effect of Income on Tourists

It is well established understanding that variation in the income of people has direct bearing on their travel plans but such relationships are intricate and often complicated. Travel adjustment mechanisms during economic crisis can be in different forms and this study attempted main mechanisms. The results emanating from the study provide a candid picture of the nature of the effects of income on travel behaviour of tourists.

i. Nearly 19.5% of domestic and 26.4% foreign tourists respectively had experienced decline in their income.

ii. While examining the pattern of decline in the income of people against different travel purposes, it was found that among domestic tourists, those on leisure and business reportedly had proportionately higher incidence of income decline (22 to 28%). On the other, it was less among the religious/pilgrimage tourists (12% to 13%), followed by social purpose. As regards to foreign tourists, 28% of holiday travellers had encountered income decline followed by the business travellers (around 24%).

iii. Relationship between effect of change in income and the travel behavior were also very much evident. In fact, income decline has resulted in adjustments in the travel plan of about 65% domestic and 74% foreign tourists.

iv. When it came to purpose of travel, domestic tourists on leisure and business purposes were comparatively more sensitive to income changes with nearly one-fourth of such respondents were found making adjustments in the travel plan. A similar trend was evident in the case of foreigners; however, corresponding proportions were relatively higher.

v. As regards to nature of adjustments, it was mainly in the form of cutting down the tour expenses or reducing the trip duration. This was common to domestic as well as foreign tourists. In fact, almost half of those with reduced income level opined to have cut down expenses rather than reducing the trips.

vi. It was imperative to know the manner in which tourists would have behaved if there was no change in income. This question becomes more pertinent during difficult times like economic recession. When this was probed with those reported income decline, results revealed that even if there was no change in the income, they would be generally cautious on vacation travel decisions. Further, nearly one-fourth of the domestic respondents would have increased number of trips if there was no change in income. On the other, foreigners would have liked to cover more destinations in the trip.

Hence, the lessons to be learned is that even during difficult economic situations, majority of people may not consider abandoning the holiday travel altogether. Rather, they would suitably modifying the plan to sustain their travel interest. Similarly, even if there was no decline in income, tourists would still be cautious in striking a balancing act between income and holiday spending.

1.9.3 Effects of Product Prices on Tourists

Due to various reasons, prices of tourism products such as accommodation and air transport are comparatively higher in India. This becomes a concern in view of the fact that:

i. About 79% of foreigners and 58% of domestic tourists are leisure travels, who are relatively more price sensitive. Further, higher prices of accommodation and air transport might have adverse effects on travel decisions in India. Incidentally, nearly half of establishments also held the view that rationalisation of tourism-specific taxes would be a major factor to affect its demand in India.

ii. If the cheaper rooms were available, generally, tourists would have increased trip frequencies, visited more destinations in the current trip, travelled for longer duration and spent more money. Interestingly, proportion of tourists who would exercise all options above accounted for about 25%. For only about 28%, room rates did not seem to matter much.

iii. Products prices viz. transport, hotels do affect travel decisions of foreign tourists though in comparatively less degree. However, as already observed, lower airfares tend to have less influence on domestic tourists with 43% stating to have no impact.

iv. Effects of product prices on the behaviour of people travelling for different purposes are also interesting:

- Firstly, hotel prices seem to have less affect on pilgrim/ religious tourists, whose proportion is about 41% in this category, followed by those on education and training purposes (35%). On the other, around three-fourth leisure and business tourists are sensitive to prices.

- Secondly, lower airfares would have positive bearing on travel planning of those travelling on 'social' reasons.

- Thirdly, lower cost of other transport modes was perhaps more important than airfares. On an average of 32% to 35% across major travel purpose categories stated it to have no impacts on their travel behaviour. Therefore, it can be summarised that leisure and business travellers are relatively more sensitive to product prices. Price effect is less on tourists who are on pilgrim tours.

1.10 What Perhaps Lead to Slowdown of Tourist Arrivals?

Analysis of the secondary data and filed investigations provided to summarise that there could have been many factors probably lead to slow-down in tourist arrivals in India. A gist of those is furnished below:

1.10.1 Based on Temporal Data Analysis:

There are a variety of factors viz. socio-economic, political, natural, epidemics influencing tourism demand in different ways. A time series regression model was developed to find out the specific determinants of foreign tourist arrivals in Indian context. Results suggest that the gross domestic product (GDP) of the generating countries is the most important determinant. When it comes to many countries, factors like exchange rates and consistency in arrivals to India (lag effect) were found to be of determining though not significant in nature. Across regions, terror attacks were negatively regressed with tourist arrivals, indicating its adverse effects on tourism demand. However, the coefficients were not significant and a possible explanation for this could be that persistence of effects post-attack is comparatively shorter and perhaps that cannot be captured effectively using annual data.

1.10.2 Based on Survey Data:

Inquiries were carried out among the tourists and tourist establishments to elicit probable factors resulted in shrinkage of demand in 2008-09. Data generated from establishments on turn-over from 2004-05 clearly indicated substantial decline in 2008-09 across all segments. Reduced bookings and to certain extent the booking cancellations were seen as one of the major causes in decrease in turn-over.

1.10.2.1 Reasons for Cancellation of Trips

i. **Inbound tourists:** Safety & security reasons other than terrorism ranked first. It was followed by decline in personal income, personal reasons, 26/11 attack in Mumbai and cut in travel expenditure by the companies.

ii. **Domestic tourists:** Personal reasons topped the list, followed by decline in personal income, 26/11 attack in Mumbai, and safety & security reasons other than terrorism. Loss of employment and cut in travel expenditure of the companies were also relatively important ones.

iii. **Outbound tourists:** The pattern was found almost similar to that of domestic tourists with exception being Mumbai terror attacks, which received a low rank average among foreigners.

1.10.2.2 Effects of Economic Crisis on Income

i. The economic crisis had definite bearing on income of people. Study revealed that since January 2008, 19.5% of domestic and 26.4% foreign tourists respectively had experienced decline in their income.

ii. As regards to income expectation in the short-run, despite the crisis, domestic tourists in general were holding cautious optimism. Whereas, relatively strong negative sentiment has been found prevailing among foreign respondents.

1.10.2.3 Effect of Change in Income on Tourists

i. The decline in income had lead to adjustments in the travel plan. Proportion of such tourists was about 65% domestic and 74% foreign respectively among those encountered some degree of decline.

ii. Among travel purpose categories, domestic tourists on leisure and business purposes were comparatively more sensitive to income changes with nearly one-fourth of them found making some form of adjustments in the travel plan. A similar trend was evident in the case of foreigners; however, corresponding proportions were relatively higher.

iii. As regards to nature of adjustments, it was mainly in the form of cutting down the tour expenses or reducing the trip duration. This was common to domestic as well as foreign tourists. In fact, almost half of those with reduced income level opined to have cut down expenses rather than reducing the trips.

iv. Even if there would have been no change in income, tourists would be generally cautious on vacation travel decisions, especially during difficult times like economic recession. It was reported by nearly one-fourth of the domestic tourists that they would have increased number of trips if there was no change in income. Whereas, foreigners would have liked to cover more destinations in the trip.

1.10.2.4 Effects of Product Prices on Tourists

i. Both foreign and domestic tourists are in general price sensitive. However, leisure travellers appear to be relatively more sensitive. The prices of accommodation and air transport are comparatively higher in India and that might have adverse effects on travel decisions of tourists.

ii. Effects of prices were further reiterative when tourists stated that if cheaper rooms were available, they would have increased trip frequencies, visited more destinations in the current trip, travelled for longer duration and spent more money.

1.10.2.5 Other Demand Constraining Factors

Tourists encounter many problems while touring in India and those would have potential to adversely affect their travel plans. When major attributes of Destination India were compared with South East Asian countries also, India was rated pretty lower against many critical attributes; a clear indication of certain comparative disadvantages. Major problems of tourists in India are:

1.10.2.5.1 Domestic tourists

i. Bad conditions of roads and highway, unhygienic destinations, higher room rates and inadequate infrastructure at transport modes.

ii. Other issues worth noting are toutism/ cheating, badly managed attraction sites, improper behavior of some section of service providers and the public.

1.10.2.5.2 Foreign tourists

i. Toutism/ cheating topped the list; followed by unhygienic destinations, inadequate infrastructure at transport modes and bad roads and highways. They are also equally concerned about poor maintenance of tourist attraction sites, bad behavior of service providers like shopkeepers, taxi drivers as well as the general public

1.11 Some Recommended Measures

The conclusions emerged from the study provide basis for suggesting some measures for future to deal with the similar unlikely events/ crises as observed in 2008-09.

1. Taxes are important component of tourism product pricing. To reduce the product prices, especially accommodation and airfares, reduction of tax rates specific to these segments can be considered.

2. During economic crisis, countries not affected by recession and having adequate travel propensities may be identified for focussed promotion.

3. In the occurrence of unlikely events such as terrorism, epidemics etc., areas not affected by the crisis in the country and the steps taken to mitigate the effects of crisis may be highlighted in the promotion campaigns.

4. Value-added offers such as those included in the Visit India Year-2009 could be considered to attract tourists in the event of similar crisis in future.

5. Experiences of foreigners who travelled to India immediately after shock events/ calamities may be highlighted in various promotional campaigns.

6. All stakeholders of tourism should be encouraged to evolve crisis management plan and training programmes specifically to manage such situations. Ministry of Tourism (MoT) could consider sponsoring some of the programmes under its Capacity Building for Service Providers' (CBSP) scheme.

1.12 Caveats of the Study

This study has been undertaken with some caveats. Firstly, due to fall in income, a good chunk of persons might not have undertaken the tours and that was an important segment to investigate. However, a major constraint to emerge in the course of such investigations is the identification of persons in the population and reaching out them for necessary responses. A suitable approach for this type of inquiry can be household survey, but that was not in the scope of this study.

Secondly, collection of information directly from the tourists who had cancelled their bookings in India is useful to delineate actual reasons for cancellation. To fulfill this, after obtaining about 400 e-mail ID's of such tourists from hotels, tour operators and Indian Railways Catering and Tourism Corporation (IRCTC); e-mail requests were sent. In spite of several reminders, hardly any responses were received. Afterwards, efforts were made to get the responses through emails from Additional Director General (Market Research). Even that also did not yield positive outcomes. Thirdly, since this study is based on survey of opinion, the full dimension of income / price elasticity could not be captured.

Chapter- 1
INTRODUCTION

In over a decade time, distinguishable growth of tourism has resulted its emergence as an important sector of the Indian economy with considerable contribution in terms of foreign exchange, income and employment opportunities. Many factors can be seen as responsible for this and some major ones in the process have been increase in the volume of tourist flow, increase in the proportion of high spending tourists, accelerated spread in the volume of tourists geographically, pro-active govt. policies and growing interest from investors. Appreciable growth in all three forms of tourism- domestic, outbound and inbound- have been demonstratively catalystic in their role as agents of positive contribution in the socio-economic development in the country. Fast growth and diversification in tourism has indeed been a post-1990 phenomenon. Fast growth and diversification in Indian tourism has been a post-1990 phenomenon.

As regards to the growth and magnitude of impacts, domestic tourists have been way ahead and contribute nearly three-fourth of the tourist-related income generation in the country. In fact, many commentators euphemistically state often: 'almost half of India is on move' owing to massive volume of domestic tourists being estimated at whooping 562 million in 2008! The volume of inbound tourists during 2007-09 in India has been a little over 5 million each, whereas, outbound tourist numbers have been almost double to that of inbound.

Perhaps, many analysts have been critical of the reliability of the domestic tourist numbers and its socio-economic significance. Then, even while being conscious of number counts, it would not be proper to underestimate the role of domestic travellers in tourism development process. Because, as Sutheeshna Babu (2008) reasoned, domestic tourism holds the key for the future of tourism in India, and therefore, it is imperative for the country to evolve a development model for tourism accordingly. This is not only because of the sheer volume and revenue generation but equally important are its reliability, consistency, resilience, less volatility and lower cultural impacts in contrast to international tourism. Domestic tourism thrives in the pilgrim centres, attractions located in the country-sides and villages, beaches so also in big cities and towns. It is undoubtedly a remarkable source in the development of destinations, especially in sustaining a huge informal and unorganised tourism sector.

The data available also indicate considerable increase in per capita income during the last decade. Instantaneous being latest CSO (India) estimates, which shows that average income of India has almost doubled since the turn of new Millennium. In real terms, average per capita income (PCI) has increased from Rs 16,688 in 2000-01 to 32,283 in 2007-08. When the inflation-adjusted growth during this period was taken, average growth has been over 50% (cited in TOI, 31-01-08, p.01). Besides this; media, industry and other stakeholders also played contributory roles in pushing up national tourism demand.

1.1 Economic Environment and Tourism Demand

Vibrant economic environment is a key determinant of tourism business because it not only influences availability of disposable income of individuals but it is also a manifestation of healthy economy. But strikingly, the global economy has been thrown into sharp recessionary track, more prominently in 2008. Magnitude of the crisis was so deep that all major world economies of the Western Europe, North America, Japan and to a large extend, Australia have either become victim of severe recession or economic compression. Incidentally, those are also major tourist generating regions/ countries of the world.

An economic crisis of present severity had other fall outs as well, major being compression in personal income and loss of millions of jobs. The pinching effects of the concomitant processes have been demonstrative of in every segment of the industry and the economy. Tourism was an obvious sector directly affected by ongoing economic recession and consequent contraction in income. However, a sigh of relief was that despite the world-wide economic turmoil, the Chinese and Indian economies were performing comparatively better. These along with economies along with other dynamic economies like Brazil and Russia were indeed insulating an otherwise downward spiraling global economy from falling into a sharp negative trajectory.

1.2 Challenges of Tourism Demand in India

Fast deteriorating recession really pushed tourism very hard. The growth in international tourist arrivals in 2008 was dropped to 2%, i.e. just 16 million tourists from 2007 level of 908 million (UNWTO). The declining track was evident throughout 2009. Needlessly, deceleration in global economy and tourism demand in major tourist generating countries of the world had a negative bearing on India as well since those countries happen to be main source of its inbound traffic.

Reflections of various happenings were seen in the hotel, airline and tour operation segments leading to a sharp fall in occupancy rates or cancellation in bookings in the last couple of months in 2008 was indeed alarming. Many hotels in popular tourist destinations like Goa, Kerala etc. reportedly suffered from disproportionate cancellation rates to the tune of around 30%. At the same time, general cancellation trend during this period has also been alarming. This situation forced the industry towards some desperate actions like substantial discount offers during the peak season and extra spending on promotions. Even the ones located at established tourist destinations followed the suit to remain and moving.

The alarming situation like this warrants critical thinking and multi-pronged and coordinated actions from stakeholders. Bringing the demand scenario back to pre-crisis stage and stabilizing the tourism business should be a priority area as it would be important to ensure overall vibrancy of the economy.

1.3 Rationale of the Study

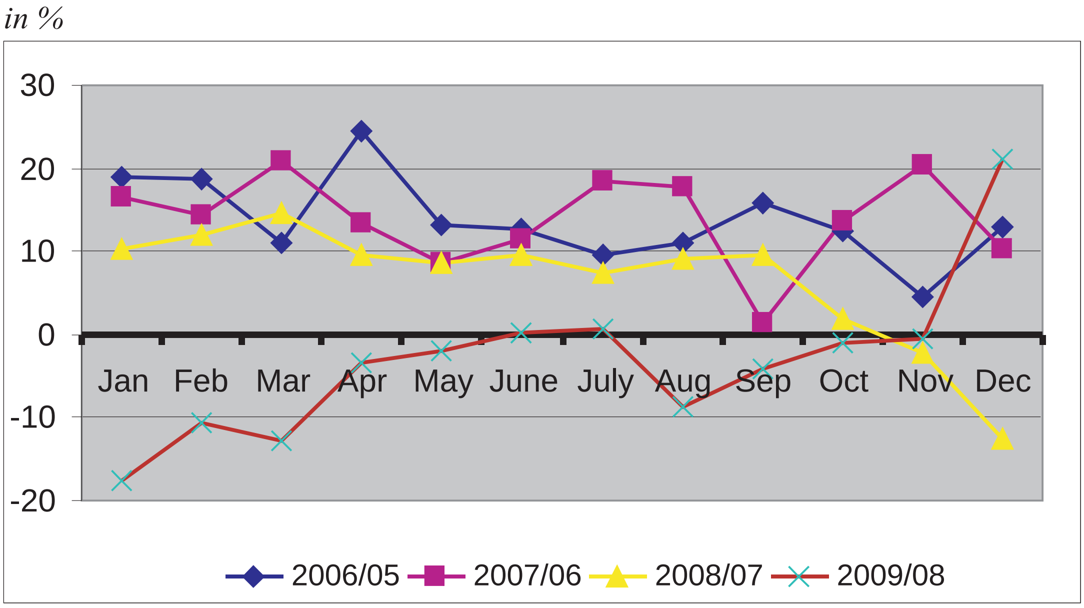
The overall macro-level scenario clearly indicates that major negative happenings including economic decline exerts tremendous pressure on tourism demand. Table 1.1 and Fig 1.1 are clearly indicative of this, wherein, not only the proportion of monthly arrivals during Nov. – Dec. 2008 came down considerably over the previous years but it also recorded sudden decline in the growth rate. This trend continued in first quarter of 2009, but the reversal seems to have picked up in the last quarter and by December 2009 with positive growth of 21%. Due to this reversing trend, the overall decrease in 2009 was reduced to 3.3% against a much worse projected scenario. The trend in arrival of tourists in Goa, a state where tourism accounts for over one-third of its state domestic product (SDP), was

Table: 1.1 Monthly Foreign Tourist Arrivals during 2006-09

Month	Foreign Tourist Arr ivals							
	2006	% Share	2007	% Share	2008	% Share	2009	% Share
January	459489	10.33	535631	10.54	511781	9.7	421708	8.25
February	439090	9.87	501692	9.87	611493	11.6	546675	10.7
March	391009	8.79	472494	9.30	479765	9.1	417875	8.2
April	309208	6.95	350550	6.90	361101	6.8	348462	6.82
May	255008	5.73	277017	5.45	304361	5.8	298578	5.84
June	278370	6.26	310364	6.11	341539	6.5	342222	6.7
July	337332	7.59	399866	7.87	431933	8.2	434525	8.5
August	304387	6.85	358446	7.05	383337	7.2	350370	6.86
September	297891	6.70	301892	5.94	341393	6.5	327684	6.4
October	391399	8.80	444564	8.75	450013	8.5	445963	8.73
November	442413	9.95	532428	10.48	531683	10.1	528493	10.34
December	541571	12.18	596560	11.74	533904	10.1	646024	12.65
Total	**4447167**	**100**	**5081504**	**100**	**5282603**	**100**	**5108579**	**100**

Source: Tourist Statistics- MOT, G.O.I.

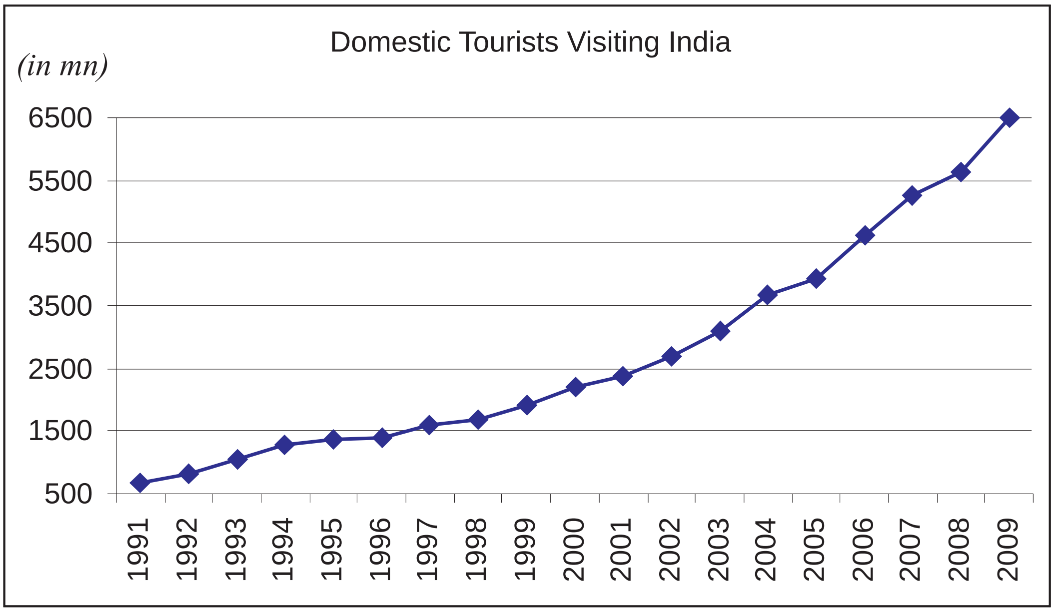
Fig: 1.1 Monthly Growth in Foreign Tourist Arrivals During 2005-09



Source: Tourist Statistics- MOT, G.O.I.

As for domestic, inbound and outbound tourist movements in India, the growth figures did not fall in the negative territory but the growth rates during these years have been considerably less to that of periods prior to that (Annexure 1.1, 1.2, 1.3 & 1.4).

Fig. 1.2 Domestic Tourist Arrivals in India- 1990-2009



Source: Tourist Statistics- MOT, G.O.I.

This trend has the potential to adversely affect economic development, particularly income and employment opportunities. Indeed, adequate signs of shrinkage in the opportunities were already visible, noticeably employment, as being manifested in the form of reduced recruitments and/ threat of lay-offs etc. But what become not clear are the linkages of shrinkage in tourism demand (domestic, outbound and inbound) on the industry in general and on different segments. Similarly, preparedness of the industry to deal with the crises of varying intensities is also not properly known.

Though tourism is not a priority area yet in the development schemes of the nations, there are definite reasons justifying more focused attention. Notwithstanding this, last few years have seen some noticeable shift in the approach towards tourism. In India, for instance, the Tenth Five Plan document which envisages tourism to be a catalyst in attaining the socio-economic goals of the nation and accordingly made a substantial increase in plan allocation in comparison to previous Five Year Plans. Given these, proper understanding of above aspects is central to addressing the challenges emanating from them and sustenance of the industry.

1.4 Scope of the Study

The study was scoped to inquire into the causes of various crises in 2008 and 2009 and its linkages with tourism business, especially the income and price effect, in India. The results aim to provide a sound basis for formulation of appropriate policies and programmes for competitive sustenance of tourism sector in India. Specific focus of the study was the demand component and the inputs obtained from tourist establishments have been taken to corroborate the results emerging from demand-side analysis.

1.5 Objectives

1. To examine the nature and patterns of tourism demand in India.

2. To analyse major factors affecting tourism demand in India with specific focus on its decline from September–2008 onwards.

3. To examine response of tourists towards the economic and other crises situations and the influence of those in their travel decision-making.

4. Specifically to examine the effects of income and prices on tourism demand.

5. To examine the response mechanisms, if any, being devised by destination management agencies & service providers to deal the crises of various types.

6. To suggest corrective measures that can strengthen tourism demand and its sustainable growth.

1.6 Research Questions

To achieve the study objectives, following research questions are formulated for detailed investigation:

1. The influence of different factors on tourism demand varies. Hence, which group of factors could probably exert higher degree of influence in shaping tourism demand?

2. Usually, tourist consumers respond indifferently and at times negatively, to different adverse factors such as shrinkage in personal income, higher prices, natural calamities, political unrest and the like. How important are those in determining their travel decisions?

3. During crises situations- of both anticipated and unanticipated ones- proactive supply providers and destination management organisations (DMO's) are expected to evolve short-term and long term response mechanisms to address the eventualities. In such context:

   a). Whether such mechanisms are in existence to effectively deal the crises situations?

   b). If such mechanism are not being devised by the supply providers, why?

   c). What are the consequences of absence in such mechanisms to their business.

4. What types of measures- fiscal, monitory and others- would be appropriate in dealing with anticipated and unanticipated crises?

1.7 Approach to Study

The global economy is undergoing one of the worst crises ever. Similarly, tourism business has not encountered a setback of present magnitude in the recent times and it has been on downward spiral in India as well. Perhaps, a major constraint in strategically responding to the demand crisis has been lack of quality knowledge/ information base, particularly real causes of the crisis and the consequences. The present study aims to address some of the existing gaps on this count. The basic approach of the study therefore was exploratory in nature and endeavours to bring main stakeholders of tourism viz. the tourists, supply providers, govt. agencies and subject experts in the framework of inquiry.

Quantitative approach: Developed time series regression equation to identify major determinants of tourism demand in India. It has been undertaken at the level of all inbound tourism regions and for selected countries of origin to India.

Survey method: Schedules survey across tourist establishments to find the effects of the crises on the business, use of crisis management in industry, and changing demand scenario. Survey of tourists was undertaken to understand relationship between income and price on travel behavior and other critical attributes to explore demand characteristics. Besides, structured interviews used for senior Govt. officials, industry bodies and the professionals to obtain their views on the industry scenario during 2008-09.

1.8 Data Source & Methodology

For most data requirements, the study depended on primary sources. However, many macro-level data sets are available at secondary-level and were adequately used wherever necessary. Broad sets of data required to fulfill each objective are given below:

1. **Objective One:** To examine the nature and patterns of tourism demand in India.

   Major source of data for this is Tourist Statistics and related studies available on the subject. Along with annualized data; the monthly and quarterly information wherever available, has also been used. This covered domestic, outbound and inbound tourism.

2. **Objective Two:** To analyse major factors affecting tourism demand in India with specific focus on the decline from September–2008 onwards.

   Two approaches were adopted for this. First one used the data available from secondary sources and analysed those with the help of regression equation. Explanation of the model and variables used for analysis are discussed in Chapter- 3. Specific focus of analysis was inbound tourism from major regions and some leading inbound tourism markets of India. Variables being used for detail analysis including trend forecasting cover GDP, disposable income, age, distance and travel cost (expressed in fuel price), exchange rate, terror activities, promotional initiatives etc.

   Second approach entailed analysis of data collected from schedules survey covering the tourists and various industry stakeholders. These were then subjected to appropriate statistical analysis.

3. **Objective Three:** To examine response of tourists towards the economic and other crises situations and influence of those in their travel decision- making.

The major events/ happenings having adverse affects on tourist propensity such as economic conditions, political unrest, etc. were compiled from journals, newspapers, magazines, journals etc. Afterwards, specific factors were delineated through schedules survey from the domestic and foreign tourists, which was then subjected to appropriate statistical treatment to establish the relationships. Another survey was conducted among major tourist establishments, viz. tour operators, hotels, airlines etc. with specific focus on the business aspects and the impacts of evolving economic slowdown as well as other crises on business and analysed accordingly.

4. **Objective Four:** To examine crisis response mechanisms and practices, if any, being devised by the destination management organisations (DMO's) and service providers to deal with the crises of varying types.

The schedules were structured in such a manner so as to capture crisis response mechanisms and practices, if any. Importance of having adequate crises response mechanisms was ascertained from industry operators. Besides these, the stakeholders such as the govt. agencies (both Central and State), professionals and professional bodies, viz. IATO, TAAI, DTOAI, ATOAI, CII, ASSOCHEM, FICCI, HAI, FHRAI were also approached to elicit the details.

5. **Objective Five:** To suggest corrective measures that can strengthen tourism demand and its sustainable growth.

Existing practices having direct bearing on tourism business were perused. This and the conclusions derived from above objectives formed the basis for suggesting appropriate corrective measures/mechanisms.

All schedules were first examined for consistency and incomplete questions and inappropriate responses were eliminated from processing. The survey being interviewer- administered, it became easy to ensure better quality of responses. To have qualified outcome of the field survey, the interviewers selected had been oriented properly. Appropriate statistical techniques were employed to analyse survey data. Particularly to analyse the responses assigned with rank values, a weighted index (WI) has been developed. The method of constructing the index is discussed below:

I. First, the frequencies of responses associated with each rank for a particular parameter were ascertained. The same procedure has been followed for each parameter in the question (X1 = R1….. Rn; X2 = R1 …Rn).

II. Secondly, rank-wise proportion of these frequencies for each parameter/ variable was calculated (i.e. % of R1 … Rn against total of parameter X1, X2 … Xn).

III. A score has been assigned to each rank in such a manner that the highest rank would have highest score.

IV. Based on the score and the proportions, the weighted index has been computed, where the proportions were treated as the weight. Hence,

$$\text{Weighted Index (WI)} = \Sigma W_i * X_i,$$

Where, Wi is the weight of the rank i for a parameter and X_i is the score associated with rank 0I of that parameter. The Weighted Index thus derived could defined the importance of the parameters under study; higher the value of index, higher the importance of that parameter.

1.9 Finalisation of Schedules

The study team first developed detailed schedules with due diligence to the thematic aspects of the study. The draft schedules were then discussed with the senior officials of the M.R Division of Min. of Tourism (MoT). Afterwards, the drafts were pilot-tested across tourists, establishments and other stakeholders. Then, with necessary modifications, those were presented in a meeting chaired by Secretary- Tourism, GOI on 26/03/09. By incorporating the suggestions/ observations that came up during the course of presentation, schedules were approved by MoT.

1.10 Selection of Study Destinations

Ten destinations were selected on following basis for detail investigation of the tourists and tourist establishments:

1. Type of products/ destinations, which are prime attractions in India. Most popular ones in each category were taken.

2. Those destinations popular in terms of religious/ cultural importance so as to ascertain various attributes of the tourists and their approaches.

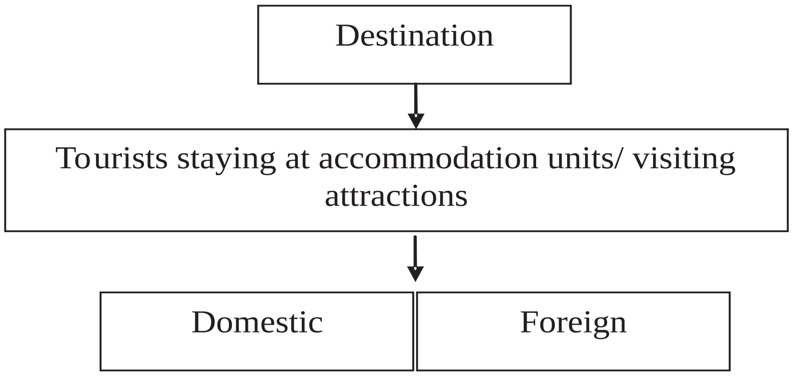
3. The destinations understood to have suffered due to crises of different types; viz. economic and political (terrorism) etc.

The destinations representing a composite of the factors as above were the ones finally selected.

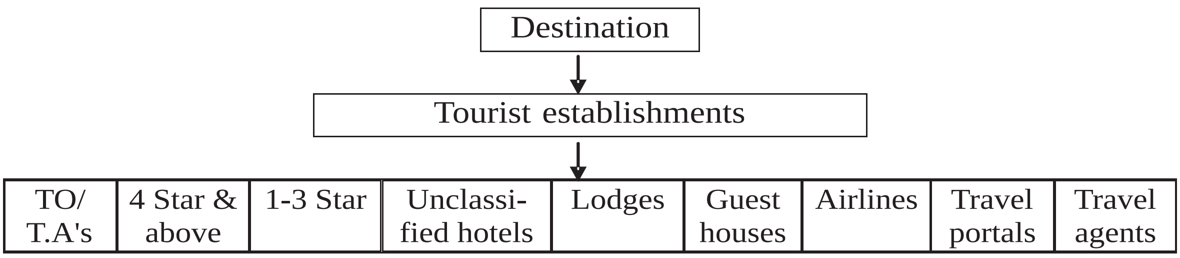
1.11 Sampling Frame & Procedure

Stratified random sampling, as shown in sampling frame was adopted. In order to ensure meticulous recording of the entries, interviewers were engaged to administer schedules in all survey locations. Details of sampling universe for the study are given below:

Sampling Frame for Tourists



Sampling Frame for Tourist Establishments



1.12 Tourists Having Cancelled their Trips:

To understand more on reasons of cancellation of trips in India during Sept.–Dec. 2008, a schedule was designed separately for circulation among those cancelled the trips during above period. For this, schedules were designed separately for the foreign and domestic tourists to ascertain their reasons for cancellation of trip during Sept.–Dec. 2008 to or within India. Over 400 e-mail addresses of such persons had been collected with the assistance of the Hotel Association of India, IRCTC, travel trade bodies etc. Requests were then sent to all those e-mail ID's for participating in the survey. As there was no positive responses forthcoming, two reminders were also sent subsequently at intervals of 15 days each but in vain.

Afterwards, requests were sent through MoT to some hotels which suffered massive cancellations, with the request to facilitate the survey of those who cancelled their trips. That also did not bring any fruitful result. Because of this, collection of responses directly from tourists who cancelled their trip could not be fulfilled. However, responses obtained from the tourist establishments about the trip cancellation could provide necessary basis to draw qualified conclusions.

1.13 Sample Size of Domestic & Foreign Tourists

From each study area, equal proportion of domestic and foreign tourists was picked up for survey. Distribution at each study area and furnished in Table 1.3:

Table: 1.3 Tourist Sample Size and Distribution

Survey Locations	Sample size
New Delhi	200
Mumbai	199
Ajmer	102
Bangaluru	100
Agra	130
Puri	127
Calangutu-Candolim-Baga Beach (Goa)	110
Varanasi	101
Manali	103
Thekkadi (Periyar National Park)	100
Total	**1272**

Note: Thekkadi is a major tourist town and entry point to Periyar National Park. Though there are other popular national parks in the country, Thekkadi has been considered in view of adequate tourist establishments for establishment survey.

1.14 Sample Size of Tourist Establishments

Establishments were first stratified segment-wise viz. tour operators, accommodation units into 3 Star & above, 1-2 Star, unclassified hotels, lodges, guest houses, airlines, travel agents, travel portals and others. A total of 1050 establishments were taken for survey on proportionate basis Table 1.4). Distribution of the same is shown below:

Table: 1.4 Sample Size of Establishments and Distribution

Survey Locations	Sample size
New Delhi	254
Mumbai	253
Ajmer	52
Bangaluru	152
Agra	55
Puri	51
Calangutu-Candolim-Baga Beach (Goa)	80
Varanasi	52
Manali	52
Thekkadi (Periyar National Park)	50
Total	**1051**

1.15 Interview with Government Agencies

With the help of a specifically designed schedule, the state and central tourism departments were approached to elicit their responses specifically about latest initiatives. Govt. of Kerala and few senior officials in the Central Ministry of Tourism have participated in the interviews. The results were then used to corroborate the results emerging from the field survey.

Tourism Professionals

Industrial Bodies: Included are TAAI, IATO, DTOAI, ATOAI, FHRAI, HAI, FICCI, ASSOCHEM and CII.

Professionals: from academics, media, other commentators and industry.

1.16 Period of Study

Considering the diverse nature of the universe for this study- i.e. tourist establishments and the tourists visiting the selected attractions- the survey was expected to take two months time. The survey was launched in the last week of April 2009. However, the survey could not be completed as per schedule due to a set of adverse situations, viz. swine flu, hot summer, non-cooperation etc. on part of many tourist establishments in view of security considerations. For completion of the survey in some cities, the study team had to approach M.R Division of Ministry of Tourism at a later stage for forwarding a request to extend necessary assistances/ cooperation, especially to some five-star hotels and airline offices.

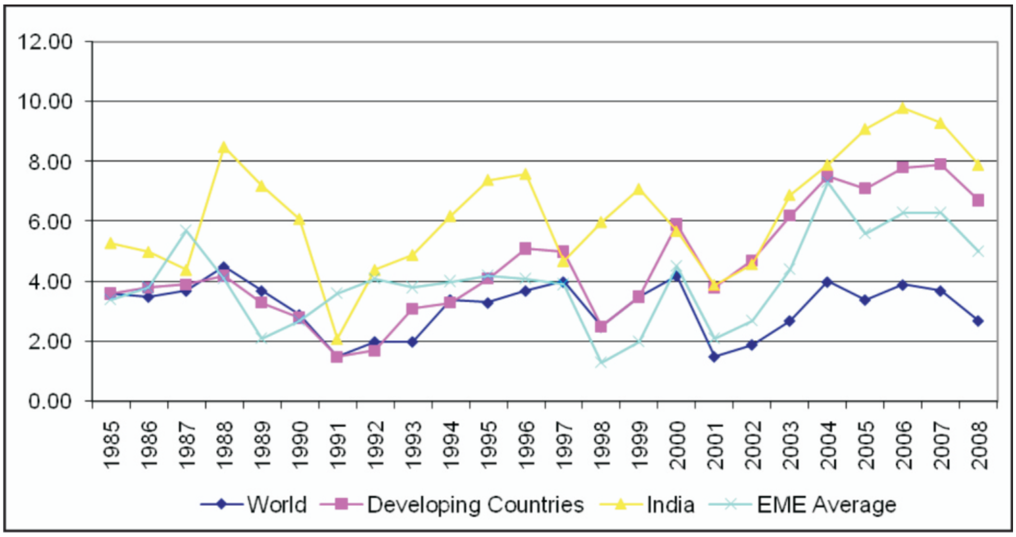
Chapter- 2

THE ECONOMIC ENVIRONMENT AND TOURISM

2.1 Global Economic Outlook

In the last twenty five years, the global economy has been moving forward with leaps and bounds. The trend since 1985 is given in Fig. 2.1, which demonstrates major decline in 1991-92, 1998, 2001 and then in 2008. The developing countries in general show a higher growth from the world average, and that is more pronouncing in the 21st century.

Fig: 2.1 Percentage Growth in World Economy during 1985-2008



Data compiled from World Bank records

By mid- 2008, melt-down that began in the U.S economy triggered one of the most severe global economic recessions. An unprecedented crisis thus emanated had strong bearing on bringing down the global demand substantially, thereby, constraining the economic growth prospects. The March 2009 edition of the Global Economic Prospects-2009 report of World Bank (May, 2009) provides a sketchy account of this. It states: 'commodity prices have halved, triggering sizable shifts in terms of trade and current account positions, while rapidly lowering domestic inflation across the world. Fiscal pressures are mounting swiftly, even for governments that enjoyed budget surplus at the start of the crisis. And large financing gaps on balance of payments are emerging for a large number of countries, which are increasingly likely to require large-scale support from official sources to prevent harsh market-driven corrections'.

The factors that caused the recession were attributed to an unregulated financial market and greedy institutions, which promoted unsustainable consumption backed by borrowing. Hence, the world leaders considered two pronged strategy of: a). pumping money into the market to retain liquidity so as reverse to declining consumption; b) to fix responsibility on those institutions responsible for pushing the economy to the brink. To prevent the economy from collapsing, many leading economies have pumped in billions of dollars in a phased manner to stimulate their economies.

While there are divergent views on the impacts of recovery (stimulus) packages, the views of some world leaders are suggestive of 'the worst is over' sort. The ambivalence on the position of the nature of impacts was clearly evident in the G-8 Summit Meet at L'Aquila, Italy in July 2009. In the summit, for instance, Pascal Lamy, chief of World Trade Organisation (WTO) warned that 'the worst of the crisis in social terms is still to come, which means that the worst of the crisis in political terms is still to come' (quoted in Times of India, Goa, 09-07-09, p.10). Whereas, the U.S President maintained that 'while the lasting world recovery is still a way off, a disastrous economic collapse apparently has been reversed'. He reiterated that the reckless actions of a few leaders have fuelled a recession that spans the globe (quoted in Times of India, Goa, 12-07-09).

The mid-year report of the U.N Dept. of Economic and Social Affairs for 2009 echoes a sentiment similar to WTO. It retains the pessimistic scenario of forecast made in the January '09 report stating that 'the world economy is expected to shrink by 2.6% in 2009'. The March-2009 forecast of the World Bank also conforms to the dominant 'worse case' scenario of GDP forecast given by financial institutions. It appears that the High Income countries would be primarily responsible for pulling down the global growth by -1.7% in 2009 (Table: 2.1). However, downturn in the global economy is expected to reverse in 2010 and record a better growth of +2.3% against 2008.

Table: 2.1 Global Forecast on Growth in Real GDP- World Bank

Regions	**As on Nov. 2008 (In %)**		**As on March 2009 (In %)**		
	2009	2010	2008	2009	2010
World	0.9	3.3	1.9	-1.7	2.3
High income countries	-0.1	2.0	0.8	-2.9	1.6
Developing countries	4.4	6.0	5.8	2.1	4.4
China	7.5	8.5	9.0	6.5	7.5
India	5.8	7.7	5.5	4.0	7.0
Developing countries excluding India & China	**2.9**	**4.7**	**4.6**	**0.0**	**2.67**

Source: World Bank- 2009

International Monitory Fund (IMF) uses output indicators to forecast the health of global economy. The growth in global output for 2009 would be negative at -1.4% (Table 2.2), owing mainly to contraction of the advanced economies but likely to experience a faster recovery by next year.

Table: 2.2 Growth in World Output - IMF, July 2009

Regions	Year on year change (in %)			
	2007	2008	2009	2010
World output	5.1	3.1	-1.4	2.5
Advanced economies	2.7	0.8	-3.8	0.6
Emerging markets & Developing economies	8.3	6.0	1.5	4.7
China	13.0	9.0	7.5	8.5
India	9.4	7.3	5.4	6.5
Newly Industrialised Asian economies	5.7	1.5	-5.2	1.4

Source: IMF, World Economic Outlook, July 2009

In its mid-2009 update on the prospects of global economy, the United Nations expects the economy to shrink by 2.6 per cent in 2009 after an expansion of 2.1 per cent in 2008 and nearly 4 per cent per year during 2004-2007. While a mild recovery is expected in 2010, risks would continue to remain on the downside (Table 2.3). Developing countries are disproportionately hard hit by the crisis.

Table: 2.3 Percentage Growth in World Output- United Nations, July 2009

Regions	2004-07*	2008**	2009***	Scenario- 2010***		
				Baseline	Optimistic	Pessimistic
World output	3.8	2.1	-2.6	1.6	2.3	0.2
Developed economies	2.6	0.8	-3.9	0.6	1.1	-0.4
Economies in transition	7.6	5.3	-5.1	1.4	2.4	-0.5
Developing economies	7.1	5.4	1.4	4.3	5.5	2.0
South Asia	8.3	6.8	4.1	5.4	6.5	3.1
East & S.E Asia	8.5	6.2	3.2	5.6	6.5	3.7

** Average annual percentage change. ** Partly estimated.*
**** Forecast, based in part on Project LINK.*

(Source: World Economic Situation and Prospects 2009, Updates as mid-2009, United Nations **(http://www.un.org/esa/policy/wess/wesp2009files/wesp69updates.pdf)**

As it appears, the downfall of present magnitude is primarily attributable to a deteriorating economic environment in the major economies like Japan, the U.S and Euro-zone countries and the spread of it. Among those, the worst affected has been Japan and the forecast for 2009 is –7.1%, followed by the U.S. Developing economies, which were on strong growth trajectory of over 7% till 2007 had suddenly fallen due to the overall impacts. Both IMF and U.N output forecasts are more in conformity in terms of growth, but, IMF seems to be more optimistic about relatively faster recovery of the economy.

2.2 Global Employment Scenario

Major fallout of the economic recession was evident in the pace at which employment avenues were shrinking. Reportedly, most international institutions and corporate sector resorted to drastic cost-cutting as immediate response to the crisis, and in the process, the axe fell heavily on workforce. Since the beginning of recession, millions of people lost their jobs on account of either retrenchment or drastic cut in salaries resulting large scale resignation. New recruitments had been frozen. Needless to state, the informal sector was hit even worse due to liquidity crunch and lack of employment avenues. A natural outcome of these concomitant processes has been substantial loss of man hours globally.

The January 2009 Global Employment Trend report of ILO is indicative of a disturbing trend in global (un)employment. It states: after four consecutive years of decreases, the global unemployment rate increased from 5.7 per cent in 2007 to 6.0 per cent in 2008. The global number of unemployed in 2008 is estimated at 190 million, an increase of 10.7 million over 2007. The Report further shows that during 2008, bulk of the employment generation took place in the Asian region, viz. South Asia (33%), S.E Asia & the Pacific (12%) and East Asia (12%). Hence, it was natural for the analysts to forecast a downward trend in global consumption including tourism.

Latest Global Employment Trend report of ILO (January, 2010) is suggestive of a worsened unemployment scenario in 2009. Its preliminary estimates for 2009 reveals the global unemployment to the tune of 6.6% in 2009, an increase of about 0.6% over 2008 (Table 2.4). Developed economies and European Union (E.U) suffered the most with 2.4% decline followed by Non-E.U Central and S.E Europe and CIS. Between 2008 and 2009, total unemployed globally has been estimated at 212 million people, which is the largest year-on-year increase since 1998. When it comes to gender-wise decline, unemployment rates are 6.3% and 7% respectively for male and female.

Table: 2.4 Global Unemployment Rate in Percentage– ILO

Regions	2000	2007	2008	Scenario- 2009 *		
				CI Lower-bound	P.E *	CI Upper-bound
World	6.2	5.7	5.8	6.3	6.6	6.9
Developed economies & E.U	6.7	5.7	6.0	8.3	8.4	8.5
Central & S.E Europe (Non-E.U) and CIS	10.6	8.3	8.3	10.0	10.3	10.6
East Asia	4.5	3.8	4.3	4.1	4.4	4.8
S.E Asia & Pacific	5.0	5.4	5.3	5.4	5.6	5.9
South Asia	4.5	5.0	4.8	4.8	5.1	5.5
Latin America & Caribbean	8.4	7.0	7.0	7.9	8.2	8.5
Middle East	9.5	9.3	9.2	8.8	9.4	10.0
North Africa	14.0	10.1	10.0	9.8	10.5	11.1
Sub-Saharan Africa	8.3	8.0	8.0	7.9	8.2	8.5

* P.E: Preliminary estimate; C.I: Confidence interval
Source: Global Employment Trend, Jan. 2010

Since the developed world is the major feeder to the global tourist flow, a sharp decrease in the employment rate in most of those countries undoubtedly had a major role in bringing the tourist flow down in 2009.

2.3 Outlook of Indian Economy

The momentum in economic growth of India has been highly appreciative over the last couple of years. Even during the worst years of 2008 & 2009 when the global economy was in turbulence, Indian economy had fared much better. Despite this, GDP growth in India maintained a rate of 6.7% even though it was comparatively less to the rate of 9.2% in 2007-08. This was probably due to consistent performance of many fundamental sectors as seen in the Table 2.5.

Table: 2.5 Growth of Different Sectors in Indian Economy (In %)

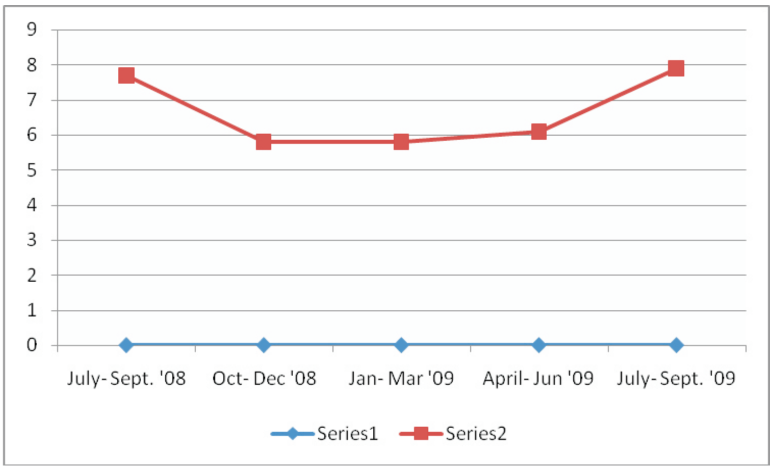
Sectors	2005-06	2006-07	2007-08 (RE)	2008-09 (QE)
Agriculture & allied	5.2	3.7	4.7	1.6
Industry	9.3	12.7	9.5	3.9
Manufacturing	9.6	14.9	10.3	3.2
Construction	12.4	10.6	10.0	5.9
Services	11.1	10.2	10.5	9.8
Trade, Hotel, Storage & Communication	12.1	11.7	10.2	7.6
Finance, insurance, real estate & business service	12.8	14.5	13.2	10.1
GDP @ factor cost	9.5	9.7	9.2	6.7

RE: Revised estimate QE: Quick estimates

Source: http://finmin.nic.in/stats_data/monthly_economic_report/2009/india09.pdf, visited on 28-02-2010

Perhaps, the economic growth is gaining momentum and the recovery appears to be encouraging. The quarterly GDP numbers from July 2008 are testimony to this. Fig. 2.2 indeed suggests gradual forward movement of the economy, which by July- Sept 2009 crossed the quarterly growth of corresponding period in 2008 to 7.9%. The Union Finance Minister attributes this to different recovery measures being initiated by the Union Govt., especially the stimulus packages (Economic Times, 01-12-2009, p.1). General improvement in the economic situation can be seen in all major sectors of Indian economy (Table 2.6). Perhaps, available numbers on GDP growth in the July-Sept. 2009 quarter beat most existing forecasts on the health of Indian economy.

Fig: 2.2 Quarterly Growth in GDP (In %)



Source: Data compiled from the Min. of Finance, Govt. of India sources http://mospi.nic.in/mospi_nad_nsdp.htm, 01-12-2009

To have a better understanding of the growth prospects of Indian economy, a cursory glance at some of the latest forecasts should suffice. For this, the numbers advanced by some of the leading national and international institutions were compiled and placed in Table 2. 6. While it would be difficult to draw a general picture out of those figures, what stands clear is that the overall growth in 2009-10 should in all probability exceed 6.5%. In that case, one can expect a more promising scenario in the succeeding fiscal. However, there can still be some spoilers, originating mostly from an unstable global economy and the latest crisis in the economy of Dubai.

Table: 2.6 Projected Growth in GDP in India- A Comparison

Agency	2009-10 (Revised growth in %)	2010-11 (Revised growth in %)
RBI (July '09)	6.0	-
OECD	4.3	5.8
ICRIER	4.5 to 5.5	-
Morgan Stanley	5.3	-
World Bank	4.0 (2009)	7.0 (2010)
IMF	5.5	-
Union budget	9.0 (target)	-
Prime Minister's Economic Council (Oct. '09)	6.5	-
Planning Commission (Sept. 09)	6.3	-
Finance Ministry, India (Jan. 2010)	7.75	

Source: Compiled from respective sources

2.4 Global Tourism Patterns

In the last decade, continued growth and diversification of tourism has resulted in its emergence as a sector with distinct characteristics. It is a multi-segment industry and exists is an integrated manner with some critical sectors of the economy viz. transport, hospitality, attraction and entertainments forming its part. The sector is equally significant enough in terms of economic contribution, because of which, it was natural for the countries world over to position tourism as a prominent sector in their development planning schemes. Further, it also serves addressing the fast evolving leisure, recreation and tourism requirement of the society.

UNWTO (2009) summarises the role of tourism in following ways:

- Tourism is one of the largest employment sectors in most countries and a fast entry vehicle into the workforce for young people and women in urban and rural communities.

- It is a vital source of foreign exchange for many economies, mainly developing countries.

- Tourism has a strong multiplier effect on other crucial sectors of the economy like manufacturing or agriculture.

- From 1950 to 2008, international tourist arrivals grew from 25 million to 922 million, though it declined to 880 million in 2009.

- The period between 1950 and 2008 has been characteristic of the spread in movement of tourists. For instance, the share in international tourist arrivals of top 15 destinations declined from 98 % in 1950 to 75 % and 57 % respectively in 1970 and 2007. This is a reflection of the emergence of new destinations, many of them in developing countries.

- Outbound tourism in recent years has been increasingly driven by emerging market economies.

Besides economic roles; importance of tourism as a critical instrument for peace, security, social harmony and conservation was credibly established across the world. Needless to state, India also benefited from the dispersion of global tourist traffic in the last couple of decades, even though not very significant in terms of its share in global tourism.

2.5 Global Tourist Arrivals During 1990- 2009

Since 1990, there have been many factors periodically acted as arresters- viz. economic, natural, political, epidemics and terrorism- of otherwise fast moving international tourist flow. Notwithstanding, occurrence of most demand shifters have been characteristically regional or local in nature except the global encompassing economic crisis post-2008. Again, many of those adverse events occurred more than once in some regions and countries. While the impacts of some of the events have been severe in some regions, a majority of them appeared characteristically short duration in nature and demonstrated the resilient nature of tourism both in the short to long terms. Instantaneous being, while economic crisis in the later half of 1990's took a toll on tourism demand in South-east Asia; other critical negative forces like outbreak of bird flue, Tsunami and then

H1N1 had varying degrees of adverse effects. But, despite these, UNWTO figures suggest that tourist arrivals in S.E Asia grew at the rate of 7% and 7.1% respectively from 1990-2000 and 2000-08 period.

Equally important during this period have been some of the horrifying terror attacks that shook the developed tourism markets in the Western countries- New York, London, Paris, Madrid etc. The war in the Middle East also had its share of cut in an otherwise north-moving tourism graph. Perhaps, it is due to localised or comparatively less significant and region-specific nature of most adverse events that their overall bearings on global tourism demand appeared to have been marginal. Table 2.7 suggests this line of reasoning.

As per Table, globally, international tourist arrivals during 1990–2000 grew at the

Table: 2.7 Region-wise International Tourist Arrivals- 1990-2009

Region	International Tourist Arrivals (In Million)					Growth rate 2009/08 (%)	Average Annual Growth 2000-08 (%)	Market share- 2009* (%)
	1990	2000	2007	2008	2009			
World	438	684	904	922	880	-4.56	4.3	100
Europe	262.6	392.6	489.4	487.4	459.7	-5.68	3.1	52.24
Americas	92.8	128.2	142.9	147.1	139.6	-5.1	1.8	15.86
Africa	15.1	27.9	45.0	45.7	48.0	5.03	8.4	5.45
Middle East	9.6	24.9	46.6	55.6	52.5	-3.1	15.1	6.32
South Asia	3.2	6.1	10.1	10.3	10.0	-2.91	8.6	1.14
Asia and the Pacific (Excl. S. Asia)	52.6	104.0	171.9	173.8	170.5	-1.9	8.4	19.38

Source: World Tourism Organization (UNWTO), Tourism Highlights- 2009 Edition
*. Provisional

rate of 5.6% and 4.3% in 2000-08. The fastest growing regions during 2000-08 have been Middle East, South Asia, Asia- Pacific and Africa respectively. Even though the average growth in arrivals in the 21st century has been slower than previous decade, possibly due to some of the factors identified above, it can also be attributed to higher volume of tourist arrivals that brought down annual growth rates. Further, 2009 has been a very bad year for tourism globally with a decline of (–) 4.56%.

Among regions, the developed world has been hit very badly with over (–) 5% ggests that in the first three quarters of 2009, rate of decline was 10%, 7% and 3% respectively.

decline in the U.S and Europe. Only Africa has recorded some positive growth. Quarterly trend suggests that in the first three quarters of 2009, rate of decline was 10%, 7% and 3% respectively. Perhaps, positive growth of 2% in the last quarter resulted arresting the pace of sharp decline in 2009. It can be inferred further from the data that perhaps the decline in international tourism has been bottomed up and a gradual reversal is very much on the track.

The UNWTO Chief also echoed the same optimism. His press statement said: 'Throughout this year, the world's tourism industry was faced with a large number of challenges, led by the global economic crisis, the credit crunch and rising unemployment, not to mention the influenza pandemic. Seldom in recorded tourism history has the industry had to contend with so many different issues at the same time. However, the negative trend that emerged during the second half of 2008 and intensified in 2009 is starting to show signs of receding'. (UNWTO, Nov. 6, 2009, Madrid;

(http://www.unwto.org/media/news/en/press_det.php?id=5041&idioma=E).

2.6 Global Significance of Tourism

There are ample instances to suggest that modern tourism is a key driver of global prosperity. Most significant is the centralility of tourism in international trade activities of many nations for many decades. The UNWTO Barometer (Jan. 2010) records are revealing on the growing importance of tourism:

- International tourism receipts rose to US$ 946 billion in 2008, corresponding to an increase in real terms of 10% over 2007. Between 1990-2008, international receipts grew on an average of 4.2% per annum.
- In 2009, global receipts decreased by 6%.
- Total receipts from international tourism, including international passenger transport, increased to US$ 1.1 trillion in 2008, i.e. over US$ 3 billion a day to the world economy.
- Tourism exports account for as much as 30% of the world's exports of commercial services and 6% of overall exports of goods and services. Globally, as an export category, tourism ranks fourth after fuels, chemicals and automotive products.
- By 2010 international arrivals are expected to reach 1 billion and 1.6 billion by 2020.

- The export income being generated by international tourism ranks fourth after fuels, chemicals and automotive products.

During difficult periods, tourists tend to demonstrate austere holidaying habits and it has been reinforced by latest UNWTO figures on international tourism earnings. It shows, as in previous crises, tourism earnings seemingly suffered more than arrivals as consumers tend to trade down, spend less on holiday travel, stay closer to home and travel for shorter periods of time (UNWTO Barometer, Jan. 2010)). A comparison of the growth trends in arrivals and the receipts could perhaps reveal this trend. For instance, international receipts estimated to have contracted about 8% real terms in the first three quarters of 2009, i.e. 2% points below the corresponding period in previous year.

2.7 Short-Term Determinants of Tourism Demand

Given the prevailing business environment for tourism, the economic and security related factors have higher likelihood of influencing tourism demand. A brief of emerging economic and employment scenario is furnished in the previous section. There are other contributory factors too having potential to impact tourism demand adversely and major ones are given as below:

- Decrease in disposable income consequent upon massive decline in income and employment opportunities, especially in the developed economies.
- Fluctuations in exchange rates.
- Lack of improvement in business and consumer confidence.
- Uncertainty on the future dimension of the H1N1 influenza virus and its spread. It is indeed a cause for concern as still there are cases of infection being reported across the world. At the moment, no restrictions on international travel are recommended by the World Health Organization (WHO).
- The level of advanced bookings, coupled with the reduction in airline capacity, make recovery before 2010 difficult.

2.8 Outlook of Global Tourism Post-2009

As tourism industry entered in the first quarter of 2008, a host of adverse developments began to take toll on tourism demand and that continued until the end of 2009. Its direct manifestations were seen across two major segments of tourism namely accommodation and air transport. For instance, International Civil Aviation Organisation (ICAO) figures on passenger traffic of scheduled airlines of its member countries show an overall decline of 3.1% in 2009 over previous years, perhaps the largest on record for the industry. Decline in global economy was also estimated to be 1% in 2009, the first negative growth since Great Depression of 1929 (UNWTO Barometer, Jan. 2010).

The hotel occupancy rates according to Smith Travel Research (STR) are down by 10% or more in all world regions in the period January-April 2009. (Source: UNWTO World Tourism Barometer- June 2009, Vol. 6 (2, 14-07-09). Quoting Deloitte & Touche data on hospitality industry, UNWTO Barometer (Jan. 2010) indicated a decline in hospitality demand in 2009. The hotel occupancy in major tourist regions during Jan- Nov. 2009 was in the range of 56% to 62% compared to 62-69% for corresponding period in 2008. Revenue average per room (revPAR) was even more alarming with all regions still posting double-digit decline in revPAR in Jan- Nov. 2009 period. However, the rate of decline is narrowing since Sept. 2009 and that is being taken as positive sign for 2010.

A variety of factors particularly recovering global economy, international events such as FIFA world cup, Commonwealth Games are compelling in nature to resort to optimistic tourism scenario. Coupled with the gradual improvement in global economy and the international tourist numbers in recent months, the UNWTO has forecasted international tourist arrivals to grow 3% to 4% in 2010.

2.9 Long-term Tourism Demand Scenario

In the beginning of the New Millennium, UNWTO undertook a major exercise to map the factors that could influence tourism in the 21st Century. A long- term forecast for 25 years was also carried out by taking 1995 as the base year and a document was released with the title Vision-2020. The results furnished in the report are very encouraging as portrayed in Table 2.8.

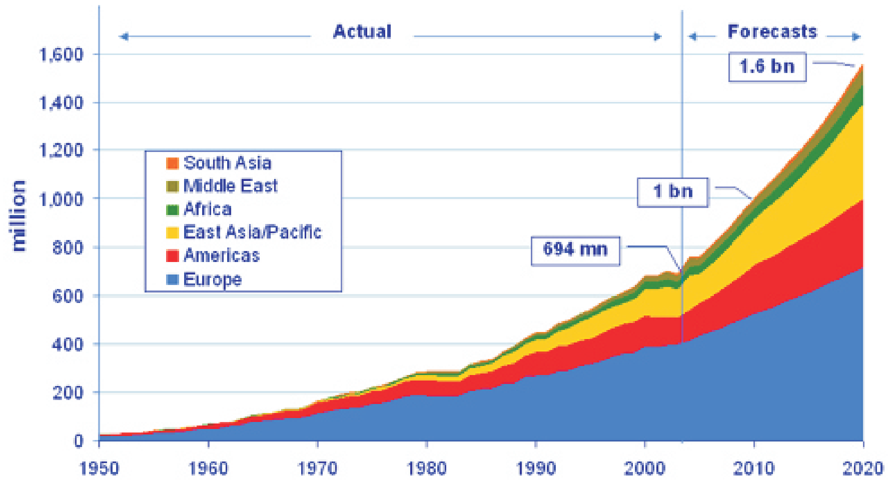
Table: 2.8: Regional Pattern of Growth in International Tourism- 1995-2020

	Base Year 1995	Forecasts 2010	Forecasts 2020	Market share (%) 1995	Market share (%) 2020	Average annual growth rate (%) 1995-2020
	(Million)					
World	565	1006	1561	100	100	4.1
Africa	20	47	77	3.6	5.0	5.5
Americas	110	190	282	19.3	18.1	3.8
East Asia and the Pacific	81	195	397	14.4	25.4	6.5
Europe	336	527	717	59.8	45.9	3.1
Middle East	14	36	69	2.2	4.4	6.7
South Asia	4	11	19	0.7	1.2	6.2

Source: Vision- 2020 Document, UNWTO

During 1995-2020, international tourism is projected to grow at 4.1% at global level (UNWTO- 2008). At the regional level, while the developed markets like Europe and the Americas (Mainly the U.S & Canada) may grow in the range of 3.1 % and 3.8%, the Asia and Pacific regions are poised to record higher growth rates. The South Asia is projected to grow at 6.2 % (Table 2.8 and Fig. 2.3).

Fig: 2.3 Forecast of Growth in International Tourism- UNWTO



Source: Vision- 2020 Document, UNWTO

2.10 Tourism Demand Recovery is Around but Would That Sustain?

There is a clear sign of upward movement in overall tourism demand scenario globally. But, major destinations and international institutions such as UNWTO are optimistic but cautious when it comes to projections due to the factors discussed in the earlier parts.

The tourism environment in India is equally an optimistic one and some of the latest data pertaining to main segments of tourism industry viz. hotels and airlines, especially from second half of 2009, are suggestive of this.

2.10.1 Airline sector:

The domestic aviation sector is poised for a recovery if the latest data of passenger traffic is any indication. A brief sketch of the evolving trend is given below:

- Domestic air traffic in Oct. 2009 recorded an increase of 25% over the same month last year.
- From Jan- Oct. 2009, number of fliers was reportedly 360 lakh, an increase of 3.3% compared to same period last year.
- Biggest gainer in the traffic recovery is low-cost airlines with over 76% capacity utilisation in Oct. 2009. Whereas, corresponding figures for full-service carriers have been 72% to 75%.
- Airlines in general have reportedly seen a substantial increase in corporate travel.

(Source: Times of India, Mumbai/ Goa, 14.11.22009, p.13)

2.10.2 Hotel Sector

A recent study by the Federation of Indian Chamber of Commerce and Industries (FICCI) titled "Survey of Hotel Industry: Putting the Tourism Downward Behind" is a case in point. The focus of study was to look into the impacts of economic slowdown on hotel industry. It covered 100 hotels in different categories, with turn overs ranging from 1 crore to 1400 crores. Major highlights of the study are:

- Business travel has come to rescue the hotels which were facing the heat of economic slump.

- The top luxury hotels reported occupancy of 50-75% and an improvement in their revenue position to the tune of 85% in the last 06 months.
- Foreign tourist arrivals, particularly those travelling for business purpose is on the growth track, probably due to improvement in the global economic situation.
- The business category hotels performed better in comparison to those in the leisure category with over 50-75% occupancy during study period.
- Over 85 % hotels in the 5* Deluxe segment recorded improvement in revenue position, whereas, corresponding figure for 5* hotels is 40%.
- The budget hotels (two and three stars) fared comparatively less in terms of overall performance.

(Source: Times of India, 29-09-2009, Hotel Sector Recovers on Business Travel)

The study suggests that the hotel industry is now on a recovery path. This optimism was shared by about three-fourth of the hotel units under study. Hence, in view of the above patterns and bettering buoyancy being observed in the economy, particularly the Indian economy in recent months it would be reasonable possibility that the growth and recovery of tourism demand presently being underway in India should be sustainable.

Chapter- 3
Determinants and Forecast of Inbound Tourism to India

"Forecasting can be defined as the art of predicting the occurrence of events before they actually take place". It is emerging as one of the core area of study in tourism economics. Indeed, estimates of future demand at destination-levels are very important in managing and planning tourism development. But, tourism forecasting has been a neglected subject, perhaps due to prevailing misconception about its economic significance and also the complex nature of the exercise. Its forecasting also involves interplay of several factors, of which, many are very much unpredictable. Perhaps due to this, unlike other economy sectors, demand forecasting in tourism is more about sketching a realistic trajectory rather than deriving precise numbers.

The determinants of tourism demand are those factors with propensities to shape the nature and pattern of a population's demand for holiday and travel. These can also explain why the population of some countries have a high propensity to participate in tourism and travel compared to many other countries. Equally important is that while formulating the determinants, one needs to be cautious in distinguishing between the motivation and buyer behaviour. Available literature on tourism demand provides a variety of factors determining in nature. Major ones are given below[1]:

1. Economic factors
2. Comparative prices
3. Demographic factors
4. Geographic factors
5. Socio-cultural factors
6. Morbidity
7. Government and regulatory
8. Media communication
9. Information and communication technology.

3.1.1 Economic determinants

Probably, most important amongst the demand determinants is the economic factors, especially, national income or disposable income of the tourist generating countries. Mostly, countries with higher national income are situated in the developed parts of the world. In late 1990s, there were 30 countries of origin that accounted for over 90

1. Archer (1976)

per cent of the world international tourist spending. In terms of tourist spending also, a similar pattern exists with top 30 nations accounting for about 80% of total tourist expenditure in 2008 (UNWTO Barometer- Jan. 2010 edition). More striking is that top 15 countries alone accounted for about 52% of the global tourism spending in 2009. Given this, it is logical for the tourist destinations to vie for a fair share from the same tourist pie.

Income can be measured in many ways; more pertinent being GDP and disposable income. However, the later could be a major independent variable, but, discretionary income- i.e. the income left after all necessary expenditure- is considered as even better measure. But, there are many constraints in using disposable/ discretionary income and the variables such as net saving rates for forecasting purpose viz. inadequate availability. Similarly, while disposable income may be a more reliable variable, GDP was found more in use for forecasting purposes perhaps due to the consideration that it is easier to obtain quality data and future predictions on GDP than disposable income.

With respect to income, two relevant points are worth noting. First, disposable income or GDP per capita depicts an average. A better average of these can be taken as indicator of the economic health of the economies and society. But, it does not necessarily reflect the issues of income distribution within a country because it is not capable of capturing skewness in income distribution. Second, there can be a time-lag between income creation and spending for tourism, meaning that the income created at one point of time might be used for tourism after a considerable lag of time. Again, consumers may have income expectations that can be optimistic as well as pessimistic, but sometimes their over-reaction in either way could be unreliable (WTO 1999).

A notion often attributed to tourism demand is that of income elasticity. It is defined as relative change in tourism demand for relative change in income and in general, elastic nature of income and demand situations is directly relational and that is applicable in tourism as well. The studies by leading tourism economists like John Tribe also demonstrate that certain segments of tourism demand are comparatively less elastic to income.

Another notable determinant is price. But, often behaviour of the prices of tourism products may not follow the general principle of price due to the factors economies of scale, advancement in transport and communication technology, deregulation of air transport and stronger competition. In fact, flexible nature of pricing has invariably resulted stimulating not only the purchase capacity of the travellers but it also made travel more accessible. Further, differential pricing being practiced in many countries usually brings in certain elements of price competition between them, thereby making, tourism pricing a more complicated issue. Scattered nature, and at times, non-availability of the price data also make it difficult to capture the impact of prices in a robust manner.

3.1.2 Time availability

It is to acknowledge that availability of time for travel is a prerequisite for tourism to happen. Invariably, availability of free time has been a major determinant for many decades. But, it no longer has critical role because over the years, duration of the paid leaves has been reduced significantly in most of the developed countries. Notwithstanding, it is still a determining element in developing countries and in countries like Japan and USA (WTO 1999).

3.1.3 Demographic factors

The demographic factors play equally important roles. For, the volume and growth of the population in the generating markets are considered to be key factors in shaping overall demand patterns. Then, in many cases, it is not just the volume of population that matters but size of the relevant market segments (age-wise), purchasing power, willingness to purchase etc. Besides this, geographic factors such as climate, terrain, coastal landscape etc. also play varying roles but these are preferential aspects rather than determining elements.

Again, there are also many socio-cultural and political attributes that shape demand patterns viz. government regulations, political stability of the destination, marketing the destination etc. However, it is considerably difficult to obtain quantitative data on these in such a manner to incorporate those in the tourism demand analysis in a meaningful way.

3.2 Objectives of the analysis

The prime objective of this section was to identify the key demand determinants and to forecast foreign tourist arrivals for all inbound tourism regions and selected countries of origin of India. Specific objectives were:

- Identification of key determinants across selected inbound tourism markets as well as all regions of India.
- Forecasting short term to medium term trend in foreign tourist arrivals from selected countries and regions.

3.3 Methodological Considerations

In forecasting exercise, incorporation of causal relationship between the forecast variable and explanatory variables is an established practice. Because, causal method is considered as capable of explaining the relationship between dependent/ forecast variable as well as the determinants over a period of time. Equally, the momentum in demand can be attributable to one or several factors. In tourism, it is a well established proposition that there exists a complex web of relationships and factors that can simultaneously impact the tourist numbers.

Causal models have many advantages. First, it can predict the turning point with the help of one or more causal factors, thereby, enabling to forecast trend more accurately. This often becomes a constraint in time-series analysis. Second, there might be undue fluctuations in the forecast variable and that more often may constrain detecting probable trend through time series modeling. Third, an understanding of causal relationships can be more insightful and a useful tool from a strategic perspective.

In tourism literature, two types of causal modeling can be found in use (Frechtling, 1996). First one is the linear regression models, where, the dependent variable could be explained by one (single regression) or more independent variables (multiple regression). The second type is the structural model (Turner and Witt, 2001a; Smeral, 2004), a set of regression equations linked together by certain variables and each act as both dependent and independent variables at the same time.

Regression models usually serve three main purposes- to forecast to identify explanatory factor(s) and to test the efficiency of one or more variables (Crouch et. 1992). There are many approaches to modeling but linear regression model has been employed in this study. Because, it is comparatively easy to administer for both purpose of deriving major determinants of demand and running the forecasting. It was also found suitable for short to medium term projections and easy to handle.

The model construction begins with formulation of following relationship:

$Y = f(X_1, X_2, X_3, \ldots X_n)$ (1) OR

$Y = a + b_1X_1 + b_2X_2 + \ldots b_nX_n + e$ (2)

Where,

Y = dependent variable/ forecast variable or the variable to explain (e.g. inbound traffic)

$X_1 \ldots X_n$ = independent or explanatory variables

A = intercept constant

b = slope coefficients or regression coefficients to be calculated with regression analysis

n = number of independent variables

e = error factor.

Equation (1) can also be a multiplicative function as given below:

$$Y = a X_1^{b_1} X_2^{b_2} X_3^{b_3} \ldots X_n^{b_n} \qquad (3)$$

It can then be transformed in a log-log function of the type:

$$\ln Y = \ln a + b_1 \ln X_1 + b_2 \ln X_2 + b_3 \ln X_3 \ldots b_n \ln X_n \qquad (4)$$

In equation (4), the regression coefficients b_1 b_2, etc. become elasticity coefficients.

3.4 Variables Used in the Study

The tourist arrival numbers continue to be the most popular and commonly used measure of tourism demand. The economic variables such as tourism revenue, per capita tourist expenditure etc. are also in use but only few studies have been found us-ng these variables. Recent econometric studies suggest that income, prices of products at destination and in the origin country, prices of the competing destinations (i.e., substitute prices) and exchange rates are some of the frequently used determinants in tourism forecasting (Li et al. 2005; Lim 1999).

For this exercise, number of inbound tourists to India has been taken as dependent variable. The explanatory variables finalised for detailed study are given in Table 3.1 and Annexure 3.1 to 3.17.

Table: 3.1 Variable and Variable Definition

Variable	*Variable definition*
No. of tourists	*Number of inbound tourists to India from the originating country/region*
Income	*Gross Domestic Product (GDP) of the originating country/region at constant prices*
Disposable income	*Total disposable income of the originating country*[2]
Export/import activities	*Total income of the country/region generated from export or import activities*

[2] This variable was considered only at the country level analysis

Population	*Total number of persons of the country or region*
Population above 65 years	*Number of persons of the country or region aged mo re than 65 years*
Distance and travel cost	*Crude oil price was used as proxy variable for this.*
Exchange rate	*Country's exchange rate (In terms of US dollar*)
Terrorist activities	*Number of terrorist activities occurred in India (Ref. Annexure 3.1)*
Lagged independent variable	*Previous year's value of the respective independent variable*
Lagged dependent variable	*Previous year's value of the respective dependent variable (Inbound arrival numbers)*
Trend factor	*Time as a variable*
Promotion efforts/marketing activities	*Incredible India Campaign was taken dummy variable, which took the value of 0 from 1990 to 2002 (pre-campaign) and 1 from 2003 onwards*

Many determinants of tourism demand are difficult to quantify even though they are important in explaining demand pattern. However, to factor the effect of those, appropriate dummy variables were loaded in the model. A dummy for destination promotional endeavours being loaded was the launch of "Incredible India" campaign in 2002. Zero value has been loaded for pre-2002 period and 01 for 2002 onwards. Lagged dependent variables were also introduced to capture the effect of time and consistency in the model. The purpose of it was to understand habit persistence and supply rigidities.

At outset, all explanatory variables have been tested for significance. In the first instances, the signs of regression coefficients should conform to the theoretical expectations. Secondly, the regression coefficients are expected to be significant for use in forecasting purpose. Accordingly, t-ratio has been worked out as per the method given below:

$t = b_i / SE(b_i)$

where t = t-ratio

b_i = régression coefficient factor X_i

$SE(b_i)$ = standard error of the regression coefficient of explanatory variable X_i.

The critical t-values are influenced by the number of observations and the number of parameters being estimated. It was tested for all the explanatory variables. Equally, important was to avoid a correlation among the independent variables namely multi-collinearity. The latter can result inaccurate estimation of the regression coefficients (small t-ratio). A symptom of multi-collinearity is a large coefficient of determination accompanied by statistically insufficient estimates of the coefficients of the independent variables. There is a further assumption that the independent variables are not affected by the dependent variable - for example, expenditures abroad (Y) needn't influence the exchange rate (X value). The final model has been derived after considering the presence of multi-collinearity.

For an accurate forecasting equation, a number of additional tests are necessary. Therefore, the coefficient of determination (R^2) or adjusted R^2 (coefficient of determination adjusted for degrees of freedom) and the F-statistic have been considered. The coefficient of determination (R^2) indicates the percentage of the variation of the forecast variable around its mean that is explained by the independent variables. It varies between 0 and 1; a (R^2) value of 01 means that the explanatory variables completely explain (100%) the variation in the dependent variable, which is exceptional. Coefficient of determination (R^2) is calculated by using the following formula:

$$R^2 = (\text{Total variance - Residual variance}) / \text{total variance}$$

F-test indicates whether the variance in the dependent variable explained by the independent variables is sufficiently larger than its unexplained variances. Statistical textbooks give the minimum value of F to determine whether it is significant or not according to a defined level of confidence. Durbin-Watson (DW test) had been performed to capture the time series properties of the regression results. This test indicates the presence of 'serial correlation' or 'auto-correlation' in the model. Augmented Dicky-Fuller (ADF) test was conducted to see whether the data maintains stationery properties.

3.5 Dependant Variable

Initially, quarterly foreign tourist arrivals in India from five major originating countries namely Australia, Canada, Singapore, United Kingdom and United States, during 2001 to 2007 have been considered. This was because relevant explanatory data were readily available for these countries for the period under study. Again, it was thought that data on more points of arrivals might be helpful to locate temporal variations in arrivals more succinctly.

However, while analysing quarterly inbound tourism data, a consistent pattern was observed across the countries and regions through out the study period (Figure 1 to Figure 5). Incidentally, the seasonal consistency is by and large a product of weather/ climate.

Figure 1: Seasonal Variations in Inbound Tourists to India - Australia

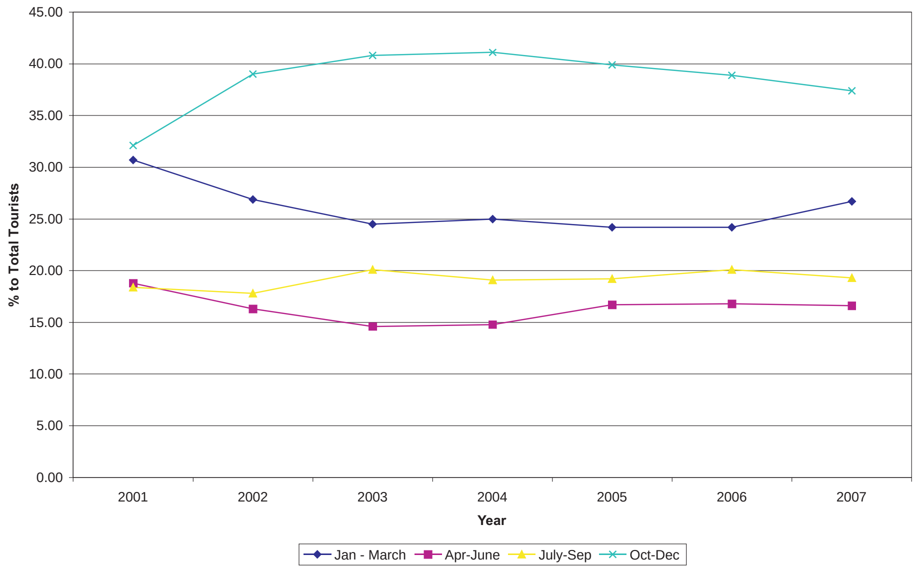


Figure 2: Seasonal Variations in Inbound Tourists to India - Canada

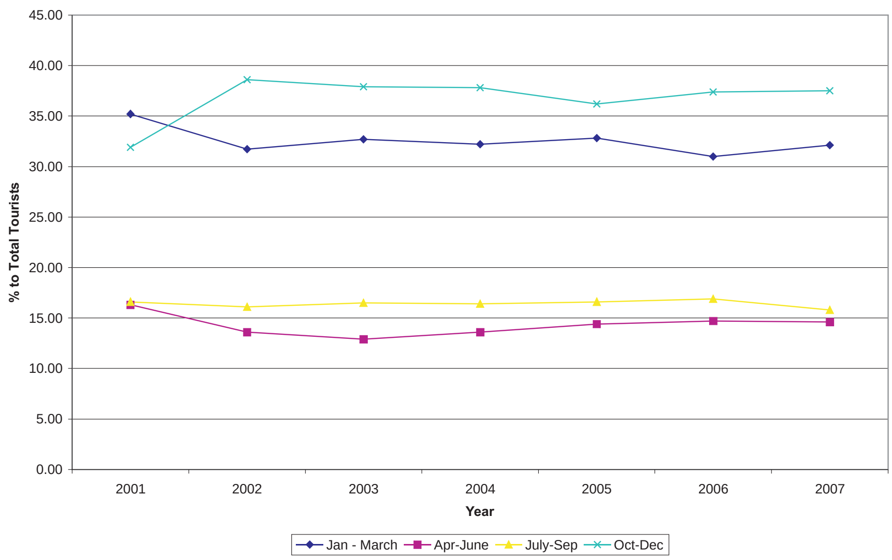


Figure 3: Seasonal Variations in Inbound Tourists to India - Singapore

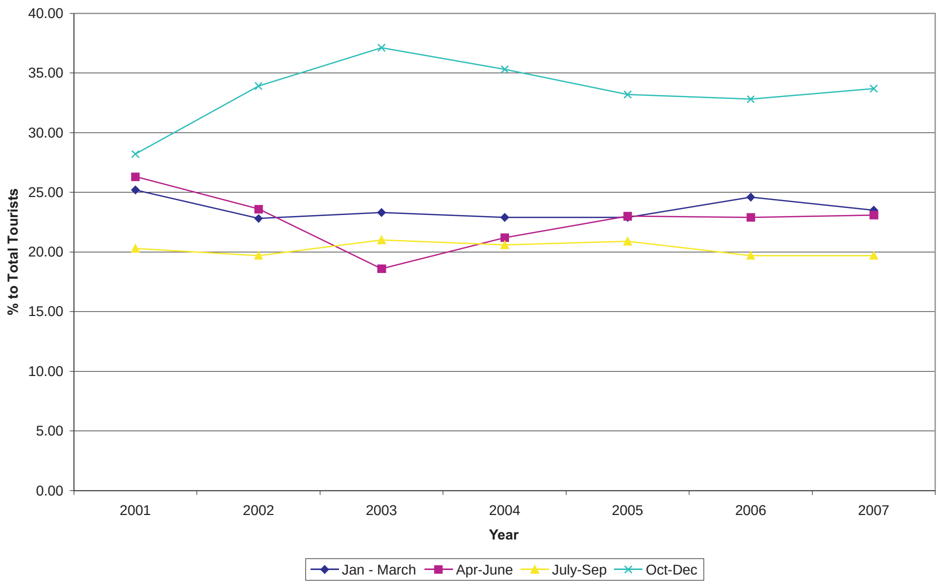


Figure 4: Seasonal Variations in Inbound Tourists to India - United Kingdom

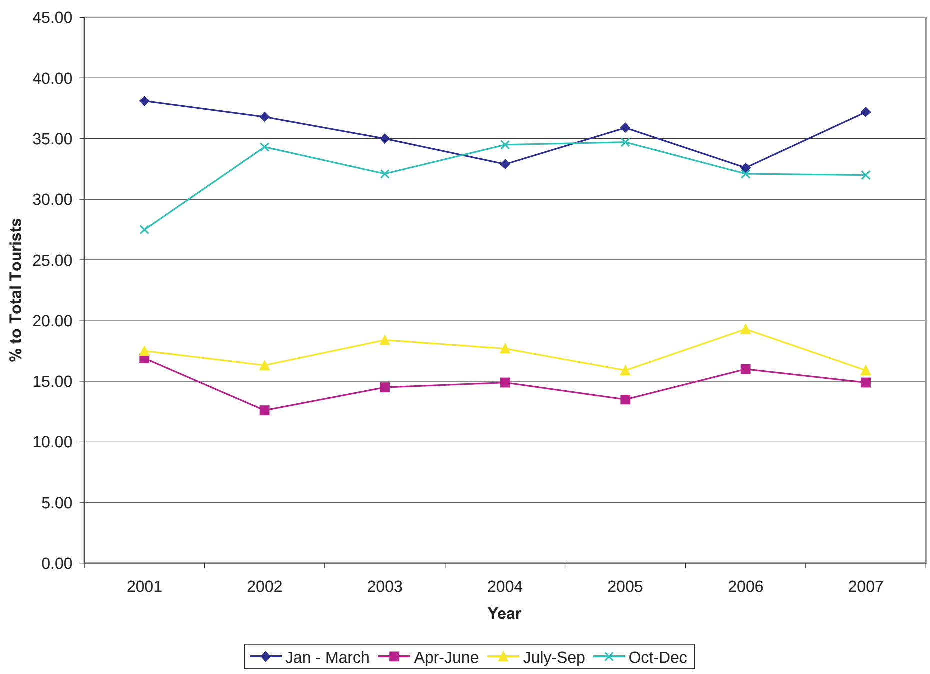
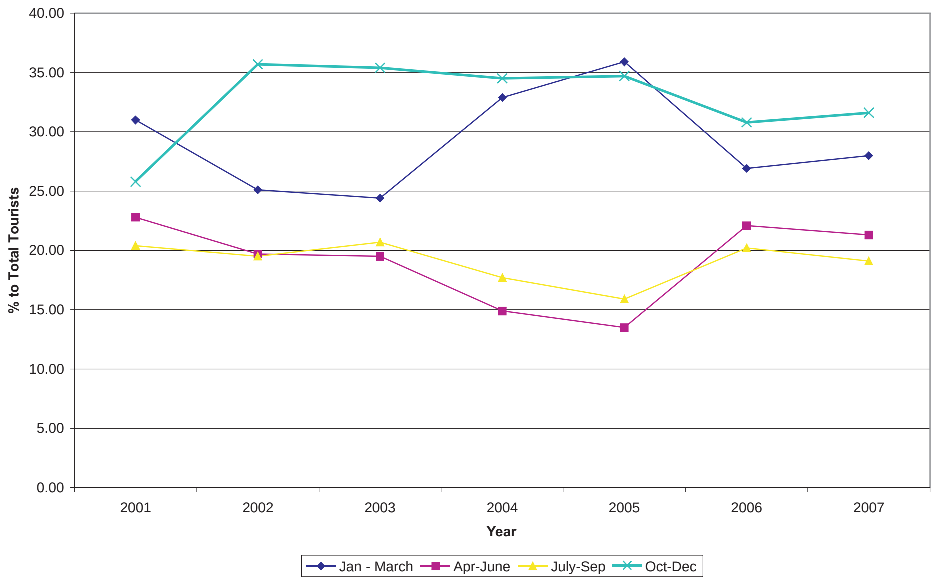


Figure 5: Seasonal Variations in Inbound Tourists to India - USA

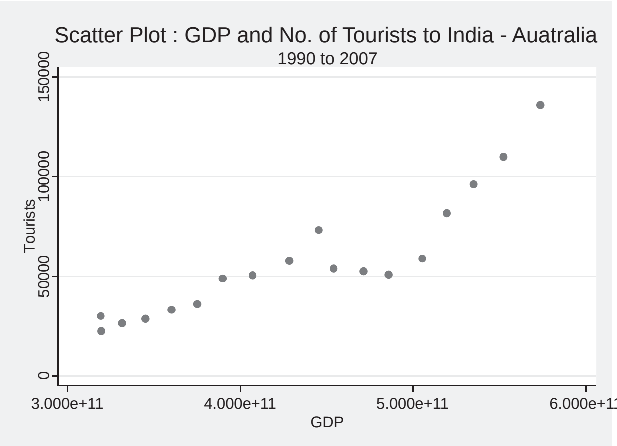


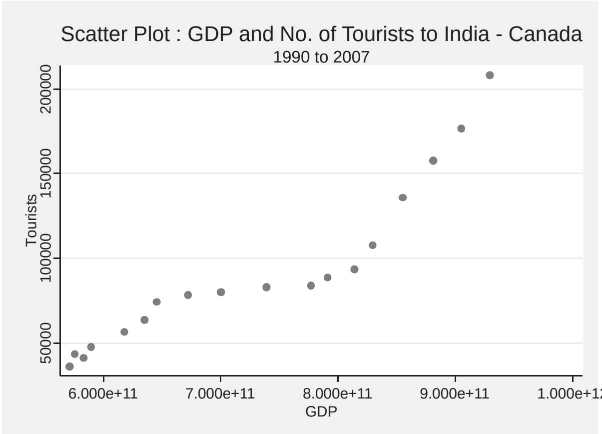
This eventually took to the understanding that any econometric analysis on the basis of quarterly data may not produce desired results since the major part of the covariance will be determined by the factors associated with seasonality, i.e. climatic attributes. Therefore, annual data has been considered for the final modelling since the variations across the time points would be mostly determined by factors that are extraneous to seasonality elements.

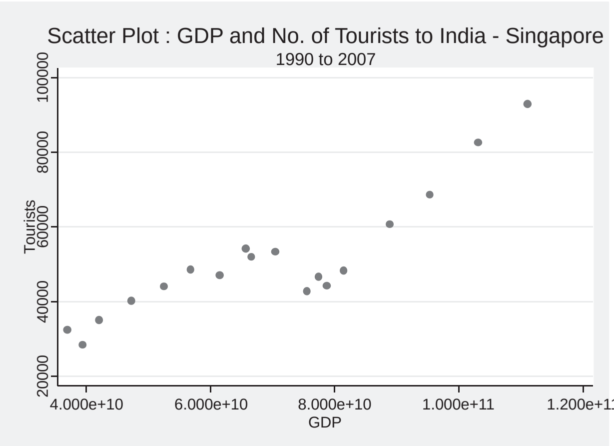
Different data sources have been consulted for the data requirements. Inbound tourist data was collated from different issues of Tourist Statistics, Govt. of India. Country and region-wise data pertaining to national accounts and population were taken from the United Nations Statistical Department sources. GDP growth rate was collected from various volumes Regional Economic Outlooks of International Monetary Fund (IMF). The data about terror occurrences in India has been taken from Wall Street Journal.

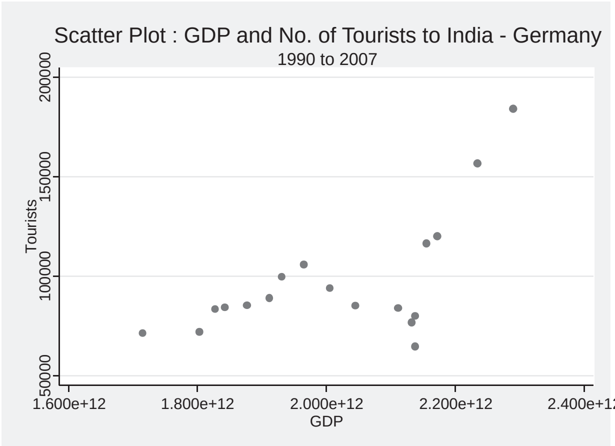
3.6 Inbound Tourism Demand and Income Association

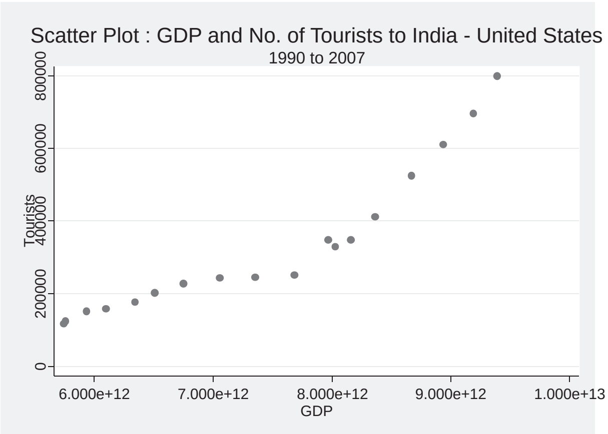
Main factors determining tourism demand were discussed in the earlier section of this chapter. As elaborated, the relationships between explanatory variables and inbound tourist numbers were identified first to understand the nature of association between them. Analysis revealed that the Gross Domestic Product (GDP) is strongly correlated with the inbound tourist numbers both at the country level as well as the regional level. The scatter plots presented below also demonstrate a close association between inbound tourist numbers and GDP of respective countries.

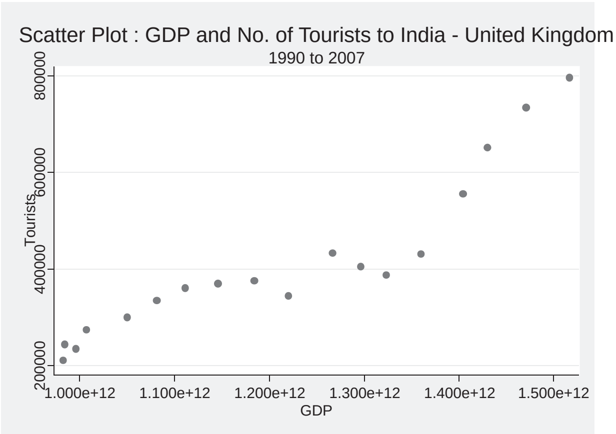

Scatter Plot : GDP and No. of Tourists to India - Auatralia
1990 to 2007
Tourists
0
50000
100000
150000
3.000e+11
4.000e+11
5.000e+11
6.000e+11
GDP


Scatter Plot : GDP and No. of Tourists to India - Canada
1990 to 2007
Tourists
50000
100000
150000
200000
6.000e+11
7.000e+11
8.000e+11
9.000e+11
1.000e+12
GDP


Scatter Plot : GDP and No. of Tourists to India - Singapore
1990 to 2007
Tourists
20000
40000
60000
80000
100000
4.000e+10
6.000e+10
8.000e+10
1.000e+11
1.200e+11
GDP


Scatter Plot : GDP and No. of Tourists to India - Germany
1990 to 2007
Tourists
50000
100000
150000
200000
1.600e+12
1.800e+12
2.000e+12
2.200e+12
2.400e+12
GDP


Scatter Plot : GDP and No. of Tourists to India - United States
1990 to 2007
Tourists
0
200000
400000
600000
800000
6.000e+12
7.000e+12
8.000e+12
9.000e+12
1.000e+13
GDP


Scatter Plot : GDP and No. of Tourists to India - United Kingdom
1990 to 2007
Tourists
200000
400000
600000
800000
1.000e+12
1.100e+12
1.200e+12
1.300e+12
1.400e+12
1.500e+12
GDP

3.7 Determinants of Inbound Tourism Demand in India

Several specifications and combinations were tested first. Afterwards, basing on the regression results, final models were casted. The impact of multicollinearity had also been taken into account to identify association between explanatory variables before final model specifications were arrived at. Results of regression analysis between inbound tourist arrivals with major demand determinants for selected countries as well as regions are given in Annexure 3.18 and 3.19. Noticeable relationships emerged from the analysis are summarized as follow:

1. Both at the country-level as well as region-level, GDP emerged as the single most important explanatory variable that shapes tourism demand patterns.

2. Though disposable income definitely has positive impact but it did not figure in the final model owing to its high correlation with GDP values. The same is true for a few other economic variables probably due to a less-discriminative nature of those variables with GDP. That may also explain why GDP is a key determinant of the tourism demand.

3. Exchange rate is seen as determining factor, even though not very significant. Negative regression coefficients for countries viz. the U.K, Germany and Singapore could explain the adverse bearing of exchange rates on demand.

4. In case of some countries as well as regions, lag values of tourists were found influencing the tourist arrival numbers. Particularly, coefficients were highly significant in case of Germany and significant in Australia's context. Among regions, Oceania demonstrates significant lag value, possibly due to higher visitation rat from Australia. This can be taken further as an indication of the demonstration effect of tourists who have either already visited India from respective regions and countries of origin or relatively more repeat tourists from them.

5. Negative impact of terrorist attacks was found important in context of some countries under study though the coefficients were relatively less significant. However, it suggests that terror attacks have direct bearing on travel decision making and affect it adversely, even though it may be short-duration in nature. Perhaps, the use of annualized data may be a reason for not being able to establish the volatility in demand pattern attributable to terror attacks conclusively.

However, negative association observed in the analysis is a clear indication of its adverse effects on tourist arrivals. The impacts of terrorism on tourist arrivals are comparatively short-duration in nature, therefore, loading of quarterly or monthly data might provide more clarity on this. But, due to non-availability of necessary data sets, its application becomes a problem for necessary extrapolations.

6. Impact of promotional activities being attempted with the help of Incredible India campaign as dummy variable was found positive but coefficient value has been insignificant. However, this is clearly suggestive of the positive impact of promotional activities on inbound traffic in India. Perhaps, a separate exercise using promotional scheme-specific expenditure data and the tourist arrival numbers would be more rewarding to know the impacts of promotional activities on tourism.

Based on regression results, it can be summarized that while there may be many factors exerting varying degrees of influence in shaping tourism demand, GDP of the generating markets emerges to be critical in determining inbound traffic to India. Along with this, concerted promotional efforts as well as the influence of people already visited India also could play contributory roles. At the same time, adversities like political happenings, terrorism, strengthening of INR etc. could be instrumental in pushing down inbound traffic.

3.10 Forecast of Inbound Tourists to India

After identifying key determinants, attempts have been made forecast a short to medium-term trend of inbound tourism in India from the regions and selected countries under examination. For this, different model specifications were tested to derive the critical factors that could predict the future movement of inbound traffic to India. Since a forecast would depend on the assumed future movement of different independent variables, the forecast model has been calibrated in such a manner to construct three different scenarios- “Pessimistic”, “Most Likely” and “Optimistic”. Under normal circumstances, inbound traffic in India is expected to move more in tandem with the 'most likely scenario' forecast.

The forecast has been undertaken for the period from 2010 to 2014, which can loosely be termed as short to medium-term. Since the econometric modeling was performed with the base year data of 2007, an initial forecast was done to derive the number of tourists from each country and region separately for 2008 and 2009. GDP being the critical determinant of tourism demand, the actual GDP growth rates of 2008 and in most of the cases GDP growth for first two quarters of 2009 were used for forecasting. The estimated number of foreign tourists for 2008 and 2009 are given in the Annexure 3.20 and 3.21.

By the time contents of this reports were finalized, actual foreign tourist arrival data of 2008 and 2009 were available. Hence, a comparison of the projected numbers with the actual arrival data was also dome to test the strength of the forecasting model. As seen in Table 3.2, difference between these are demonstratively less suggesting that the model can

Table: 3.2 Projected and Actual Number of Tourists in India- 2008 & 2009

Year	Inbound traffic		Difference from projected (In %)
	Projected	Actual	
2008	5356774	5366966	(+) 0.2
2009	4962027	5108579	(+) 2.95

Afterwards, in order to obtain the forecast numbers from 2010 to 2014, future values of the independent variables have taken from reliable sources. In case of GDP, the growth trend was taken from International Monetary Fund (IMF) projections. For other independent variables, last three years average (2005 to 2007) has been used since no credible prediction data was available. The forecasted numbers under the assumed scenarios for the countries and regions are given in the Annexure 3.22 and Annexure 3.23.

The forecasting results depict following trends for the countries and regions of origin to India under 'Most likely scenario':-

1. The short to medium term trend for the countries under study suggest that arrivals from Germany would most likely to be increased by almost 50% during 2010 to 2014. Arrivals from Australia and Singapore would also follow similar track. Other countries under study are expected to record relatively lower growth, perhaps attributable to comparatively large base figures as well as ongoing economic recession and other macro-level factors.

2. As for the regions, forecast figures would reveal some interesting trends. The inbound travel from the developing regions would grow faster than the developed part of the world. Notably, traffic from the East Asia, Africa, Eastern Europe and Oceania may record a growth of over 50% during 2010-2014 with

East Asia topping the growth chart by 71%. Further, except West Asia, higher forecasted arrival numbers can be seen moving closely with higher GDP growth rates.

3. The regional forecast numbers can be taken as the portrayal of emerging pattern of inbound traffic to India. Incidentally, new source regions would be major catalysts in boosting up the visitation to the country in a short to medium horizon. Those regions also happen to be geographically closer to India than the traditional source markets like North America and Europe. Such an evolving trend would necessarily call for revisiting the existing policies and programmes for overseas promotion. Perhaps, the emerging regions deserve better focus in the overseas promotion endeavors. Accordingly, overseas promotional schemes should be prioritized in such manners as to achieve better synergy and to enhance growth prospects of foreign tourist arrivals in India.

Finally, to derive overall trend in inbound tourism in India for the period of 2010 to 2014, approach has been to aggregate regional-level forecast numbers. This approach could perhaps be more reliable in forecasting exercise since it takes into account region-specific movement of the projection variable and the dependant variables. Results are presented in the Table 3.3. It shows that under 'most likely' scenario, tourist numbers would increase from 5.31 million in 2010 to 6.96 million in 2014 that is, about 31% at an average annual rate of 7.7%. While growth may be relatively slow in the short-term, increase in the pace of growth from 2012 should help achieving the projected trends. The overall momentum in the economy in recent months as well as the positive trend in tourist arrivals being observed in the later part of 2009 are indeed supportive of this scenarios.

Table : 3.3 Pattern of Forecasted Growth in Inbound Tourism in India

Year	Likely Scenario		
	Pessimistic	Most likely	Optimistic
2010	5176679	5313784	5446326
2011	5384486	5670092	5948786
2012	5614405	6084775	6592860
2013	5865236	6542234	7303737
2014	6139507	6956824	8137788

The 'optimistic' forecast suggests the inbound tourist numbers to increase from 5.4 million in 2010 to 8.4 million in 2014. And, achieving 'optimistic' growth rate and the numbers may not be difficult proposition, provided the business environment demonstrates consistent improvement along with corresponding increase in consumer confidence. In fact, over 8% average growth in arrivals from 2000 to 2007 should give credence to the proposition that achieving projected numbers under 'optimistic' scenario need not be unrealistic. Further, projection under pessimistic scenario is 3.76%, which is most unlikely to happen.

Chapter- 4
Socio-Economic Attributes of Tourists and Impacts of Those on Travel Behaviour and Touring Pattern in India

A variety of social, economic, destination-specific and psychographic factors can be seen influencing the travel behaviour and touring pattern of the people. Of these, some may be critical in nature and often result modification of tourist behaviour and thereby impacting travel propensities inversely. Considering centrality of such factors, evolving proper understanding about their relationships becomes critical in the destination development and promotion. With this in perspective, scope of analysis has been defined to incorporate the domestic and inbound tourists. A total of 1272 domestic and foreign tourists have been covered in the study. While results emerged from the field survey formed the basis of specific conclusions, qualified findings available at the secondary level were used to corroborate those. As regards to understanding psychographics, approach has been to capture the same by inferring the relationships between socio-economic and destination-specific factors with overall travel patterning.

4.1 Demographic Characteristics

The aspects being analysed as part of this are sex, age, marital status, household size, literacy rate and employment profile. In many ways, these factors play the catalytic as well as contributory roles in the travel process. A summary of tourist profile is furnished below:

- About three-fourth of the domestic and two-third of the foreign tourists in the sample were males (Table: 4.1).

Table: 4.1 Distribution of Respondents According to Sex

Tourists	Sex (in %)		
	Male	Female	Total
Domestic	73.0	27.0	663
Foreign	65.85	34.15	609
Total	**69.41**	**30.59**	**1272**

Source: Primary data

- As regards to age, about 46% of the domestic tourists surveyed were in the age group of 25-39 years, followed by age of 40-54 years (nearly 23%). In the case of foreign tourists, over 60% fell in 25-39 years category (Table: 4.2). Proportionately higher coverage of lower middle-age groups could perhaps be due to their higher visitation in the sample destinations like Manali and Ajmer.

- Majority of respondents were married and their proportion is about two-third

Table: 4.2 Distribution of Tourists According to Age

Destination	Age groups (In %)					
	Upto 24	25 to 39	40 to 54	55 to 64	Above 65	Total
Domestic	21.87	46.46	23.23	6.33	2.11	663
Foreign	16.58	61.08	18.39	3.12	0.82	609
Total	**19.23**	**53.77**	**20.88**	**4.73**	**1.97**	**1272**

Source: Primary data

of the sample size. This trend is by and large common to both domestic and foreign tourists and is more in conformity to the established pattern, especially in the case of foreigners (Table 4.3).

Table: 4.3 Marital Status of Respondents

Tourists	Marital status (in %)		
	Married	Unmarried	Total
Domestic	65.01	34.99	663
Foreign	61.08	38.92	609
Total	**63.1**	**36.9**	**1272**

Source: Primary data

- Many socio-economic processes contribute evolution of household size patterns in societies; major being fragmentation of joint family systems better education and employment opportunities, migration, perception/believe systems etc. In case of foreign respondents in the survey, nearly three-fourth stated their household size to be in range of 2-4 members. On the other, 'above 04-members' category clearly dominate among domestic tourists (over 58%). Table 4.4 also shows fewer proportion of single-member household among foreigners, whereas, it is insignificant for domestic segment.

Table: 4.4 Distribution of Respondents According to the Household Size

Tourists	Household Size (in %)			
	Single	2 to 4	Above 4	Total
Domestic	0.45	41.48	58.07	663
Foreigner	11.00	72.41	16.58	609
Total	**5.50**	**56.29**	**38.21**	**1272**

Source: Primary data

In a distribution, fewer dependants in the households could indicate some of the evolving trends. Instantaneous being, proportionately higher number of earning members, growing single-living households, more no-kid couples, increasing nuclear households etc. At the macro-level, it also indicates an increase in employment and income opportunities, which is evident in India particularly since 1990. Results of this study reveal the following patterns:

- Perhaps, owing to more headcounts and unemployment rate in households, dependency in India emerges comparatively higher, which this study also supports. For instance, as against nearly 45% foreign respondents reported as having no dependants, only about 18% of Indians fell in this category. Similarly, over 61% of the Indian households stated to have 02 or more dependants as against 24% of foreigners under this group (Table 4.5).

Table: 4.5 Number of Dependants in Households

Number of Dependants	Dependants in Households (in %)		
	Domestic	Foreigner	% of Total
Nil	18.4	44.66	30.97
Single	19.91	31.03	25.24
2 & Above	61.69	24.3	43.79
Total	**663**	**609**	**1272**

Source: Primary data

- As regards to level of literacy, respondents were mostly graduates or possess higher qualifications. This pattern is similar to both tourist segments (Table 4.6). Proportion of less educated respondents in the sample was relatively small, a pattern that can perhaps be attributable to coverage of more literate persons in the survey, who could understand the contents of schedules clearly for qualified responses.

Table: 4.6 Literacy Level of Respondents

Literacy level	Literacy level (In %)		
	Domestic	Foreign	% of Total
Upto secondary	4.07	2.46	3.3
Higher secondary	11.31	11.71	11.24
Graduate- General	32.28	33.66	32.94
Graduate- Technical/ professional	12.22	21.02	16.43
Post-graduate & above- general	14.93	14.61	14.78
Post-graduate & above- Technical/ professional	25.19	17.08	21.31
Total	**663**	**609**	**1272**

Source: Primary data

4.2 Employment and Income Status

For many, spending on leisure and tourism commodities and services is largely considered as non-basic in nature. That means the people purchasing leisure products, especially tourism, are considered to have adequate disposable income to make such purchases. While a proposition of this nature generally should hold merit, the notion of disposable income needs to be understood in relative terms because for different income groups; its meaning and quantum varies and therefore calling cautious treatment. For instance, even persons falling in the lower economic strata would strive for maintaining some amount of disposable income even if relatively very small as compared to the middle or higher income groups.

Often, nature of employment/job association of a person is taken as surrogate of his income status. Better access to income opportunities is a necessary condition for availability of adequate disposable income for people. This study shows that nearly three-fourth of the respondents were employed or self-employed. This is almost similar to both inbound and domestic tourists (Table 4.7). Proportion of unemployed in the sample is around 8% in both cases.

Table: 4.7 Employment Status of Respondents

Status	Employment status (In %)		
	Domestic	Foreign	% of Total
Student	15.54	11.99	13.84
Employed	73.3	77.34	75.24
Unemployed	7.24	8.87	8.02
Retired	3.92	1.81	2.91
Total	**663**	**609**	**1272**

Source: Primary data

Efforts have also been made to ascertain number of persons employed in the households. Results indicate that about 49% and 42% of the domestic and foreign tourists respectively have two employed members in the household. Further, for both tourist segments, single earner comes second, whereas about 23% domestic households have three or more working members (Table 4.8). The later is perhaps due to larger household size in India and need not necessarily be an indication of higher employment ratio.

Table: 4.8 Number of Persons Employed in the Household

Persons	Persons (In %)		
	Domestic	Foreign	% of Total
One	27.9	43.51	35.38
Two	49.17	42.04	45.75
Three and above	22.93	14.45	18.87
Total	**663**	**609**	**1272**

Source: Primary data

Another dimension being looked into was sectoral association of employment. The study suggests that a good chunk of domestic tourists are self-employed (about 32%), and it is about a quarter in the case of foreign tourists. Similarly, proportion of those employed in private sector is comparatively higher, followed by the public sector (Table 4-9).

Table: 4.9 Sector in which Respondents are Employed

Sector	Employment Sector (In %)		
	Domestic	Foreign	% of Total
Self-employed	32.38	24.74	28.62
Public sector	24.09	16.91	20.71
Private sector	42.1	57.72	49.64
Others	1.43	0.63	1.04
Total	**488**	**473**	**961**

Source: Primary data

As regards to position held by the respondents in their job, self-employed group emerge as single largest ones among domestic tourists. Among those employed, junior-level officers/ executives constitute the largest chunk followed by senior officers/ executives (Table 4.10). About 14% are reportedly working as support staff. Among the foreign tourists, junior officers/ executives emerge to be the single largest group followed by senior officers/ executives.

Table: 4.10 Position Held by Respondent in Their Job

Position	Position held (In %)		
	Domestic	Foreign	% of Total
Self- employed	32.38	24.74	28.51
Sr. Officer/ Executive	25.62	25.45	25.91
Jr. Officer/ Executive	28.07	35.86	32.15
Support staff	13.93	13.95	13.42
Total	**488**	**473**	**961**

Source: Primary data

It is logical to assume better employment opportunities to have positive impact on overall household income. To observe the same, respondents were sought to furnish their monthly household income. From foreign tourists, details were obtained in dollar terms or converted respective currencies in dollars terms. Table 4.11 depicts a summary of monthly household income of respondents.

Table: 4.11 Monthly Income of the Household

Monthly Income of the Household (In %)			
Domestic		**Foreigner**	
INR Range	**Proportion**	**USD Range**	**Proportion**
Up to 15000	5.58	-	-
15001 to 25000	16.74	Up to 1000	6.24
25001 to 35000	18.1	1001 to 3000	30.05
35001 to 45000	14.48	3001 to 5000	26.77
Above 45000	43.59	Above 5000	36.95
Non-response	1.51	-	-
Total	**663**	**Total**	**609**

Source: Primary data

According to the Table, nearly 45% of domestic tourists have monthly household income of above Rs 45000, indicating that sufficient income is available for purpose of vacation travel. Those between Rs 15000 and Rs. 45000 accounted for about half of respondents whereas those with less than Rs. 15000/- in just 6%.

Proportion of foreigners having monthly income of over USD 5000 is as much as about 36%, but those reported to have less than USD 1000 constitute only 6.24%. Perhaps, a sizable proportion falls in the category of USD 1001 to 5000 and that could be attributable to conversion of local currencies into USD.

4.3 Dimensions of Travel Planning

There are many factors influencing the travel planning process of prospective tourists. Major amongst those are access to information on destinations, connectivity, products range etc.; product price; distance between place of origin and destinations; adverse political happenings especially terrorism, natural calamities and epidemics. Indeed, travel planning and decision-making is so complex that it often poses challenges to understand the subject in totality. In spite of this, evolving a proper understanding of it would be important from the perspective of tourists as well as destination countries.

With above purpose in view, examination of the sources of information, type of arrangement for the tour, mode of transport used, duration of stay and main purpose of travel of tourists have been attempted. There could be other factors as well influencing the travel planning but above-mentioned ones are understandably more important and hence considered for detailed investigation.

4.3.1 Sources of Information

With passage of time, sources of information for the people have undergone drastic transformation. Strikingly, last couple of decades have not only witnessed faster pace of change in information sources but also its diversification, particularly in the domain of travel and tourism. From the traditional means such as words of mouth and then guidebooks (from the mid- Nineteenth century); a variety of sources have been added to the rapidly evolving information dissemination spectrum. Coupled with fast technological advancement and its adoption by respective domain operators eventually resulted dissemination process and also provided wider reach.

As part of this study, sources commonly accessed by the tourists were documented first to ascertain their relative importance for the domestic and foreign tourists. Towards this, sources were got ranked by the respondents separately for major tourist segments of transport, hotels and attraction. Ranks thus obtained against each source were then converted in to a weighted index (WI) as per the methodology detailed in the introductory chapter in order to assess the relative importance of each source.

Table 4.12 contains the weighted indices and corresponding rank for each information source amongst domestic tourists. As it, reveals relatives and friends emerge to be the common source of information for all major tourism product types followed by internet and travel agent/ tour operator.

Table: 4.12 Source of Information on Tourist Products-Domestic Tourists

Sources	Transport			Hotel			Attractions		
	Index Value	Rank	Responses	Index Value	Rank	Responses	Index Value	Rank	Responses
a) Relatives/ friends	13.962	1	538	13.476	1	519	13.654	1	523
b) Internet	9.243	2	368	9.622	2	380	9.439	2	376
c) Travel agent/ tour operator	7.156	3	294	5.696	3	232	6.034	3	275
d) Print media	5.509	4	249	2.243	8	111	2.981	8	138
e) Tourist information centers	5.105	5	236	5.211	4	236	5.744	5	262
f) T.V	3.274	6	152	3.286	6	153	3.659	6	172
g) Tourism depts.	2.637	7	120	2.48	7	113	3.403	7	164
h) Guide books	2.418	8	120	5.04	5	230	5.763	4	241
i) Travel trade fairs	0.99	9	47	0.975	9	48	1.002	9	51

Source: Primary data

The sources that follow in the descending order for transport information are print media and tourist information centres, whereas, tourist information centres and guidebooks ascended to corresponding positions for hotel and attractions. In general, the index values recorded noticeable variations across product range in terms of information sources, suggesting that importance of some sources are relatively higher.

Among foreign tourists, internet emerges as predominant source for all tourist products and services (Table 4.13). With the present level technology penetration and usage, this pattern appears to be normal. For specific product such as transport and hotels segments; travel agents/ tour operators and guide books follow internet. When it comes to attractions; guidebooks and TA's and TO's figured at second and third positions but equally noticeable are the less discriminative nature of their index values. The results also indicate an increasing role of travel trade fairs, particularly for dissemination of information about accommodation and places/ attractions.

Table: 4.13 Source of Information on Tourist Products-Foreign Tourists

Sources	Transport			Hotel			Attractions		
	Index Value	Rank	Responses	Index Value	Rank	Responses	Index Value	Rank	Responses
a) Internet	11.96	1	428	11.561	1	417	11.005	1	396
b) Travel agent/ tour operator (TA & TO)	9.603	2	380	9.748	2	378	9.225	3	334
c) Guide books	9.047	3	326	8.422	3	307	10.186	2	394
d) Relatives/ friends	7.858	4	297	6.813	4	270	7.727	4	309
e) Tourist Information centers	6.454	5	259	6.034	5	223	2.482	6	101
f) Tourism departments	2.273	6	92	0.757	9	31	0.959	9	39
g) Print media	2.051	7	87	2.083	7	87	2.294	7	96
h) T.V	1.408	8	63	1.44	8	64	1.766	8	79
i) Travel trade fairs	0.799	9	34	2.47	6	101	5.535	5	210

Source: Primary data

Some logical conclusions can be drawn from above discussion. Firstly, while relative importance of information sources amongst the domestic and foreign tourists could vary, it becomes evident that travel intermediaries and guide books are also significant ones. Second, internet is already a defining medium in travel planning and its influence would further increase in the coming years. Thirdly, traditional sources like word of mouth are still relevant but its contribution/ effectiveness would depend on the manner in which the dissemination mechanisms would be recasted.

From strategy angle, it is important to acknowledge that word-of-mouth endorsements would continue to be central in promotion of tourism products and destinations due to its personalised nature and greater reliability. Hence, there is a strong case for pursuing such traditional sources as important tools of promotion since these are cost-effective and the overall impacts are enduring. Lastly, potential of the mediums like travel trade fairs call for more attention in the promotional schemes.

4.3.2 Nature of Arrangements for Travel in India

This dimension is worth looking at because of its economic and promotional linkages. Scholars like Stanley Plog (1977) have examined the bearing of psychological attributes of people in determining the nature of travel arrangement some three decades ago. According to him, people who usually opt for package tours can be termed as psycho-centrics since they are cautious travellers and demonstrate a tendency to avoid inconveniences and probable risks during travel. Again, there may still be sections of people who might otherwise like to travel independently may also opt tour packages at times because of cost considerations or other personal reasons.

To understand whether there exist any noticeable patterns in the travel arrangements 'usually' made by the tourists and the one chose for the 'current trip', respondents have been asked to furnish the comments. Results of the same are placed in Table 4.14, which shows that majority of tourists (71%) usually prefer to travel independently if circumstances are conducive. As regards to current trip, proportion of such tourists is slightly higher at 78% and 73% respectively for domestic and inbound segments.

Preferences for travel arrangement among age different groups were also examined. As one would expect, relatively large share of tourists in the age groups of 25-39 years and those above 55 years were found to have been availing some form of package tour arrangements (Annexure 4.1). This trend could probably be attributable to presence of children in the family or other age-related factors.

Type of Arrangement	**Nationality**		
	Domestic	Foreign	% of Total
Arrangements usually made (Total)	**663**	**609**	**1272**
Independent tour	71.34	71.92	71.62
Inclusive package (transport and stay only)	13.27	8.37	10.93
All-inclusive package	15.38	19.7	17.45
Arrangement for present trip (Total)	**663**	**609**	**1272**
Independent tour	77.83	73.23	75.63
Inclusive package (transport and stay only)	10.71	7.55	09.2
All-inclusive package	11.46	19.21	15.17

Source: Primary data

Type of travel arrangement may also differ depending on the group size. For instance, Annexure 4.2 reveals that as the group size increases, tourists demonstrate a tendency to move towards package tours, especially the foreigners, whose share is about 89 % in case of bigger groups with six members or more. In case of domestic tourists, corresponding proportion is about 50%.

When travel arrangement was cross tabulated with duration of stay, an interesting pattern emerged as shown in Annexure 4.3. It suggests that proportion of domestic tourists opting for package tour decreases with increase in their duration of stay. Tourists in general may be opting for independent arrangement for such trips involving duration upto three days. For trips involving more than three-days, domestic tourists may be shifting to organised package tours. However, there are plenty of instances where the tourists can be seen engaging a local operator to arrange transport and accommodation. In some other cases, one of the group members takes initiative of hiring the coach through local operators and then use their contacts to book accommodation.

The later is very common among low-income groups with smaller budget for travel and their co-travellers are usually drawn locally and from similar socio-economic groups. Annexure 4.3 also depicts relationship between duration of stay and travel arrangements among foreigners. Tourists availing the packages are more in the 4-7 days stay category followed by 8-14 days. Expectedly, about 85% of foreigners who stay over 14 days travel through independent arrangements in India.

4.3.3 Purpose of Travel and Duration of Trip

After consulting secondary sources, most commonly reported travel purposes for tourists in India have been delineated first. Those were then examined during field survey and the results are furnished in Table 4.15.

For most foreign tourists, India is a holiday destination with over 78% reporting accordingly. Proportion of those on business visits is at distant 8.5%, followed by pilgrimage and health/ wellness reasons (3.8%). In case of domestic tourists also, holiday emerges to be dominant purpose (58.2%), followed by religion/ pilgrimage (12%) and then social reasons (10%). Also worth noting is that about 4% of foreigners had religion/ pilgrimage as main purpose for visiting India. Such patterns are perhaps outcome of inclusion of three major religious destinations viz. Ajmer, Varanasi and Puri in the study.

Table: 4.15 Purpose of Travel for Tourists in India

Purpose of Travel	**Nationality (In %)**	
	Domestic	Foreign
Holiday	58.22	78.82
Business/ professional	9.8	8.37
Social	9.80	2.13
Religious/ pilgrimage	11.92	3.78
Edu./ training	5.58	2.79
Health/ wellness	2.11	3.78
Shopping	1.21	0.33
Others	1.36	0.0
Total	**663**	**609**

Source: Primary data

When it comes to duration of stay, as expected, foreigner tourists were found staying for longer duration than domestic tourists. On an average, over 51% of foreigners stay over 14 days and another 30% in the range of 8-14 days meaning that short-duration tourists to India are very less (Table 4.16).

Table: 4.16 Duration of Stay of Tourists in India

Duration	**Nationality (in %)**					
	Domestic		**Foreign**		**Total**	
	Share (%)	Total	Share (%)	Total	Share (%)	Total
Upto 03 days	15.84	105	1.48	9	8.96	114
4-7 days	46.15	306	17.57	107	32.47	413
8-14 days	28.96	192	29.72	181	29.32	373
Above 14 days	9.05	60	51.23	312	29.25	372
Total	**100**	**663**	**100**	**609**	**100**	**1272**
Average duration	7.62	-	12.03	-	9.74	-

Source: Primary data

As regards to domestic tourists, nearly 46% have their trip duration from 4 to 7 days, followed by 8-14 days category. This pattern appears to be reasonable because when domestic tourists plan their holiday tours, more than 50% cover more than one destination as part of current itinerary, which this study also confirms.

4.3.4 Source of Booking for Travel Products

Depending on access, knowledge and technology adoption; purveyors of the goods and services utilise different sources to transact for holiday products and services. In the domain of tourism, booking sources in many ways are pretty advanced and both the companies and customers make use of the scope of technological advancement extensively. Major sources of booking being investigated in this study are placed in Table 4.17.

Table: 4.17 Source of Booking for Travel Products

Booking source	Nationality (In %)	
	Domestic	Foreign
Travel agent/ tour operator (TA/ TO)	47.21	46.14
E-portals	20.81	23.48
Direct from service provider	30.77	30.38
Others	1.21	0.0
Total	**663**	**609**

Source: Primary data

For both domestic and inbound tourists, travel agents and tour operators continue to be major booking points for travel related products. About 30% of them also purchase directly from service provider, viz. airlines, hotels etc. However, what is noticeable is more than one-fifth of domestic and foreign segments have used e-portals for booking purposes, and that seems natural with considerable penetration of information and communication technology (ICT) and the ease in its access. The 'others' category comprises of own vehicle, employer-sponsored etc. meaning tourists may also utilise such provisions available to them, thereby, not going for direct booking except room at times.

It would also be interesting to look at preferential mode of booking among different age groups. As Annexure 4.4 reveals, over 20% of domestic respondents in the age groups upto 40 years use e-portals. Again, proportion of tourists availing the services from TA and TO also moves up with increase in age. On other words, those purchasing directly from service provider decreases with increase in age. Foreign tourists also demonstrate by and large the similar pattern.

When the source of booking was cross-examined with respondent's education, expected trends of educated tourists moving towards own arrangements are becoming evident. As regards to domestic tourists, proportion of booking through e-portals is higher among the graduates and above. It was also observed that less literate persons are more inclined towards travel intermediaries or purchasing travel products directly from the service provider. In the case of foreigners, while the trend is by and large similar to that of domestic tourists, the proportion of those buying directly from service provider is higher. This may also be due to the fact that a lot of backpackers and independent travellers are usually walk-ins to transport and accommodation facilities.

4.3.5 : Trip Characteristics

Major attributes being examined in this study were frequency of trips, group size, relation of persons accompanying the current trip and number of destinations covered as part of current itinerary.

Frequency of tour is a major dimension of touring and its helps to understand the economic and socio-cultural aspects of tourism. In general, tour frequencies manifest overall economic prosperity of the country of origin and also the importance of holidaying to the people in those societies. From destination's perspective, repeat visitation clearly manifest its inherent strengths and qualities, effectiveness of promotion etc. in attracting tourists. Therefore, frequency of visits/ repeat visitation is a good indicator for product development, diversification and policy formulation.

The results of frequency of visit are placed at Table 4.18. According to it, a large chunk of domestic respondents (53.54%) reportedly undertook more than three trips in India prior to the current one. Only about 16% are first time tourist category. Understandably so, domestic tourism is the prominent form in India with over 560 million tourists in 2009.

Table: 4.18 Frequency of Tour Undertaken by Respondents in India Prior to Current Trip

Frequency	Nationality (In %)		
	Domestic	Foreign	% of Total
None	15.99	70.61	42.14
One	4.52	10.67	7.74
Twice	12.82	11.17	12.03
Thrice	13.12	3.12	8.33
More than 3	53.54	4.43	30.03
Total	**663**	**609**	**1272**

Source: Primary data

In contrary, among foreign tourists, first time tourists are predominant groups constituting about 71%. Those visiting more than thrice are least in numbers wth only about 4%. Strikingly, near about 30% foreigners are repeat tourists.

Another dimension being examined was of group size during the current visit. It was seen most domestic tourists are travelling in groups; but, corresponding proportions were relatively less among foreign tourists (82.76%). Further, groups are also usually smaller in size with 41% and 61% respectively of domestic and foreign tourists moving in the company of 2-3 members. Groups comprising 4-6 members are about 36% among domestic tourists, whereas, it is about 16% for foreigners (Table 4.19).

Table: 4.19 Group Size of Tourists Travelling in India

Group size	**Nationality (In %)**		
	Domestic	Foreigner	Total
Single	8.14	17.24	159
2 to 3 members	41.03	61.08	644
4 to 6 members	36.65	15.76	339
Above 6	14.18	5.91	130
Total	**663**	**609**	**1272**

Source: Primary data

As regards to composition of groups, over 50% domestic tourists are with their families, followed by friends (32.2%). Against this, over 54% of foreigner tourists in India are accompanied by their friends (Table 4.20) and the family members (23%)

Table: 4.20 Relationship of Persons Accompanying

Relationship	**Nationality (In %)**		
	Domestic	Foreigner	% of Total
Travelling alone	8.15	17.24	12.5
In group	91.85	82.76	87.5
Total	**663**	**609**	**1272**
In group	**609**	**504**	**1113**
Spouse	8.05	13.10	10.33
Family	51.72	23.02	38.72
Friends	32.18	54.56	42.32
Family and friends	3.78	3.77	3.77
Others	**4.27**	**5.56**	**4.85**

Source: Primary data

India is a vast country with multitude of attractions that every discerning tourist would long to see and enjoy. As a result, it is natural for tourists to have as many 'must-see' destinations in their list of lifetime choices even if they would be compelled to cover many of those in a single trip. Moreover, for tourists from traditional source markets like the

Europe, North America, Oceania, Japan etc., India is a long-haul destination. That itself would act as reasonable basis for the tourists from those regions to plan out as many destinations in a single trip necessitating longer duration to cover all. Results contained in Table 4.21 suggest that single destination tourists constitute nearly half of the domestic tourists and another 43% covered 2-3 places as part of current itinerary.

Table: 4.21 Number of Destinations Scheduled for Visiting as Part of Current Itinerary

No. of places	Nationality (In %)		
	Domestic	Foreigner	% of Total
One	49.92	27.3	38.99
Two	28.51	26.77	27.67
Three	13.42	16.42	14.86
More than Three	8.14	29.72	18.87
Total	**663**	**609**	**1272**

Source: Primary data

Single-destination tourists among foreigners are about 27%, meaning nearly three-fourth of them visited more than one destination as part of current itinerary. Nearly 30% included more than three places for the current visit.

4.3.6 Accommodation Choice

Tourists usually plan out the type of accommodation depending on budget, purpose, availability and at times as a matter of preference/ choice. Attempts in this study have been to capture accommodation preferences of tourists at different destinations in India.

Usage of accommodation by tourists is placed in Table 4.22. It shows that about one-third of foreigners stayed in three to one star hotels, followed by unclassified categories. Further, usage of luxury accommodation was seen higher in big cities and tourist place like Agra. About 19% were also found using low-budget accommodation, a pattern prevalent in religious places and hill station like Manali.

Table: 4.22 Type of Accommodation Used by Tourists

Destination	Type of Accommodation (In %)					
	4 Star & above	3-1 Star	Unclassi-fied	Lodge/ dharamshala	Others/ friends	Total
Domestic	**10.26**	**16.59**	**33.33**	**24.59**	**15.23**	**663**
Foreign	**11.66**	**36.62**	**26.60**	**19.05**	**6.08**	**609**

Source: Primary data

Table also portrays a picture of domestic tourist's preference for accommodation. A good chunk of them (about 55%) reportedly stay in low-budget categories like unclassified hotels, lodges and dharamshalas. As seen in the case of foreigners, larger proportion of such accommodation users is found in the resort or pilgrimage towns of Puri, Vanarasi or Ajmer.

4.3.7 Transport Mode Arrangements

Modes of transport used by tourists within India are good indicators to draw qualified inferences on the critical attributes such as transport infrastructure, connectivity, economic conditions etc. at destinations. Some of those dimensions have been examined in this study and the results are furnished in Table 4.23. It reveals the nearly 55% of domestic tourists used trains to travel between destinations in India, followed by the road. Air transport users among domestic tourists are proportionately small in the sample with only about 7% reporting accordingly. Among foreigners, one-fourth has used air transport and another 46% travelled in trains.

Table: 4.23 Mode of Transport Used for Travel Between Destinations in India

Transport Mode	**Nationality (In %)**	
Mode	**Domestic**	**Foreigner**
Air	7.54	24.14
Rail	54.90	45.65
Road	37.56	29.23
Water	-	0.99
Total	**663**	**609**

Source: Primary data

Pattern of road transport used were further examined and results furnished in Table 4.24. Nearly 36% of domestic tourists were found using own vehicle, next being public and tourist coaches. Tourists have also been using sponsored vehicles (company, association, friend etc.) to travel around. As regards to foreign tourists, it further reveals that a large chunk of them (61.24%) using of tourist coaches to move between destinations and then rented vehicles like cars.

Table: 4.24 Means of Road Transport for Travel between Places in India

Type	Nationality (In %)	
	Domestic	Foreigner
Public coach	22.49	6.18
Tourist coach	22.09	61.24
Own vehicle	36.14	1.69
Rented vehicle	7.63	21.91
Others	11.65	8.99
Total	**249**	**178**

Source: Primary data

However, for travel within destinations (intra-destination), a variety of means have been found in use (Annexure 4.5). Tourist taxies are the single largest category, followed by the autorikshaw and local taxies. The pattern that emerges is similar for both tourist segments.

4.5 Most Preferred Attractions for Tourists in India

India is a diverse country, truly possessing continental characteristics and an embodiment of varied cultural heritages and natural settings. Thus, it was very natural for the travellers of yore to passionately describe their myriad of experiences and encounters often stating in bewilderment 'a wonder that was India'! Contemporary tourists are equally fascinated about its vibrancy and multitudeness of the cultural life and living mysticism. Indeed, India's cultural strength has been one of the critical attributes in attracting/ pulling tourists from around the world. This study also attempted to ascertain such established proposition.

For this, after listing out major attraction types in India, respondents were asked to rank those in the order of their preference as 'must-see' destinations in their life time. The ranks thus obtained against each attraction type has been converted into weighted index to assign the final rank position separately for each attraction type and results are placed in Table 4.25. As regards to foreign tourists, it mostly conforms the existing proposition of India's image as cultural destination. At the same time, large numbers of them would also long for visiting the scenic places and attractions viz. natural areas, cultural landscape, rural areas, deserts, mountain tracks etc. Another evolving trend is the search for health/ wellness opportunities in India, which are invariably plenty and diverse.

Table: 4.25 Attractions Most Preferred by Tourists in India

Attraction	Nationality					
	Domestic			Foreign		
	Index Value	Rank	Response	Index Value	Rank	Response
Monuments	16.692	1	524	11.073	1	528
Hill stations	9.171	2	482	7.946	2	417
Beach	7.255	3	413	7.412	3	403
Religious places	6.989	4	393	3.942	10	223
Scenic places/ attractions	5.937	5	363	6.383	5	350
Museum	5.356	6	311	6.768	4	359
Forest	4.995	7	316	4.779	8	282
Shopping	4.827	8	312	2.142	11	139
Adventure tourism	4.352	9	264	6.081	6	326
Health/ Wellness/ Medical	2.362	10	144	5.197	7	319
Sports & events	2.362	11	144	4.635	9	274
Theme parks	2.511	12	167	1.531	12	106
Others	0.213	13	13	0.329	13	16

Source: Primary data

Among domestic tourists also, pattern is almost similar to foreign tourists with cultural attractions figuring very prominently. Visiting monuments topped their must-see list of attractions but interestingly hills and beaches are also becoming part of their most preferred list. Perhaps, a major exception found in rank order was that of religious places, which stood at fourth.

4.6 Effects of the Economic Slow-down on Tourism

Indeed, examining the relationship between different types of crises and impacts of those on tourism demand was one of the major purposes of this study. Even though tourism demand is thought to demonstrate relatively higher resilience to adverse socio-economic and natural happenings; severity and persistence of those for longer duration could turn out to be harmful and compress the demand. This relationship has been quite evident in nearly last two years, but its various dimensions and relationships have not been established or quantified promptly especially in developing countries including India. Some of those have been explored in this study and discussed in the following section.

4.6.1 Economic Slow-down and Its Impacts on Income

As discussed in Chapter-2, an economic crisis of present magnitude has the potential to severely shake the nations and people. By end of 2008 itself, drastic anuary compression of the economy coupled with loss of millions of jobs resulted considerable decline in income of people; a major determinant of travel propensity. Given this, any attempts to decipher the demand crisis in tourism should necessarily have to factor in the variations in the people's income. Accordingly, an attempt was made during pilot survey stage to gauge willingness of tourists in sharing change in actual income but only to find their hesitance in parting such information. However, they appeared positive on sharing proportionate change in the income, and accordingly, scope of this inquiry has been limited to gauge the later from January 2008.

Table 4.26 reveals that since January 2008, nearly one-fifth of domestic tourists experienced some degree of decrease in their income. Corresponding proportion for foreign tourists is over 26%. The, 'no-response' category was sizable, perhaps due to presence of the retired, students, unemployed etc. in the sample and also on account of some respondents' non-parting of income details. Among those reported income decline, its quantum was further probed into and results are furnished in Table 4.27. On an average, over 6% decline in income had been reported by 80% of those encountered a reduction, whereas, about 27% reportedly had decline of over 20%.

Table: 4.26 Change in Income Respondents since January 2008

Nationality	Change in monthly income (In %)			
	Decline (%)	No Decline (%)	Non-response	Total
Domestic	(129) 19.46	(369) 55.7	(170) 25.6	663
Foreign	(161) 26.4	(321) 51.0	(127) 20.9	609
Total	**290 (22.8)**	**685 (53.9)**	**297 (23.4)**	**1272**

Source: Primary data

Table: 4.27 The Reported Decline in Income of Respondents since January 2008

Reported Change in monthly income	Nationality		
	Domestic	**Foreign**	**% of Total**
Declined Upto 5 %	16.3	21.1	18.9
Declined by 6 to 10 %	27.1	26.1	26.6
Declined by 11 to 20 %	27.9	26.1	26.9
More than 20 % decline	28.7	26.7	27.6
Total	**129**	**161**	**290**

Source: Primary data

Decline in income across different job categories have also been attempted through cross-tabulation. Results suggest that across job categories, self-employed constituted about one-third of domestic respondents under 'no change in income' category (Annex. 4. 6). Correspondingly, over 35% of junior officers/executives among foreigners did not suffer from income decline. At the same time, those suffered more in terms of decline was also the self-employed groups.

Further, pattern of decline in the income of people travelling on different purposes in India has been examined to understand its relationship with the income and results are given in Table 4.28. As regards to domestic tourists, effect of income decline was reportedly less on those travelling for the purposes of religion/pilgrimage (12% to 13%), followed by social category. On the other, proportion of those encountered decline in income among leisure and business categories fell in the range of 22 to 28%. But, when it comes to foreign tourists, 28% of holiday travellers had suffered an income decline followed by the business travellers (around 24%).

Table 4.28 Change in Income of Tourists across Different Purpose of Travel

Purpose of Travel	**Change in income (In %)**			
	Decline	No Decline	Not Applicable*	Total
Domestic				
Religious/ pilgrimage	10.1	53.2	36.7	79
Business	27.7	66.2	6.2	65
Holiday	22.3	56.7	21.0	386
Social	12.3	58.5	29.2	65
Others	13.2	32.3	54.4	68
Total	**14.5**	**54.9**	**25.6**	**663**
Foreign				
Business	23.5	72.6	3.9	51
Holiday	28.1	49.6	22.3	480
Others	17.9	58.9	23.0	78
Total	**26.4**	**52.7**	**20.9**	**609**

Source: Primary data

* Respondents are mostly students and retired personnel

Another question being probed was the expected impacts of the economic crisis on income of respondents in the short-run and results are compiled and placed in Table 4.29. It can be observed that in spite of the crisis, domestic tourists in general anticipated either an increase or their income remaining at same level who represents 28% each in the sample. Proportion of those apprehending an income decline is to the tune of 21%.

Table: 4.29 Impact of Ongoing Economic Crisis on Respondent's Income Level in Short-run

Nature of change expected in income	**Nationality**		
	% of Domestic	% of Foreign	% to Total
Would increase still	28.4	24.69	26.36
Would decrease	21.3	31.12	26.26
Would remain same	28.63	28.63	28.62
Can't say	21.5	15.65	18.56
Total	**498**	**482**	**980**

Source: Primary data

Thus, the overall scenario among domestic tourists has been one of cautious optimism. On the other, nearly one-third of foreign tourists are forecasting either a decline (31.12%) or their income to remaining at same level (about 28%). Strikingly, those expecting an increase in income constitute nearly one-fourth of total respondents.

Further to this, expected change in income in short-run was cross-tabled with job positions. Results suggest that among domestic tourists; officers/ executives were more hopeful of an increase (34-35 %) or their income to remaining at the same level (29% each) (Annexure 4-6)). On the other, those forecasting a decline across job categories are in the range of 19% to 25%. The support staff was by and large unclear of the future movement of income, however, those favouring positive growth among them is about 12%. As for foreign tourists, expectedly, groups apprehending an income decline or it remaining mostly stable dominated the sample irrespective of job positions. Those expecting an increase among them constitute about one-fourth.

4.6.2 Effects of Decline in Income on Travel Plan

Existing literature on the relationship between income and holiday behaviour seemingly is not suggestive of any particular position dominating. A section of analysts laboured to portray the resilient nature of holiday trend. According to them, irrespective of compression in income, probability of any substantial decline in the number of holiday makers could less due to personal and life style reasons. Whereas, those attempted to track the pattern of holidaying during the difficult times have emerged with diverse portrayals. While acknowledging each strand of findings, it not unreasonable to posit that holiday makers may behave differently under such circumstances, viz. curtailing spending, reduction in the duration and number of destination to be covered in a trip, choosing closer destinations etc.

With this in perspective, attempts were made in this study to examine the manner in which tourists would respond to their vacation requirements in the midst of adverse economic conditions. For this, respondents were approached to know whether they made any adjustments in the travel plan with the onset of global economic recession say from January 2008 and if so, in what manner. Needless torecord, students were excluded from analysis with a purpose to maintain objectivity.

It can be seen that 14% domestic and 21% foreign tourists respectively did effect some adjustments in the travel plan (Table 4.30). Noticeably, around 21% domestic tourists were unable to furnish a clear answer and that perhaps can be attributed to the lower travel propensity of them.

Table: 4.30 Respondents Reported to Have Made Adjustment in Travel Plan

Adjustment, if any	**Nationality**		
	% of Domestic	% of Foreign	% to Total
No adjustment	14.0	21.1	17.9
Made adjustment	65.1	73.9	70.0
Can't say	20.9	5.0	12.1
Total	**129**	**161**	**290**

Source: Primary data

Further to it, persons who made some form of adjustments in the travel plan during the study period were probed further to know the nature/type of adjustment and results are interesting. For instance, when there was reduction in income, people mostly responded either by cutting down the expenses or reducing the duration of trip, which was common to both tourist segments (Table 4.31). In fact, almost half of those with reduced income levels was opined to have cut down their travel expenses rather than reducing the trips.

Table: 4.31 Type of Adjustment being Made in Travel Plan on Account of Reduced Income

Nature of adjustment	**Nationality (In %)**	
	Domestic	**Foreign**
Reduced number of trips	17.6	12.73
Reduce number of places covered in the trip	17.6	13.94
Shorten duration of trip	29.0	20.0
Cut down the expenditure	41.2	43.0
Above all	13.7	23.0
% of Total	**111**	**124**

Source: Primary data

Nature of travel adjustments by tourists visiting India on different purposes might also demonstrate the sensitive nature of tourist segments. Cross tabulation of these indicate that among domestic tourists, those travelling on leisure and business purposes are comparatively more susceptible to income changes. Nearly one-fourth of such respondents were found making adjustments in their travel plan (Annexure 4.8). However, adjustments were reportedly less among religious/ pilgrim tourists (14%), followed by those on social reasons (17%). A similar trend was also evident in the case of foreigners, whose proportion was relatively but higher.

To sum, cutting down expenses for the trip can be seen as more willing proposition of holiday makers than reducing number of trips during difficult economic situations. Pruning number of destinations in the itinerary was also reported by many tourists. Hence, the nature of travel adjustment mechanisms as revealed by this study can be taken as manifestation of the centrality of holiday travel in the life of a large section of people. Further, irrespective of the nationality differences, the study findings are by and large testifying of the established propositions on resilient nature of tourism.

4.6.3 Holiday Behaviour if there was No Change in Income

Given the severity of present economic crisis, consumers would be expected to behave cautiously, especially on non-essential items like vacation travel even if there was no change in income. At the same time, it is equally acknowledgeable that there are lot of people for whom vacation travel is an integral part of life and therefore may not compromise on it even if the conditions were adverse. The proposition thus existing on income and holiday travel behaviour are intricate and therefore establishing the elastic nature of income on travel decisions in a precise manner becomes a problem. With this understanding in view, it has been endeavoured to probe the travel behaviour of those reported decline in income since January 2008. The thrust was to document how they would have behaved if there was no change in income.

Respondents were given a probable set of alternatives to select from. They were expected to furnish more than one course of action if applicable and details are given in Table 4.32. In general, it can be inferred that even if there was no change in income, respondents would still choose to be cautious when it comes to vacation travel. However, nearly one-fourth of the domestic respondents were of the opinion that they would have increased the number of trips if there was no change in income. But the proportion of such respondents among foreigners is comparatively less. They instead would have covered more destinations in a trip.

When it comes to spending for a particular trip, about 27% of domestic tourists responded by stating to spent more money as against 18% of foreigners if there was no income decline. However, sizable 'mo-response' rate in the sample call some caution to read above conclusions.

Table: 4.32 Manner in Which Tourists would have Responded to Vacation Travel if there was No Change in Income

Nature of Response- would have:	Response rate (In %)			
	Yes	No	Non-response	Total
Domestic				
Increased no. of trips	19.38	29.46	51.16	129
Visited more destinations	14.73	33.33	51.94	129
Increased duration of trips	13.95	33.33	52.71	129
Spent more money	27.13	27.91	44.96	129
All of the above	18.6	20.16	61.24	129
No Impact	7.75	20.16	72.09	129
Foreign				
Increased no of trips	12.42	32.3	55.28	161
Visited more destinations	20.5	27.33	52.17	161
Increases duration of trips	15.53	27.95	56.52	161
Spent more money	18.01	28.57	53.42	161
All of the above	12.42	26.71	60.87	161
No Impact	6.83	26.09	67.08	161

Hence, it is logical to draw from the table that, as a matter of practice, tourists would adequately be cautious to strike a balancing act between their income and holiday requirements, especially when negotiating with economic adversities.

4.7 Product Prices and Travel Behaviour

Two dominant propositions of the effect of price on vacation travel exist. First, when prices of tourism products of certain destinations are comparatively higher, a large section of vacationers would demonstrate tendencies to avoid such destinations and choose the one comparatively less priced if they have flexibility in terms of destination choices. In such situations, prices would have the propensity to affect destination choice. Second, when travellers' motivation is destination-specific and essentially driven by choice/specific purpose and not much by prices, the effect of price on travel decisions would be comparatively less. But, it has been usually observed that leisure travellers are relatively more price-sensitive compared to other segments. Still, they might consider visiting comparatively expensive destinations if those satisfied their travel motivations. To fulfil such dispositions, they might even embark on suitable modifications/ adjustments including overall budget provisioning.

In this study, effect of the prices of various tourism products on travel behaviour has been attempted. For this, respondents were asked on how the cheaper product prices would have affected their travel behaviour. Certain alternatives were also given with a request to respond to all relevant ones, if applicable, for each product.

Table 4.33 provides response patterns of domestic tourists. It clearly depicts that product prices have direct bearing on travel behaviour of people. For instance, according to nearly three-fourth of domestic respondents, lower room rates would have a definite impact on their travel decisions. If cheaper rooms were available; they would have increased trip frequencies, visited more destinations in the trip, increased duration of travel and spent more money. For only about 28% that room rates did not seem to matter much.

Table: 4. 33 Effect of the Prices of Tourism Products on Travel Behaviour of Domestic Tourists- (In %)

Parameters	Increased nos. of trips	Visited more destinations in this trip	Increased duration of this trip	Spent more money during this trip	All of these	No impact	Total
Lower Room rate	13.27	19.31	12.37	18.4	24.13	27.6	663
Lower airfare	10.56	13.42	6.33	9.5	21.72	42.99	663
Lower cost of other mode of transport	8.3	22.32	7.54	19.91	21.72	31.67	663
Lower Food & Beverage	3.77	7.24	6.33	23.08	22.78	38.16	663

* Note: Total is more that 100% due to multiple responses

Further, had the transport cost been lower, tourists would have had flexibility of exercising many options including coverage of more destination in the trip (22%). However, lower airfares tend to be less influencing in nature, especially among domestic tourists, with 43% stating it to have no impacts. This could perhaps be due to negligible proportion of air transport users among them. Again, the effect of food prices appears to be less due to a variety of options available.

Effects of product prices on tourist segments can be further understood by analysing the behaviour of people travelling on different purposes. With this in perspective, when product prices were juxtaposed against purpose of travel, some interesting patterns emerged (Ref. Annexure: 4.9 & 4.10). Firstly, hotel prices seem to have less effect on the people on pilgrimage or religious purposes whose proportion is about 41% in this category, followed by those on education and training (35%). On the other, around three-fourth of those visiting for leisure, business and social purposes are comparatively more sensitive to prices. Secondly, airfares are less important with an average of over 40% across travel purpose categories stating it to have no impact on their travel behaviour. Only distinction being tourists with 'social' reasons, for whom, lower airfares would have some positive bearing on travel planning.

Thirdly, lower cost of other transport modes is relatively more influential than airfares. On an average, 65% to 68% across travel purpose categories opined it to having impact on travel behaviour. Only distinction being those travelling due to 'social' reasons, for whom, it emerged to be less significant with 21% endorsing the same. Basing on these it can be summarised that the leisure and business travellers are relatively more receptive to product prices, whereas, effect of prices is less on pilgrims probably due to its voluntary nature as well as the choice for cheaper products and services.

Table 4.34 portray the manner in which foreign tourists would have planned their vacation if products prices were cheaper. As it emerges, effect of prices on their travel decisions is comparatively less to that of domestic ones. Notwithstanding, prices of core products like transportation and accommodation shall be playing determining roles, especially among leisure travellers to India as discussed in the succeeding part.

Table: 4.34 Effect of the Prices of Tourism Products on Travel Behaviour on Foreign Tourists- (In %)

Parameters	Increased nos. of trips	Visited more destinations in this trip	Increased duration of this trip	Spent more money during this trip	All of these	No impact	Total
Lower Room rate	10.34	12.97	16.91	17.24	17.08	38.59	609
Lower airfare	9.03	21.35	10.67	12.15	20.53	41.38	609
Lower cost of other mode of transport	6.9	15.93	9.69	16.91	15.44	44.17	609
Lower Food & Beverage	2.46	2.63	5.09	12.64	11.33	65.02	609

Source: Primary data Note: Total is more that 100% due to multiple responses

In summary, it is reasonable to state that the prices of core tourism products do matter and comparatively lower product prices could make the destinations more competitive. Because, over three-fourth of the total tourist expenditure for a trip is incurred on major components of vacation travel such as hotels, transport and food and beverages. Hence, major stakeholders of tourism will have to be more sensitive in their pricing decisions in order to maintain the competitiveness of India.

4.8 Comparison of India vis-à-vis S.E Asia

Success of many country-destinations would depend on their competitive positioning in the regional mosaic. While India has been well positioned in South Asia and remains as the single largest country destination in the region, it is far behind when it comes to S.E Asian countries. Many factors can be attributed to this and this study examined some of those critical ones by ascertaining the perception of the foreign tourists. Domestic respondents were not approached in consideration of the assumption that majority of them may not be aware of South-east Asian destinations and their attributes to furnish qualified observation. Results are placed in Table 4.35.

Table: 4.35 Foreign Tourist's Perception of Destination India as Against South-east Asian Countries

In favour of S.E Asian destinations:	Foreign Tourist's Perception (In %)			
	Yes	No	Can't say	Total
Cheaper room rate	41.22	25.12	33.66	609
Better hotel facilities	37.44	26.44	36.12	609
Better availability of rooms in all categories	38.75	19.70	41.54	609
Better transport infrastructure	37.93	22.99	39.1	609
Lower taxes of tourism products	27.59	23.15	49.26	609
Better civic amenities	34.98	18.56	46.47	609
Tourist attractions are better managed	35.14	21.67	43.19	609
Destinations are more hygienic and clean	39.24	21.18	39.57	609
Tourist attractions are more appealing	26.60	26.11	47.3	609
Service providers are more courteous and honest	22.17	27.59	50.25	609
Public are more supportive	24.96	26.77	48.3	609

Source: Primary data

In general, among those foreign tourists furnished responses to specific questions, most attributes of South-east Asian destinations were rated much higher compared corresponding ones of India. For instance, room availability, room rates and facilities, transport infrastructure, better managed attractions, hygiene and cleanliness and civic amenities of South-east Asian destinations received better ratings viz-a-viz India. On account of taxes also, India has certain disadvantages since taxes in India are perceived to be higher. In fact, weightage of critical attributes of India and S. E Asia as measured in terms of proportions are clearly discriminative and favours S. E Asian countries. Incidentally, only on account of courteousness and honesty that India was rated slightly better.

While above conclusions succinctly portray comparative picture of critical attributes and their bearing on destination competitiveness, certain degree of caution is suggestive on account of almost half no response rate. Nonetheless, results are adequate enough to support above propositions, thereby, providing necessary basis for actions to gainfully utilise India's diverse attraction portfolios and development of tourism.

4.7 Major Problems of Tourists in India

Problems of tourists during travel are many and exist in every facet of their journey. However, what distract them are its relative severity and the difficulty in dealing with some of the severe problems. It is natural for the destination managers therefore to be concerned about the problems because tourist satisfaction is relative and largely connected to quality of their direct encounters with the people, facilities or overall quality of environment. Equally important is that pre-visit perception of destinations is a close correlate of overall destination environment, including safety and security. Given these, positive image is critical to competitive sustenance of destinations because as Roehl & Fesenmaier (1992) observed, tourists make their travel decisions based on perceptions rather than reality.

Specifically, risk perception and not the facts or actual risk factors that influence tourists' behaviour, eventually motivating them to avoid or cancel travel to particular destinations (Irvine and Anderson 2006). Needlessly, news reports and word-of-mouth on epidemics and terrorism at tourist destinations could also raise consumers' perceptions of risks. Perhaps, due to its credibility and ability to reach wider and large audiences in a short spam of time, media turns particularly influential in changing/modifying people's perceptions of destinations (Tasci & Gartner, 2007). This becomes more critical when tourists lack credible information on destinations.

In this study, posing the question of major problems being encountered by tourists in India was to ascertain their travel experiences. 'Destination India' is very strong and appealing but certain important bottlenecks have been arguably affecting its competitiveness. To evolve a perspective on this, respondents were asked to rank each problem variable in the order of severity. Ranks obtained against each parameter/ problem-variable has been then converted into weighted index (WI) for deriving unique values. However, it is clarified that pre-visit destination perception was not a part of the scope of this study.

Table 4.36 contain index value for each parameter and corresponding ranks. The parameters received higher WI values, thereby higher rank, can be clubbed into three categories; infrastructure inadequacy, hygienic condition of destinations and local behaviour viz. cheating, toutism, bad behaviour of service providers like shopkeepers, taxi drivers etc. In general, relative severity/importance of each issue varies for domestic and foreign tourists. As far as domestic tourists are concerned, bad conditions of roads and highway, unhygienic destinations, higher room rates, inadequate infrastructure at transport modes emerged as major concerns in order of importance. Other issues worth noting are toutism/cheating and badly managed attraction sites, improper behaviour of some section of service providers and the public.

Table: 4.36 Major Problems Being Encountered When Touring in India

Major Problems	Domestic			Foreign		
	Index value	Rank	Respon-ses	Index value	Rank	Respon-ses
Bad condition of roads/ highways	6.59	1	305	5.53	4	244
Unhygienic destinations	6.46	2	339	6.10	2	285
Comparatively high hotel rates	6.14	3	280	2.91	10	132
Inadequate infrastructure at railway station, airport, bus stand etc.	5.84	4	273	5.62	3	243
Toutism/ cheating	5.75	5	276	7.71	1	328
Badly managed attraction sites	5.16	6	272	4.30	6	202
Bad treatment of tourists by shopkeepers, taxi drivers, guides etc.	5.00	7	246	5.48	5	233
Improper behaviour of the public toward tourists	3.87	8	220	3.91	7	185
Lack of proper civic comforts	3.75	9	196	3.02	9	153
No problem at all	2.89	10	116	3.49	8	128
Higher domestic airfare	2.81	11	131	2.70	11	121

Source: Primary data

Whereas, the foreigners have rated toutism/cheating as major problem followed by unhygienic destinations, inadequate infrastructure at transport modes, and bad roads and highways. They are also equally concerned about poor maintenance of tourist attraction sites, bad behaviour of service providers like shopkeepers, taxi drivers as well as the general public.

Besides, bad behaviour of service providers like shopkeepers, taxi drivers as well as general public are also found to be bothering nature for foreigners . At the same time, there are still foreigners who did not encounter problems in any striking manner even though its relative rank was 08 in a set of 11 parameters.

Again, as already discussed higher domestic airfares seem to be less concerning for domestic tourists, whereas, lower ranking of it among foreigners could be due to other problems overweighing airfares. Another possible explanation can be that they may be planning the trip in such a manner to cover as many places in a trip, for which, air travel becomes better option to save on time. In other words, their priority of visiting more places in a trip takes precedence over concerns attached with the airfare.

Some issues being investigated in this study have direct bearing on the personal safety and security. In general, findings of this study are in conformity with the existing studies. For instance, Rittichainuwat and Chakraborty (2008) and Reichel et al. (2007) observed that both first-time and repeat leisure travellers who were at destinations during a terror attack and/or disease outbreaks were also concerned about other perceived deterioration risks such as polluted attractions, hostile attitude and commercialization by local residents, and dissatisfaction with previous trips. More over, such perceived risks could turn out to be pertinent travel inhibitors.

In summation, major problems of tourists as being revealed in this study merit attention on priority basis. Many of these have been indeed in the public domain very much. Experiences are such that solving some of those should not be a difficult task. What would be needed is prioritization of those problems sets and accordingly initiating pre-emptive actions by concerned stakeholders. As regards to those issues and constraints which are more complex and multi-faceted, concerted policy interventions and effective coordination would be required to put India on a competitive track.

Chapter- 5
Analysis of Demand Patterns from Supply-side Perspective

Tourism is considered to be a dynamic sector and its contribution for income creation and employment opportunities are considerable. The sector is also diverse and as multi-layered, having varied degrees of direct association with core segments like hospitality, attractions and transport. The functioning of tourism production process itself is self-explanatory. For instance, globally, production system of tourism has been conceived in a framework that involves manufacturing, services and many other intangible non-market inputs, though the latter have not been accounted for in the existing classification system. While UNWTO (1998) identified seven industrial categories based on 'tourism consumption by major function', the US Standard Industrial Classification System records more than 35 different major industrial components that serve the traveller (Roehl 1998).

Other typical characteristics of tourism industry are seasonality and domination of the medium, small and micro (SMMTE) enterprises in the production and supply space. In fact, SMMTE's alone accounts for over three-fourth of total industry strength. In many ways, the sector's growth and expansion are determined to a great extent by seasonal preferences of highly sensitive customer segment namely tourists. Owing to these, the industry turns out to be fragile and suffers from one of highest failure rates compared to any sector (WTOBC Report 1998). It also reveals that approximately 40 taxes are being applied to tourism globally, something that magnifies its complexity and fragmentation characteristics.

Further, vacation travel decisions are also being seen as a by-product of many socio-economic and environmental conditionings. These include disposable income, age, travel purpose or other decision variables like political conditions, safety and security, natural calamities, epidemics etc.

This chapter is in continuation to the analysis of macro-level data on the factors affecting tourism demand as contained in Chapter-3. Equally, there exists a firm understanding that certain specific attributes of tourist establishments would also be useful to strengthen the findings of macro-level analysis. The first hand firm-level data would also be effective to draw some definite patterns on the causes and consequences of recent slow-down in tourism demand and business process in India. Because, the sudden decline in tourist numbers had hit all segments of tourism very badly, resulting some drastic measures on part of the establishments to sail through the crisis.

This chapter was born out of above understanding. Towards this, establishments representing the key segments of tourism industry were selected from ten locations spread across India in such a manner to represent major products and destinations. The locations and establishments thus selected were also assumed to reflect the impacts of major happenings in the recent past like global economic recession, fuel prices, terror attacks, other safety and security issues and the like. The results are adequate enough for better understanding of the critical aspects of the crises, the bearing of those on tourism industry and the responses of establishments to deal these crises.

5.1: Establishment Profile

Establishment types selected for detail investigation cover different accommodation types, travel agencies and tour operators (TA & TO, souvenir shops, transport companies and others (viz. travel portals, forex firms, event management companies etc.). Distribution of those is placed in Annexure 5-1. The profiles being examined were year of establishment, nature of ownership, investment base, technology adoption and employment pattern.

Year of establishing the business units were documented and placed in Table 5.1. Most units are comparatively new and appear to have come up post-1990 period, with over 69% reporting accordingly. Only around 7% of the units were reportedly in operation prior to 1970. Across different segments, souvenir shops had longer existence followed by luxury hotel segments. Units in 'other category' are predominantly post-2000 phenomenon and that is normal since this category covers travel portal, event management companies etc.

Table: 5.1 Year of Establishing the Firm

Type of Establishment	**Year of Establishing (in %)**				
	Upto 1970	1971 to 1990	1900 to 2000	After 2000	Total
4- Star and above	17.86	32.14	25.00	25.00	56
3-1 Star	18.60	23.26	25.58	32.56	86
Unclassified hotel	6.99	16.08	41.96	34.97	143
Lodge/ guest house etc.	5.88	19.91	44.80	29.41	221
Transport Company	4.62	26.15	43.08	26.15	65
Souvenir Shop	17.54	35.09	17.54	29.82	57
Travel Agent/Tour Operator	3.30	26.73	38.94	31.02	303
Others	5.0	22.5	30.8	41.7	120
% to Total	**7.33**	**23.03**	**37.77**	**31.87**	**1051**

Source: Primary data

As regards to nature of ownership of the firms, results are furnished in Table 5.2. It shows that a good chunk of firms in Star category hotels, travel agents and tour operators and airlines segments are private limited companies. Whereas, budget and low-budget hotels/ lodges, transport companies, souvenir shops and those in 'others' category are mostly proprietorship-based. Around 41% of TA's & TO's are also found to be in this category.

When it comes to public/ corporate ownership, a good number of such units are spread in luxury hotel and airline segments. The airline sector has ownership patterns mainly drawn from international level. Partnership firms are fewer and generally seen in accommodation units of three-star or lower categories and then in travel intermediary segment.

Another interesting dimension of establishments is the nature and geographic coverage as revealed in Table 5.2. It can be seen that over three-fourth of firms are stand-alone or single city-based with exception being the luxury hotel and airline segments. However, more local-based are the lodges and guest houses (about 90%), followed by unclassified hotels and transport companies (84% each).

Table: 5.2 Nature of Ownership of the Establishments

	Nature of Ownership (in %)							
Establishment	Proprie-torship	Joint-family	Partner ship	Private Ltd. Co.	Co-operat ive	Public Ltd. Co.	Othe rs	Total
4- Star and above	-	-	8.93	58.93	-	32.14	-	56
3-1 Star	22.09	3.49	31.40	41.86	-	1.16	-	86
Unclassified hotel	58.74	9.09	24.48	6.99	-	0.70	-	143
Lodge/ guest house etc.	62.44	17.65	14.48	2.26	-	-	3.17	221
Transport Company	64.62	4.62	10.77	18.46	-	-	1.54	65
Souvenir Shop	66.67	1.75	7.02	14.04	1.75	7.02	1.75	57
Travel Agent/Tour Operator	41.25	3.96	14.19	38.61	-	1.98	-	303
Others	48.0	4.0	6.0	15.1	2.0	3.1	2.0	120
Total	**47.00**	**7.14**	**15.13**	**23.50**	**0.29**	**4.47**	**2.47**	**1051**

Source: Primary data

Regional-level tourism concerns fall next category and then followed by national-level concerns. Presence of multinational establishments is proportionately more in airlines and luxury accommodation sectors. Another aspect worth noticing is the scarce presence of tourism concerns that form part of diverse business group, irrespective of higher investment base and the geographic coverage.

Investment base is rather a major indicator to understand the scale of firms in the sector. Table 5.3 reveals the prevalence of medium, small and micro enterprises in this sector with more than half of establishments reported to have investment base upto one crore followed by nearly one-fourth of those in the range of 1-10 crores. Proportion of those above 50 crore investment base is only about 7% of the total.

The overall scenario thus emerged is a good portrayal of the nature of capital intensiveness in tourism. Luxury hotels emerge as more investment-based, followed by lower star categories. Only a negligible number of travel intermediaries were reported to have investments of over 50 crores, which in other words is suggestive of the fact that this sector is mostly low investment-based and about three-fourth have indeed the investment only upto one crore. Airline offices have not been considered here since the data being supplied by respective local offices and pertaining to itself and did not match-up to overall scenario of a particular airline. This study, therefore, confirms the established pattern that the tourism industry has a strong presence of medium, small and micro enterprises.

Table: 5.3 Classification of Tourism Establishments Based on Investment Base

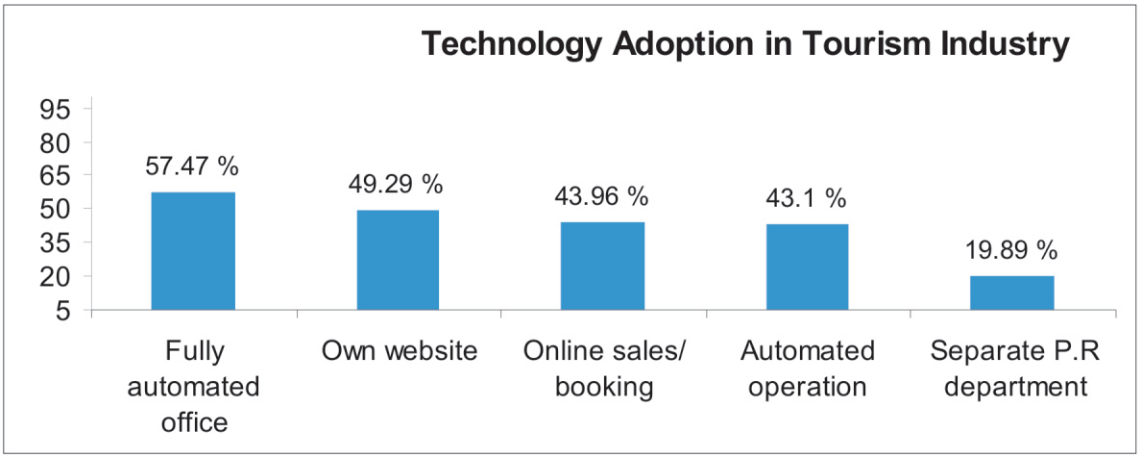
Type of Establishment	**Investment level (in %)**				
	Upto 01 crore	01-10 crore	10 to 50 crore	More than 50 crore	Total Nos.
4- Star and above	-	19.64	37.50	42.86	56
1-3 Star	-	48.84	40.70	10.47	86
Unclassified hotel	48.25	45.45	6.29	-	143
Lodge/ guest house etc.	64.25	19.91	15.38	0.45	221
Transport Company	81.54	18.46	-	-	65
Souvenir Shop	100.0	-	-	-	57
Travel Agent/Tour Operator	73.93	21.12	3.63	1.32	303
Others	60.00	28.75	5.00	6.25	80
Total	**56.42**	**25.59**	**11.13**	**6.85**	**1011**

Source: Primary data

It is a commonly accepted proposition that degree of technological adoption would have catalystic role to a great extent in defining business success of firms. This is very much a case in a competitive business environment, and would be even more so during the time of intense crises including economic ones. With this in perspective, firms were requested to part its level of technological adoption as well as the existence of public relation (P.R) department, if any.

Technology adoption has been gauged using parameters such as full automation of office work, having own website, online sales/ booking provisions, automated operation (especially kitchen in hotels) and presence of separate P.R department. The general trend in tourism industry is depicted in Fig. 5.1. According to that, over 43% of firms have automated operation, but establishment with fully automated office are about 57%. As one would have expected, only about one-fifth of the establishments had separate P.R department.

Fig. 5.1 Pattern of Technology Adoption in Tourism Industry



Source: Primary data

The segment-wise trend is depicted in Table 5.4 and as per that, technological adoption rate is more in the luxury hotel segments followed by the airlines and travel intermediary segments and then other star category hotels.

Table: 5.4 Status of Technology Adoption and Existence of Public Relations in Tourism Establishments

Type of Establishment	Adoption rate/ P.R Dept. (in %)					
	Fully automated office work	Own website	Online sales/ booking	Automa-ted operation	Separate P.R dept.	Total*
4- Star and above	85.71	87.50	85.71	82.14	73.21	56
3-1 Star	65.12	73.26	60.47	52.33	36.05	86
Unclassified hotel	55.24	44.06	45.45	47.55	10.49	143
Lodge/ guest house etc.	25.34	15.84	19.46	16.29	11.76	221
Transport Company	49.23	41.54	41.54	33.85	12.31	65
Souvenir Shop	19.30	10.53	3.51	5.26	1.75	57
Travel Agent/Tour Operator	81.85	64.69	54.13	55.45	15.51	303
Others	37.0	43.1	28.1	28.1	22.0	120
Total	**57.47**	**49.29**	**43.96**	**43.10**	**19.89**	**1051**

Source: Primary data * Note: Multiple responses

Public relations are also an important function contributing to market expansion and the spread of benefactors. However, present status of public relation activities in tourism sector is not very encouraging since only a negligible share of firms reportedly had separate PR department. It was also natural to observe its active presence in the airline and luxury hotel segments.

5.2 Nature of Employment in Tourism Industry

The details employment aspects being examined here are structure of employment and its geographical coverage, average employees at different levels in establishments and retrenchment, if any, in recent months. In fact, studying employment characteristics of a seasonality-affected tourism business is not only beneficial to understanding the structure and composition of employment but it should also throw light on the employment strategies, especially during the time of unexpected demand crisis consequent upon the events such as global recession, terrorism and safety and security concerns etc. and a combination of these were more than evident in recent months.

The results of the pattern as contained Table 5.5 establish that average number of employees is highest in luxury accommodation sector at 324 persons, followed by 3-1 star category but that is at a distant 53 persons/ unit. Most establishment types have good proportion of employees drawn from local area, including the luxury hotel units. A notable exception to this is 'others' category, in which, more than half are from other locations in India. Further, on an average, 14 employees of foreign origin were found in the luxury hotel units and most of them happen to be in the support staff category. Incidentally, many of them are reportedly from Nepal. But, nationals of some other foreign countries were also working in the sector, especially at the higher management levels including F&B department.

Table: 5.5 Geographic Coverage of Employees in Tourism Establishments

Type of Establishment	Domicile of Employees (Average)			
	Local	Other locations of India	Foreign	Average employees
4- Star and above	167	133	14	324
3-1 Star	27	22	4	53
Unclassified hotel	9	14	5	28
Lodge/ guest house etc.	5	9	5	19
Transport Company	12	7	-	19
Souvenir Shop	5	4	-	9
Travel Agent/Tour Operator	13	12	3	28
Others	17	32	4	53

Source: Primary data

Equally noticeable observation has been existence of proportionately higher non-local employees in unclassified hotels and lodge/ guest house etc. especially in those situated in the major tourist places. This is perhaps due to non-availability of local manpower for the unskilled and low-paying jobs like cleaning, room service and kitchen. Such pattern was quiet evident in the big cities and worker-scare tourist locations like Goa. In general, this study reinforces the findings of some existing surveys on average employment in hotel sector; instantaneous being Indian Hotel Industry Survey by FHRAI-2007-08 (cited in Tourist Statistics- 2008, Min. of Tourism).

As regards to nature of employment, it was first classified into regular, seasonal, contractual and daily-wage types. Data being gathered accordingly were then processed to find average employees in each establishment type (Table 5.6).

Table: 5.6 Nature of Employment in Tourism Industry

Type of Establishment	Average number of employees				
	Regular	Seasonal	Daily Wages	Contract	Total
4- Star and above	244	52	21	58	372
1-3 Star	34	7	16	13	70
Unclassified hotel	15	4	6	5	30
Lodge/ guest house etc.	7	4	5	4	20
Transport Company	14	4	5	4	23
Souvenir Shop	5	2	-	1	8
Travel Agent/Tour Operator	18	7	5	14	44
Others	22	5	5	47	79

Source: Primary data

It reveals that on an average, proportion of regular employees is highest in luxury hotels with 65% of them stating to have an average 244 persons on their regular role. Lower star categories came next and then TA'&TO segment. It also suggests the presence of a good number of contractual jobs in tourism industry. Besides, seasonal employment is very much prevalent especially in the tourism-dependant destinations like Goa, Manali etc.

5.3 Business Aspects of Establishments

As part of understanding business aspects of establishments, parameters being looked into were customer profile, growth trend in turn-over and presence of online business. The later one has been purposefully included because of two reasons. First, presence of online business in firms and its proportion over the years could directly manifest adoption of technological advancements in the conduct of business. Second, it being cost-effective means, even during difficult macro-economic situations, it could facilitate the firms to conduct business in a qualitatively better way. Equally, it has the benefit of being cheap, effective and reliable medium of communication with a wider audience.

5.3.1 Customer Profile of Establishments

Tourist establishments usually cater to three major tourist groups namely domestic, inbound and outbound. Similarly, profile them in establishments in many ways could also manifest their relative positioning in the market place. To understand the customer details, data of visitor composition for four quarters of F.Y 2008-09 were collected. Data for previous quarter (i.e. F.Y 2007-08) could not be collected because of two reasons. First, during pilot survey, it was found that the firms were unwilling to share relevant information. Secondly, there was inadequate documentation of quarterly data particularly among small and medium establishments, which constrained them in sharing data. Because this, comparison of quarterly data for 2007-08 and 2008-09 could not be undertaken.

Average customers/ bookings in each quarters of F.Y 2008-09 for each customer group across industry segments has been worked out and placed in Annexure 5.2. It shows that inbound tourists were nearly double to the domestic tourist numbers in the luxury hotels and souvenir segments. However, in all other segments, domestic tourists constituted larger share in their bookings/ tourist numbers. It was also found that domestic tourists formed significant group the airline and travel agent/tour operator segments.

Across quarters, October-Dec. 2008 was recorded to have highest proportion of bookings. However, quarterly variation among domestic customers were less compared to inbound and outbound traffic. Further, April- June quarter has seen domestic tourists providing adequate customers for the establishments to sustain, especially for airlines and travel intermediaries. Overall scenario enables to suggest that while inbound traffic may be significant in terms of foreign exchange and earnings optimisation, year-round performance of the establishments are largely determined by domestic segments. Outbound tourism could play more of a complimentary role in the process.

5.3.2 Growth Pattern

The trend in growth of firms have been attempted with the help of turn-over data collected directly from establishments for five years from 2004-05 to 2008-09. The results are furnished in Annexure 5.3. In the first four years (i.e. 2004-08), business activities of firms grew appreciably well. For instance, more than 50% firms reportedly had average growth of over 10% during this period. Amongst these, luxury hotels (4* and above) had highest proportion of establishments (80%) recording over 10% growth, followed by travel intermediaries (65%). Hardly any firm was fallen into negative growth trajectory during this period.

However, clear signs of decline in business activities were evident by end of 2007-08. The slide became prominent subsequently with nearly half of the establishments reporting negative growth rates in 2008-09. Alarming enough, about 41% of those had negative growth of 10% and above. Airline segment was found most affected (83% reported to have -10% decline), followed by luxury hotels and travel intermediaries.

In short, the emerging trend was suggestive of clear compression in tourism demand, wherein, the organised sector had been suffered the most perhaps due to its dependence on business as well mid to upper range of leisure tourists. Whereas, adverse effects of demand compression on unorganised segment have been relatively less. For instance, budget and low budget accommodation and transport segments had over 50% units reporting positive growth in 2008-09. Also worth noting was about 22% of 'others' category recording a growth rate of over 10% in 2008-09. Perhaps, presence of many e-portal companies could have been a reason for overall positive growth being observed in this category.

5.3.3 Trend in On-line Booking

Online business practice of establishment and its role in their growth can be elicited by examining the share of on-line transactions to the total turn-over. With this objective, data on proportion of turn-over from on-line business for the last five years have been collected directly from establishments and the results are placed in Table 5.7.

Table: 5.7 Proportion of Online Business to Total Turnover of Establishments from 2004-05 to 2008-09

Type of Establishment	Average Share in Turnover (in %)				
	2004-05	2005-06	2006-07	2007-08	2008-09
4- Star and above	17.48	20.73	19.86	23.84	24.11
1-3 Star	14.17	16.21	19.07	18.18	21.03
Unclassified hotel	12.59	14.13	17.18	20.27	24.63
Lodge/ guest house etc.	12.96	12.96	15.02	18.66	20.11
Transport Company	14.10	13.47	16.18	19.98	24.04
Travel Agent/Tour Operator	17.87	20.35	23.71	25.98	28.86
Others	17.53	20.28	21.86	28.83	32.02
Average	16.55	18.47	20.71	23.11	26.26
Total Response	**257**	**295**	**343**	**408**	**430**

Source: Primary data

It shows that during the period under study, share of turn-over from on-line business has been consistently increasing across establishment categories. Perhaps, growth has been faster in travel intermediary and 'others' sectors. Further, number of firms adopting online business practices has also increased consistently with over 60% increase in five years time. This, in turn, can be taken as indication for faster adoption rate of e-commerce in tourism.

Yet another feature has been the proportion of on-line business peaking in 2008-09, which incidentally coincided with onset of global economic recession as well as some adverse events in the country like terrorism, pandemic and natural calamities. The overall trend would, in a sense, reinforce the established proposition that during crisis times, a lot of tourists might be resorting to e-commerce because it not only act as instant source of reliable information in travel planning but also a provider of direct information on promotional offers which the travel intermediaries may not share.

5.3.4 Trend in Cancellation of Booking

By the first quarter of 2008, there were reports of establishments experiencing unusual cancellation in bookings. And, the analysts have attributed many factors, especially worsening economic conditions and increase in fuel prices. But, the fuel prices began softening by mid-2008, whereas, global economy fast slipped into sharp recessionary track and that trend continued for more than a year. Coupled with this, the panic being created in the aftermath of terrorist attack in Mumbai further worsened tourism scenario in India. The cumulative effect of these happenings on demand compression became clearly evident by mid-September 2008 with continuous decline in the foreign tourist arrivals. Indeed, experiences of major business hubs and tourist destinations in India were telling instances of the gravity of evolving scenario. Instantaneous being, Goa was affected more due to large-scale cancellation of charter flights, especially from Europe. In the aftermath of Mumbai terror attack, quantum of cancellations was reportedly increased to the tune of 35% in Goa and Mumbai.

Understanding about demand slowdown can be drawn from the nature and pattern of booking and unusual cancellations. In fact, these become more demonstrative whenever the adverse happenings are severe and widespread. To evolve a perspective on this especially in the backdrop of 2008-09, the establishments reportedly had unexpected cancellation trends were identified and surveyed. It can be seen in Table 5.8 that, in general, nearly half of the firms under survey had experienced cancellations much above the usual rates. A large chunk of such units was situated in the cities of Delhi (38.6%) and Mumbai (29.6%). Across segments, travel intermediaries reported to have had proportionately higher cancellation, comprising about 42% of the firms in this category. Accommodation sector in general also had large number of units met with unexpected level of cancellations during the study period.

Table: 5.8 Establishments Reported to Have Experienced Unexpected Cancellation since July 2008

Location	Experienced unexpected cancellation (in %)	Establishments responded
New Delhi	38.6	202
Mumbai	29.6	155
Ajmer	4.4	23
Bangalore	4.97	26
Agra	4.02	21
Puri	0.19	1
Goa (Candolim-Calangutu-Baga)	5.74	30
Varanasi	3.63	19
Manali	4.97	26
Thekkadi	3.82	20
Total	**100**	**523**

Source: Primary data

To gauge the quantum of cancellation, total booking and cancellation data were collected on quarterly basis for the period of April '08 to March '09 (Table 5.9). It shows that among inbound tourists, cancellation rate was highest in Oct- Dec. '08 quarter with 6.9%, followed by Jan.- March '09 quarter (4.4%). In the first two quarters, unusual cancellation was between 2.65% and 2.05%. Across segments, proportionately higher cancellation was reported among inbound segment.

Table: 5.9 Quarterly Trend in Effective Booking and Cancellations Across Tourist Segments

Quarterly booking details	Tourist Segment			
	Inbound	Domestic	Outbound	Total
April- June' 08				
Booking	1111941	1677055	514485	3303481
Cancellation	32653	40971	3758	77383
% Cancellation	2.94	2.44	0.73	2.34
July - Sept ' 08				
Booking	620118	826611	389399	1836128
Cancellation	16513	15753	2956	32621
% Cancellation	2.66	1.91	0.76	1.9
Oct - Dec - '08				
Booking	1857015	2508155	904390	5269560
Cancellation	127366	121270	9188	275824
% Cancellation	6.86	4.84	1.02	4.9
Jan- March ' 09				
Booking	1104359	1344484	524674	2973517
Cancellation	48601	45435	6034	100070
% Cancellation	4.4	3.38	1.15	3.37

Source: Primary data

Observed trend among domestic tourists was suggestive of comparatively less cancellation rates, whereas, the trend prevailed over quarters is similar to foreign tourist arrivals with Oct.- Dec. 2008 reporting maximum of about 4.8%. Lowest rate were found in Jul- Sept. '08 and that can be attributed to holiday season and Monsoon tourism. Almost similar quarterly pattern was observed among outbound tourists also, albeit with an exception of very low cancellations. A logical explanation for this could be that planning overseas vacation travel happens less frequently among Indians and once arrangements have been made, chance of cancelling their trip may be very less.

Next, cancellation from major country markets of India was also worked out and the results are placed in Table 5.10. The approach for this was aggregation of the unit-level cancellation data from major country markets. As the Table would, rate of cancellation was higher from the West European and N. American countries. Further, proportion of cancellation from these countries was highest in Oct. - Dec. '08 and then in the first quarter of 2009. For other countries also, this trend seems to hold almost similar pattern. Incidentally, the quarters that recorded higher cancellation rate also coincided with the severe phase of global economic melt-down and Mumbai terror attack.

Table: 5.10 Trend in Unusual Cancellation from Inbound Tourism Markets of India- April '08 - March'09

Country	Quarterly trend in cancellation (In %)				
	April- June ’08	July - Sept ’08	Oct - Dec ’08	Jan – Mar’09	Total April ’08-Mar. ’09
USA	13.85	7.63	60.42	18.10	32653
UK	14.72	7.83	55.61	21.84	31410
Germany	11.92	5.55	66.04	16.49	26186
France	11.10	5.88	63.71	19.30	24332
Canada	22.37	7.71	44.32	25.60	22937
Australia	14.00	7.81	43.29	34.90	17844
Japan	21.68	9.46	50.11	18.75	15080
Singapore	12.14	7.95	62.62	17.30	13945
Korea	15.05	3.41	59.83	21.71	9450
Italy	9.06	6.50	64.75	19.69	6789
Malaysia	28.19	11.29	45.42	15.11	6326
Others	6.99	8.19	56.59	28.23	14461
Total	**14.50**	**7.33**	**56.58**	**21.59**	**485898**

5.3.5 Reasons for Cancellation of Trips

In earlier part of the report, circumstances that could have probably leaded to cancellation of vacation travel were highlighted. In this section, specific factors that might have resulted trip cancellations to/ in India from July 2008 have been highlighted. Two approaches were initially considered; first by eliciting the reasons directly from those who cancelled trip during above stated period. Second, corroboration the results emanating from survey of such tourists/tourists with the inputs from direct service providers like hotels, travel agents and tour operators, travel portals and airlines.

Perhaps, ascertaining the reasons for cancellations directly from such persons was not materialised despite repeated attempts. Therefore, the study had to rely on the data supplied by the establishment segment. The approach to the same was a ranking procedure, wherein, major factors were got ranked on the basis of the relative importance of each and then converted respective ranks into weighted index. A cursory glance on the Table 5.11 would suggest that the causes lead to cancellation of trips were somewhat

When the domestic tourists were examined, personal reasons topped the order, followed by decline in income, 26/11 attack in Mumbai and safety & security reasons other than terrorism. Cut in travel expenditure of the companies and loss of employment were also worthy of taking note. On the other, among foreign tourists, general safety & security reasons were more frequently cited ones, which was followed by decline in income and personal reasons. Mumbai terror attacks and cut in travel expenditure by the companies have also contributed to induce cancellation rates. Interestingly, for outbound tourists, major reasons cited were almost similar to that of inbound tourists except for the terror attacks in Mumbai- a factor that received a low rank average among foreigners.

Table: 5.11 Reasons Cited by the Tourists for their Cancellation of Trip to/ in/ out of India from July' 08 to March'09

Reason(s) for cancellation	Market segment								
	Domestic			Inbound			Outbound		
	Index value	Rank	Resp onses	Index value	Ran k	Resp onses	Index value	Ran k	Resp onses
Personal reasons	8.715	1	372	8.426	3	372	2.110	1	88
Decline in income	6.663	2	310	9.230	2	408	1.601	2	74
26/11 attack in Mumbai	6.459	3	295	6.976	4	341	0.517	10	22
Safety & security reasons other than terrorism	6.050	4	288	12.044	1	494	1.518	3	70
Terrorist attacks in other parts of India	5.644	5	264	2.401	10	146	-	-	-
Loss of employment	4.458	6	223	2.994	8	156	0.673	8	31
Cut in travel expenditure by company	4.342	7	230	4.886	5	266	1.330	4	63
Comparatively cheaper hotel rates were available in other destinations	4.323	8	208	4.040	6	214	0.777	6	36
Negative publicity by the media after terror event	4.311	9	205	3.999	7	220	0.693	7	30
Comparatively cheaper air fares were available in other destinations	3.141	10	168	2.303	11	131	1.090	5	56
Travel advisories from his/her country	1.250	11	70	2.602	9	140	-	-	-
Recent happening associated with corporate governance in India and the events followed	1.243	12	63	1.571	12	76	0.656	9	34
Can’t say	0.976	13	45	0.945	13	57	0.474	11	25

Source: Primary data

The analysis hence enable to summarise that while relative importance of the factors that resulted in trip cancellation may vary for each tourist segment, what had emerged common across segments were reduction in income, terrorism and other safety and security concerns. Equally important was to observe 'personal reasons' topping the list of probables among domestic tourists; something that can be natural and happen irrespective of the prevailing socio-economic and political environments. In fact, income is central to travel planning and it becomes critical during the period of financial turmoils, which Prideaux (1998) also has established in his analysis of the causes of Asian financial crisis in 1997 and its impacts on tourism industry. He observed: 'uuncertainty about job security and concerns about the ability to meet future financial obligations may be the primary considerations for reduced tourism activity'.

Further, existing studies are suggestive of the fact that preceived risks of terrorism may deter tourists in the short-run but may not necessarily have a long-term impact on tourist's decision to travel abroad (Rittichainuwat, Chakraborty, 2008). There are also studies showing the tourists, especially repeat tourists, perceiving the threat of terrorism as part of modern life situations and such risks exist both at home and at tourist destinations. Thus, it becomes logical to deduce that maximum cancellations during the period under study was characteristically attributable to hostile tourism business environment as being manifested in the global economic recession and the safety and security concerns.

5.4 Crises Events and the Response of Establishments

A review of the studies examining the nature of tourism establishment's response to crises of different nature suggests two major propositions. Firstly, industry in general, does not have a crisis management plan, specific strategies. The budget provisions are also deficient. To paraphrase Prideaux et al. (2003), 'crisis preparation is not yet an integral component of tourism business practice, and many tourism executives seem reluctant to anticipate the need'. Again, Morgan and Fluker (2003, p. 46) argue on management reality in tourism: in most occasions, “individuals tend to hold unrealistic optimism about their vulnerability to risks”.

There can be two possible explanations for this: firstly, predominance of medium, small and micro-enterprises in tourism industry and a lack of general awareness about various measures and practices and importance those in the sustainability of business. Secondly, even though many large tourism enterprises do have crisis management plans, a holistic approach for safety and security is by and large is lacking. This has been often attributed to an insensitive approach of industry towards tourist customers as well as the cost considerations. The review further highlights that proper crisis management plan is important not only to protect the infrastructure and resources of establishments (Okumas et. al, 2005), but is equally integral to gain customer confidence as well as strengthening business plans.

Comprehensive crisis management plan (CMP), covering preventive measures as well as the strategies to deal the post-crisis stage is not common in Indian tourism industry. Where some actions have been seen taken by some hospitality establishments, those were generally post-crisis in nature. Similarly, initiatives of professional bodies in hospitality sector were hardly forthcoming in any demonstrative manner until the 9/11 terror attack in Mumbai in 2008. Notable being the initiatives of Hotel Association of India (HAI) that it circulated in the form of a Manual to its members (Highlights are in Case Box: 5.1).

Case Box: 5.1

Guidelines for Security Measures in Hotels- HAI

Preface of the documents states "HAI has drawn on the best international practices in combating terror…. This compendium is non-mandatory and security measures stated are illustrative, but, the hotels can adopt according to their specific needs".

It was organised in following heads:

A. External access control:
   - Limiting access points
   - Perimeter security system
   - Road barriers
   - Shrubs and vines to be kept away from buildings and trimmed to size
   - Patrolling

B. Material access control
   - Guest baggage check (Scanning) at drop point and away from lobby. Handbags at entry point
   - Hotel suppliers check- scanning, by opening as case may be and sourcing from approved vendors/ firms

C. People access control
   - Walk-in guest only on reference/ appointment basis
   - Guest profiling
   - Employee verification
   - Tourist management system (tourist pass)

D. Internal access control
   - Access control to different parts of the hotel
   - Staff access through proximity card/magnetic inter locks
   - Public facilities should remain locked when not in use
   - Establishing accountability

E. Lift usage

- ➢ Entry to lift from lobby for different floors to be stopped
- ➢ A system of letting guest to go to the floor they live only from lift

F. Other measures

- ➢ Mass spectrometry scanners for room key
- ➢ Snifex
- ➢ Trash management

Crisis Management Plan should have:

- ➢ Trained staff and ready action plan
- ➢ Build strong in-house system to prevent/ deal crisis
- ➢ Have a nodal media point and a person designated for it.

Hotel Association of India, 10, Dec. 2008

While some analysts held that CMPs' are scantly found in Indian context, they were often short of substantiating such observations with necessary facts and figures. That prompted to include prevalence of crisis management systems in tourism as part of this study because the discussion on the demand slowdown in tourism should adequately appreciate the relevance of CMPs since it has direct bearing on creation favourable image. Thrust of inquiry were specific steps being taken by tourist establishments to deal with different crises since the beginning of 2008.

To document the above, firms were first asked to identify different crisis mitigation measures, if any, being in practice in their firms from the schedule and then rank each measure accordingly in the order of priority. Of the steps listed, some were generic in nature and some others were meant to be tourist segment-specific. The steps/ action variables were clubbed into following categories for further analysis:

5.4.1 General steps

1 Dealing with concerns of clients
2 Dealing with media
3 Expenditure strategies
4 Alternative strategies

5.4.2 Segment specific steps:

1 Incentives to clients
2 Promotional activities

Table: 5.12 Common Steps Being Taken by Establishments During Recent Crises

Steps taken	Steps taken		
	Index value	Rank Order	Total responses
A. Dealing with concerns of clients			
Quick response to their queries	0.489	1	122
Prompt redress of grievances	0.307	2	105
Assuring a safe and joyful holiday	0.280	3	100
B. Dealing with Media			
Press conference	0.154	1	15
Prompt media briefs	0.100	2	30
Release guest briefing & footages	0.081	3	22
Release press notes	0.068	4	18
C. Expenditure strategies			
Freeze recruitments	1.337	1	94
Reduced frill benefits to clients	1.280	2	84
Reduce electricity & water usage	0.764	3	61
Reduce frill benefits to tourists/ guests	0.716	4	60
Postpone investments	0.582	5	47
Reduce advertisement expense	0.525	6	47
Reduced incentives to employees	0.427	7	41
Stopped/ reduced providing free tea, lunch etc. to staff	0.340	8	12
Retrench employees	0.306	9	27
Lobby with the government	0.255	10	27
Reduced salaries of employees	0.134	11	19
D. Alternative strategies			
Will try to sustain till the scenario is reversed	0.574	1	104
Will shift from tourism to some other sector	0.141	2	27
Planning to close down the establishment & seek employment	0.104	3	23

Source: Primary data

The ranks received against the general steps falling in each of the category were then converted into a weighted index. In fact, the purpose of identifying the actions/steps taken was to list out prevalence of such practices in tourism industry. In some ways, it can also be indicative of the relative importance of action variables for different firms. Results emerged from the analysis is furnished in Table 5.12 and a highlight of major ones is given below:

1. Dealing with concerns of clients was the major response domain. Quick response to the queries of clients was a major step in this direction. This is perhaps natural since retaining the confidence of customers is crucial during crisis periods, especially when unusual happenings such terror attacks and pandemic like Swine Flu occur. As already discussed, the country was in the grip of many crises in 2008-09.

2. Expenditure strategies seem to be a main step for those firms which reported to have taken some steps to deal the present crisis. The main crisis being economic recession, it was expected for the firms to embrace spending austerity. Major steps included recruitment freezing, retrenchment, reduction in the salaries of employees, and reducing fringe benefits for the clients. Some establishments also considered postponing further investment at that point of time.

3. Most tourism establishments did not have a media strategy even though the industry was passing through a facet of many crises- both natural as well as man-induced (terrorism) in nature. This could be attributed to predominantly micro, small and medium enterprise (SMTE) structure of tourism industry. For such firms, mobilising the required resources, expertise and knowledge to handle the media was perhaps the major constraint.

4. Nearly one-tenth of establishments studied were reported to have retrenched the employees even though such numbers were very small. Over half of such firms were in travel intermediary segment, followed by accommodation. However, extent of retrenchment could not be gauged as majority of the establishments had declined to part relevant data. It was also reported that retrenchment was an integral part of the strategy to deal with ongoing demand crisis, with nearly three-fourth out of 82 establishments sharing this view.

5. Even if the crisis would intensify further and might take the business to brink, most respondents appeared firm in their resolve to remain in tourism fold and taking 'efforts to sustain in the sector till scenario is reversed'. Inclination to move out of the sector was seen to be on the lower side. Closing down the business and then taking up a job appears to be least probability.

Table: 5. 13 Segment-specific Steps Being Taken by Establishments During Recent Crises

Steps taken	Domestic		Inbound		Outbound		Total responses
	Index value	Rank Order	Index value	Rank Order	Index value	Rank Order	
A. Incentives to clients							
Special deal offers for regular/ repeat clients	12.943	1	1.867	1	0.600	1	119
Promotional prices	11.019	2	1.629	3	0.365	3	91
Communicating incentives to regular clients	10.618	3	1.645	2	0.483	2	99
Waive cancellation charge	3.932	4	0.655	4	0.166	4	59
B. Promotional activities							
Organising promotional events	7.423	1	1.738	2	0.345	3	59
Specific campaigns aimed at target market	6.318	2	1.593	1	0.623	1	94
Participate in travel trade fairs/ events	4.441	3	1.028	4	0.268	5	47
Tie-up with Airlines Offices for targeted promotion	3.702	4	0.950	3	0.352	2	60
Reworking existing packages to suit emerging trend/ exigencies	1.717	5	0.473	5	0.225	4	49

Source: Primary data

Besides general steps as above, some establishments also had segment-specific actions, notably in terms of incentives and promotional activities (Table 5.13) as below:

1. As regards to incentives, special deal offers to regular/ repeat clients (all tourist segments) had higher weightage and that is in tune with existing findings on this subject.

2. Communicating incentive measures to regular clients- especially inbound and outbound- was an equally noticeable step. Promotional prices were also available.

3. Very few establishments opted for waiving off the cancellation charges.

4. Launch of specific campaigns aimed at target markets viz. inbound and outbound, was among major promotional initiatives during recent crisis. However, organising promotional activities/ events were primarily targeted at domestic and then outbound tourists.

5. When it came to outbound tourists, tie up with airlines came next to specific campaigns aimed at target markets.

5.4.1 Expenditure Strategies

One of the ways to understand sustainable business practices of firms in the midst of the demand crisis is the expenditure management plans. Indeed, an established convention over the years has been to prune down expenses and observe financial austerity; but the subject is least understood in tourism. As part of expenditure disciplining, establishments may adopt many strategies viz. curtailing expenses on account of salaries/ wages by way of freezing new recruitments, reducing the salary of employees and retrenchment in many cases.

When the demand situation was worsening, there were reports of retrenchments across industries and tourism could not have been anything different. While scope of this study did not have provisions to examine this aspect in detail, efforts were on to evolve some preliminary understanding about its practices. Two aspects of retrenchment were considered: First, the trend in retrenchment across segments of tourism industry and; second, whether the retrenchment was in response to ongoing economic crisis.

As far as the trend in retrenchment goes, about 7.8% establishments of the total 1051 samples (Table 5.14) reportedly had some amount of retrenchment. Over half of such firms were in travel intermediary segment, followed by accommodation.

Table: 5. 14 Status of Employee Retrenchment in Tourism Industry

(In %)

Types	April- June ' 08	July – Sep '08	Oct – Dec '08	Jan – March ' 09	Total
Accommodation	-	33.33	-	66.67	18
Travel Agent/Tour Operator	2.33	6.98	34.88	55.81	43
Rest of firms	-	-	22.22	77.78	21
Total	**2.44**	**9.76**	**32.93**	**54.88**	**82**

Source: Primary data

Further, it was a major issue in some airlines in India. Interestingly, the reports emerged during that time revealed that when the issue became critical, respective employers have decided in favour of the retrenched employees and taken back all of those. The purpose of retrenchment was then looked into for ascertaining whether such a step was part of the strategy to deal with ongoing demand crisis. As many as three-fourth of 82 establishments found citing economic slow-down as reason for retrenchment.

In summary, it can be stated that while systematic crisis management practices are not common in India's tourism sector, some rudimentary measures similar to those commonly reported ones across the world, have been in existence. Further, this study clearly suggests that during multiple crisis periods like the present one; wise marketers appeared to have chosen to concentrate on domestic markets. Inbound tourist segments are also somewhat important, whereas, outbound segment appeared to be least priority when it comes to specific actions.

5.5 Post-2009 Tourism Business Scenario

Going by different trends thus emerging, worst phase of the crisis seems to have been passed through and the demand curve is already on northward move. However, overall scenario is not very encouraging either, especially on account of mixed signs of global economic recovery process. But, in India, general economic environment is more of an optimistic one and the latest quarterly GDP growth figures are very well suggestive of the return of buoyancy back to the economy. For instance, from a GDP growth of 5.8% (at factor cost) in the third quarter of 2008-09, it has been reversed to 7.9% by the second quarter of 2009-10.

(http://finmin.nic.in/reports/MYREnglish0910.pdf, 20-08-2010).

To corroborate the overall macro-economic trend, the mood of industry operators and their expectation about growth prospects for coming two-years were gauged by eliciting the view of the industry operators. The general perception is strongly in favour of an increase in the business activities with over 83% respondents endorsing positive growth (Table 5.15). This, beyond doubt, signals return of confidence in the overall business environment. Only about 7% appears to be pessimistic.

Table: 5.15 Perception of Respondents About Trend in Business Activities in Coming Two Years

Type of Establishment	Perception (In %)			
	Would increase	Would decrease	Remain same	Total
4- Star and above	94.64	1.79	3.57	56
1-3 Star	80.23	5.81	13.95	86
Unclassified hotel	86.01	6.29	7.69	143
Lodge/ guest house etc.	76.47	8.60	14.93	221
Transport Company	89.23	6.15	4.62	65
Souvenir Shop	75.44	15.79	8.77	57
Travel Agent/Tour Operator	85.81	6.27	7.92	303
Others	81.7	9.1	9.1	120
Total	**83.06**	**7.33**	**9.61**	**1051**

Source: Primary data

When it comes to expected growth of business, firms are generally upbeat with 39% projecting a growth in the range of 11-20% and another 19% having over 20% growth expectations (Table 5.16). Travel intermediaries, transport companies and budget and low-budget hotels are more optimistic compared to star hotels and souvenir segments.

Table: 5.16 Projection of Growth in Business by the Establishments in the Coming two Year

Type of Establishment	Growth (In %)				
	Upto 5%	6 to 10%	11 to 20%	> 20%	Total
4- Star and above	16.67	22.22	51.85	9.26	54
1-3 Star	8.11	40.54	37.84	13.51	74
Unclassified hotel	14.39	31.82	31.06	22.73	132
Lodge/ guest house etc.	13.3	36.17	35.64	14.89	188
Transport Company	8.06	45.16	25.81	20.97	62
Souvenir Shop	5.77	51.92	36.54	5.77	52
Travel Agent/Tour Operator	3.23	27.24	41.58	27.96	279
Others	12.8	29.4	48.6	9.2	109
Total	**9.47**	**33.16**	**38.74**	**18.63**	**950**

Source: Primary data

5.6 Factors Expected to Influence Tourism Demand in India

There are many propositions already available about the factors probably that could determine the short to medium-term direction of tourism demand including the one advanced by UNWTO. For instance, UNWTO postulates the major determinants to be the global economic recovery and its overall positive impacts, a moderate increase in interest rate and inflation, opportunities to be created by the pent-up demand that generally follows a slump and plenty of international events. But, attempts to evolve a proper perspective in the Indian context was lacking.

While some of the general formulations may hold relevance in Indian context, there are some country-specific factors as well worth counting. They are to be contextualised appropriately because the very nature of Indian tourism is somewhat distinct with three-fourth of income and employment generation usually accounted against domestic tourism. Eliciting those specific factors and how the tourism establishments would consider their role in shaping tourism demand in India shall be a right step in this direction.

For this, probable factors to have bearing on tourism demand in India have been listed out first. Those were then presented to the respondents (establishments) for ranking the effect of each parameter on a four-point scale ('maximum' to 'noticeable', 'little' and 'no' effect) and results are placed in Table 5.17. It shows that major factors to influence tourism demand in the short-run are Commonwealth Games (CWG) - 2010, improvement in tourism infrastructure and rationalisation of tourism-specific taxes. In general, over 50%

of respondents endorsed the above factors to have 'maximum effect' on demand; of which CWG- 2010 obtained highest response rate of 59%.

Table: 5.17 Economic & Promotional Factors Expected to Affect Tourism Demand in Near Future

Factors	Nature of effect				
	Max. effect	Noticeable effect	Little effect	No effect	Total
Commonwealth Games- 2010	58.99	24.93	9.51	6.57	1051
Improvement in tourism infrastructure	54.61	25.21	15.03	5.14	1051
Rationalisation of tourism-specific taxes	50.14	27.5	11.42	10.94	1051
Regulating hotel tariff	43.1	30.16	18.65	8.09	1051
Reduction in fuel prices	38.15	20.93	22.93	17.98	1051
Attractive business deals for the clients	35.87	41.2	16.18	6.76	1051
Focused promotional campaigns by the State Govts.	31.11	36.54	21.69	10.66	1051
Constant endeavour of our establishment to win over customer confidence	28.64	41.39	18.46	11.51	1051
Regulating inflation	25.21	30.83	30.07	13.89	1051
Strengthening of USD against Indian Rupees	19.7	36.44	32.06	11.8	1051
Economic stimulus packages being launched by Govt. of India in recent months	17.79	39.77	24.17	18.27	1051
Use of important personalities as positive image makers for destination- India	16.08	34.25	24.83	24.83	1051
Economic stimulus packages being launched/ proposed by the U.S and other bodies like G-20, IMF, World Bank etc.	14.84	35.11	23.31	26.74	1051
Familiarization trips for foreign industry professional/media personalities	13.13	37.11	27.12	22.65	1051
People do travel for leisure activities even when economic conditions are bad	11.23	30.83	36.06	21.88	1051

Source: Primary Data

Other factors received better scores for 'maximum effect' are Visit India Year- 2009 campaign, regulation of hotel tariff, reduction in fuel prices and attractive business deals. These factors obtained scores in the range of 46% to 35% in the descending order. Further, economic stimulus package, familiarisation (fam) trips, use of important personalities and many such factors would have noticeable effect.

Paradoxically, respondents have rated the economic stimulus packages rolling out in the wake of economic recession to have less impact in shaping overall demand scenario. A possible explanation for this can be attributed to large number of micro, small and medium enterprises in the sector and also to the spread of survey locations, wherein, probability of having in-depth understanding about such measures and their impacts may be less. Yet another factor with less rating was the effect of inflation, which in a sense, also reflects a less sensitive nature of travel and tourism demand.

Chapter- 6
Important Conclusions

Response of individual consumer is the most apparent manifestation of demand scenario prevailing in tourism. One of the direct ways of deciphering compression in demand is through gauging fall in tourist arrivals- both domestic and international. The secondary data were clearly revealing of considerable shrinkage in demand, especially from second half of 2008 to the middle of 2009. Needlessly, this has put great strain on the entire tourism industry and business as manifested by way of reduced business volumes, compression of revenue, discounted business offers beyond permissible limits, recruitment freezing, retrenchment and so on.

There have been different formulations about the crisis and its consequences in tourism industry albeit reasonable basis and justifications. This study was an attempt in to fill some data gaps with specific objectives of quantitatively establishing the factors that lead to demand compression and its repercussions. Secondary and primary data sets were used to establish various relationships. Results have been clustered into three main themes: supply-side analysis of tourism demand, demand-side (tourist) analysis and demand forecasting.

6.1 Demand-side Analysis

6.1.1 Major Determinants of Tourism Demand

The probable variables have been analysed with the help of linear regression model. And, results clearly demonstrate that both at the levels of generating country as well as regions, GDP turns out be most important factor shaping foreign tourist arrival patterns in India. Other factor emerged to have positive though insignificant association are lag values (of previous year's tourist numbers) and the promotional endeavours attempted with 'Incredible India' campaign as dummy variable.

On the other, negative but insignificant regression coefficients have been observed against exchange rate and terrorist attacks. However, a note of clarification on nature of terrorism data used in this analysis should be useful for further examination. Instead of annualized data, if quarterly data could be employed; impacts of terror events on tourist arrival patterns could be captured with better clarity owing to comparatively short-duration effect of terror on tourist decision making. In short, adversities like political unrest, terrorism, strengthening of Indian rupee etc. could play varying roles in deterring the inbound tourism.

6.1.2 Short to Medium Forecasts of Foreign Tourists in India

A short to medium term forecasting of foreign tourist arrivals in India has been carried out for all source regions and selected country markets of India. The period under forecast has been 2010-2014 and undertaken against three probable scenarios viz. 'pessimistic', 'most likely' and 'optimistic'. Results suggest that under 'most likely' scenario, foreign tourist arrivals in India would increase from 5.31 million in 2010 to 6.96 million in 2014. While the growth may be relatively slow in the initial years, the pace of growth is expected increase from 2012 and that should help achieving the projected trend. The overall momentum in the economy as well as positive trend in tourist arrivals as observed in the later part of 2009, in all likelihood, should help retaining most likely scenario. On the other, prevalence of 'pessimistic' scenario would be unrealistic unless otherwise some extremely adverse situations emerge globally and that persist over longer period.

The 'optimistic' forecast suggests the inbound tourist numbers to increase from 5.4 million in 2010 to 8.4 million in 2014. And, achieving 'optimistic' growth rate and the numbers may not be difficult proposition provided the business environment demonstrates consistent improvement along with corresponding increase in consumer confidence. The growth in arrivals from 2000 to 2007 has been indeed over 8%, which also provide a reasonable premise to formulate that achieving projected numbers under optimistic scenario need not be unrealistic.

Further, to gauge the strength of the forecasting model, projected and actual foreign tourist arrivals for 2008 and 2009 were compared. Strikingly, difference between them was found to be marginal. It was slightly higher in 2009 with the actual arrivals recording nearly 2.95% higher to the projected ones. Perhaps such variation in all fair assessment should be admissible when one factors-in elements of a highly volatile global economic environment in forecasting exercise. Further, it has also been well documented that external environment of tourism is very complex and largely unpredictable, resulting forecasting a difficult job and often jeopardizing its precision.

6.2 Conclusions of Tourist Survey in India

6.2.1 Demographic attributes

Tourists were mostly male and married. Majority of them were in the age group of 25-54 years. Dependents in the domestic households were proportionately higher with nearly 62% reporting to have two dependents and above. Among foreign respondents, nearly 45%

did not have any dependants and single-dependant households were 31%. When it came to education, a good chunk of them possess graduation degree or above, whereas, illiterates were found to be insignificant. One of the reasons for this can be the sample selection process, where, respondents who could properly understand the contents of the questionnaire were only considered for detail interview.

Higher education levels were also reflected in the employment status. As many as about three-fourth of respondents was reportedly in some form of jobs. Unemployed in the sample were about 8%, a pattern found common among both domestic and foreign tourist segments. Most respondents had 02 or more working members in the household. Private sector emerges to be largest employer of both tourist segments whose share was about 42% and 57% respectively. Self-employed is almost one-third among domestic respondents, whereas, it is nearly 25% among foreigners. When it comes to position held by them, junior officers accounted for over 35% of foreign tourists and corresponding share among domestic tourists was 28%.

Over 43% of domestic households reportedly earn more than Rs 45000/- per month and another 14 % in the range of Rs 35000/- to Rs 45000/-. Household income of foreign respondents in dollar terms show that about 36% of them have more than USD 5000 in a month and those in the range of USD 3001 to 5000 were about 26%.

6.2.2 Dimensions of Travel Planning

Many factors viz. access to information, product price, distance between place of origin and destinations, adverse political happenings especially terrorism, natural calamities and epidemics can be seen influencing travel planning process. This study could come up with many interesting findings, which in turn, are also in tune with the trends established by many existing studies.

As regards to information sources, Internet is already a defining variable in travel planning and its influence would undoubtedly increase in the coming years. Secondly, traditional sources like word of mouth (i.e. through F&R, those already visited etc.) are still relevant due to its personalised nature and greater reliability. Hence, while there can be certain realignments in the relative prominence of each source, it may not be suggestive to undermine other sources examined in this study. Perhaps, contribution and effectiveness of each of the dissemination mode would depend on the manner in which stakeholders would perceive its relative importance in the evolving tourism marketing and promotion context.

6.2.3 Duration of stay, travel arrangements and purpose of travel and pattern of booking

When travel arrangements for the trip were examined, majority of tourists (71%) 'usually' were found preferring to travel independently if circumstances were conducive. Further, when duration of stay increases, there exists a tendency to move towards independent arrangements. As regards to purpose of travel, it was primarily for holiday purpose ((78%)), a trend found common across all tourist segments. However, among domestic tourists, share of those on religious and social purposes are worth mentioning. Other than holidaying, 8.5% of foreign tourists visited on business purpose. It was also interesting that about 4% of foreigners were on religion/ pilgrimage reasons, a pattern perhaps attributable to coverage of three major religious destinations viz. Ajmer, Varanasi and Puri in the study.

Results also revealed the continuing importance of travel agents and tour operators as major mode of booking for both tourists groups. Another interesting trend being more than one-fifth of the domestic and foreign segments resorted to e-portals for booking purpose. And, this appears natural when penetration of the information and communication technology (ICT), ease of their access and credit cards facilities are considered.

6.2.4 Frequency of tour and group size

It was observed that over half of domestic tourists undertook more than 03 trips prior to the current one in India. If the proportion of those with 02 trips and above was taken together, it works out to be around 80%. Corresponding figures for foreign tourists were around 22%. For about 70% of foreigners, it was their first visit to India. Further, proportion of single travellers was relatively small in the sample; however, their share is slightly higher among foreign tourists at about 17%. Those accompanying the tourists were also found to be mostly family members and/ or friends.

6.2.5 Effects of Economic Crisis on Tourism

An economic crisis of present magnitude was expected to have multi-faceted impacts on the economy and tourism industry. There were also reports of the decline in income and hence one of the objectives of this study was to examine the bearing of income decline on travel behaviour of people.

6.2.5.1 Effect of crisis on income

- Since January 2008, nearly one-fifth of the domestic tourists had encountered decline in income. On an average, nearly 22% of them had over 5% decline.

- Proportion of foreigners met with income decline was over one-third of sample. Strikingly, for 17% of them, income went down by over 10% with the onset of recession.

- As regards to income expectation in the short-run, despite the crisis, domestic tourists in general were more optimistic and anticipate either an increase or their income remaining at the same level, whose proportion is 28% each. Whereas, those projecting an income decline is strikingly at 21%.

Hence, the general scenario emerges out of domestic tourists' expectation is one of cautious optimism. On the other, relatively strong negative sentiment has been found prevailing among foreign respondents. Those expecting an increase in income constitute nearly one-fourth of total respondents. It goes without saying, latest GDP forecast numbers in India reflects the general optimism being observed among Indian respondents.

6.2.5.2 Effects of Income Decline on Travel Plan

It is well established that variation in the income of people has direct bearing on their travel plans but such relationships are intricate and complex, thereby, constraining to establish definite patterns. A logical deduction from this pattern can be that in response to change in income, people might bring adjustments in travel plan in such manner that their holiday needs are catered to the best possible level.

Travel adjustment mechanisms during economic crisis can be in different forms-reducing number of trips, minimising number of places to be covered in a trip, shorten the duration of trip, cutting down expenditure or a combination of these. The results show that in response to compression in income, a good chunk of respondents (26% domestic and 34% foreign respectively) had indeed made some form of adjustments in the travel plan. Noticeable among those were cutting down expenses (nearly 42%) and then reducing trip duration; a trend by and large similar to both domestic and foreign tourists.

It was also interesting to observe that when decrease in income of domestic tourists was marginal, alteration in the travel plan was insignificant. But, when the decline was considerable, say over 10%, they responded mainly by way of cutting down the travel expenditure. Pruning the number of destinations might be an option a section of tourists could exercise.

In case of foreign tourists, it can be seen that a marginal reduction in income may not have much adverse bearing on travel plans with about 40% recording 'no impact' when income decline is in the range of 5%. Like in case of domestic tourists, a considerable decline in income- say over 10%- lead mainly cutting down the travel expenditure and then shortening the trip duration.

In an economic crisis of present magnitude, consumers would be expected to behave in cautious manner, especially on non-essential spending like vacation travel irrespective of income changes. When this was examined, it was found that even if there was no change in income, respondents would still choose to cautious on vacation travel spending. Further, they may not prefer to increase number of trips or add more destinations or increase trip duration during difficult economic conditions.

Hence, the lessons to be learned from this study is while there may be decline in income, substantial sections of people would strive for pursuing their holiday travel interest albeit with necessary adjustments. Similarly, even if there may be sections of people with stable income, they would still be cautious and strike a balancing act between income and holiday requirements.

6.2.6 Product Prices and Travel Behaviour

Prices of tourism products could have direct bearing on tourist behaviour. But, its relationship is complex and may not follow the established proposition. For instance, even if there is considerable decline in prices of certain tourism products and or destinations, corresponding increase in the demand (visitation) usually may not happen and vice versa. This makes tourism demand behavior somewhat distinct from other products, which this study has attempted delineate and the results are interesting.

6.2.6.1 Domestic tourists

- In general, prices of product have direct bearing on travel behaviour of people. On being examined, it was found that if the room rates were less; people would have increased their trip frequencies, visited more destinations in a trip, increased duration of stay and spent more money whose proportion is nearly three-fourth in the sample. This unambiguously suggests that higher room rates may impact travel decisions of people, often adversely.

- Higher transport cost also affect tourists in many ways including reduction in the number of destinations to be covered in a trip. However, airfares tend to influence the domestic tourists less with 43% stating to have no impact. This could be probably due to small proportion of domestic air transport users as well as high air fares.

- Effect of food prices appears to be less perhaps due to availability of many options.

6.2.6.2 Foreign tourists

- Compared to domestic tourists, adverse effect of prices on travel decisions of inbound tourists in general is comparatively less. Still, higher prices of core products like transport, hotels, etc. to certain extent could discourage favourable travel decisions against such destinations, especially among leisure travellers.

- Nearly one-fourth of the foreign tourists were of the view that if air fares were less, they would have covered more destinations during current trip, increased number of trips and stayed for more days and spend more money in India.

Major components of expenditure during vacation travel are hotels, transport and food and beverage; together accounting for over three-fourth of the total tourist expenditure in a trip. In view of the above conclusions, product developers and destination marketers are expected to be sensitive on pricing in order to remain competitively attractive.

6.2.7 Comparison of India vis-à-vis S.E Asia

Success of many country-destinations was seen depending on their competitive positioning in the regional mosaic. While India has been well positioned in South Asia and remains as the single largest country destination in the region, it is far behind to the S.E Asian countries on many counts. Many factors have been attributed to this and some of the critical ones examined this study by way of ascertaining the perception of the foreign tourists. The pattern thus emerged is summarised below:

➢ Many critical attributes of South-east Asian destinations are relatively better rated to those of India. For instance, room availability, room rate and facilities, transport infrastructure, better managed attractions, hygiene and cleanliness and civic amenities are some of the parameters received better ratings against the South-east Asian destinations. Indeed, critical parameters like the product prices, tourist infrastructure and up-keeping of destinations were clearly discriminative and were in favour of S.E. Asian countries.

- On account of taxes also, India has certain competitive disadvantages
- Only on account of courteousness of the service providers that India fare slightly better.

Then, above conclusions need to be read with caution since almost half of the foreign respondents did not furnish any response to this question. To sum up, S.E destinations may be ahead on account of many important destination attributes viz-a viz India. And, acknowledging critical disadvantages like prices, infrastructure etc. would be equally pertinent on account of destination competitiveness attributes. It is equally worthy to appreciate that attractiveness of India's cultural and natural endowments is so strong that many of its disadvantages can be neutralised to a large extent.

Competitive positioning of 'destination India' calls for proactive approach of major stakeholders, especially, on pricing decisions. Because prices of products are determining elements of tourism demand and, that it often acts as 'demand deflectors'- at least among price-sensitive segments.

6.2.8 Major Problems of Tourists in India

For this part of analysis, after due scrutiny, major parameters were clubbed into three categories viz. infrastructure bottlenecks, hygienic condition and behaviour of local people. In general, weighted indices indicate that relative severity/ importance of those issues/ constraints vary across domestic and foreign tourists.

6.2.8.1 Domestic Tourists

- Bad conditions of roads and highway, unhygienic destinations, higher room rates, inadequate infrastructure at transport modes emerged as major concerns in order of importance.
- Other issues worth noting are toutism/ cheating, badly managed attraction sites, improper behavior of some section of service providers and the public.
- Higher domestic airfares seem to be less concerning; a trend perhaps attributable to a very low proportion of domestic air transport users.

6.2.8.2 Foreign Tourists

- Toutism/ cheating emerged as major problem; followed by unhygienic destinations, inadequate infrastructure at transport modes and bad roads and highways.
- They are also equally concerned about poor maintenance of tourist attraction sites, bad behaviour of service providers like shopkeepers, taxi drivers as well as the general public.
- Higher domestic airfares seem to be less concerning as other problems may be overweighing this. Instantaneous being, air travel save them on time and enable covering more places, thereby, it emerging as natural choice for many. Again, cost considerations could also become less significant when visiting more places in a trip ascend in priority.

6.3 Analysis of Demand Patterns from Supply-side Perspective

Suppliers of goods and services to tourists are many and varied, spanning hospitality, transport, travel intermediaries and attraction segments. To understand demand crisis in tourism and its recursions, inquiries were carried out covering 1051 core tourist establishments in ten locations. The results were indeed promising to provide better understanding about some critical dimensions of the crises, bearing of those on tourism industry and the nature of responses of stakeholders to the crises/ unusual happenings. A summary of major findings are narrated below.

The spread of tourism industry has been fast and characteristically a post-1990 phenomenon. Like in other countries, tourist service providers in India are mainly stand-alone or single city-based and dominated by small and micro, small or medium (SMSM) enterprises. Whereas, presence of multinational tourism concerns have been confined mostly in luxury accommodation and airline segments. Again, modern business practices like technological adoption is comparatively higher in luxury hotel, airline and travel intermediary segment; followed by other star category hotels.

Employment pattern emerged from this study is reiterative of established trends. Most establishment types have employees largely drawn from local areas. Relatively more non-local employees were seen in the unclassified hotels and lodges/ guest house etc. at tourist places like Goa. This could perhaps be attributable to scarcity of local manpower for the unskilled and low-paying jobs like cleaning, room service and kitchen. Another feature has been related to relatively higher regular employment rate in luxury hotels (65%) followed by transport companies. Practice of contractual jobs is also not uncommon in tourism industry. Though not significant enough, seasonal employment is very much prevalent especially in the tourism-dependant destinations like Goa, Manali etc.

6.3.1 Business Aspects of Establishments

Profiling of customers in tourism industry is a useful tool to understand the market positioning of tourism establishments. Basing on the findings, it is reasonable to state that in the luxury accommodation and souvenir segments; inbound tourists are nearly double to domestic tourist numbers. Whereas, domestic tourists constitute larger share of the bookings/ tourist numbers in all other segments. Understandably, variation in quarterly booking of foreign tourists is higher. In general, quarterly variation among domestic customers across quarters was less compared to the inbound and outbound segments. Such patterns provide to conclude that while inbound tourism may be significant in terms of foreign exchange and earnings optimisation, year-round performance of the establishments were greatly determined by domestic segments. Outbound tourism plays more of a complimentary role in the process.

As regards to influence of online transaction in the business of tourism establishments, it has been found increasing consistently. During the period under study from 2004-05, number of establishment reported to having on-line business increased over 60%. Understandably, growth has been faster in luxury accommodation sector, travel intermediary and 'others' segments.

6.3.2 Growth Pattern during 2004-05 to 2008-09

Trend in growth of establishment being attempted with the help of turn-over data for five years under study was striking. In the first four years under study, i.e. upto 2007-08, business activities of establishment grew appreciably well. More than 50% establishment reportedly had growth of over 10% during this period. However, clear signs of decline in turn-over were evident from 2007-08 and that became prominent subsequently. On an average, nearly half of the establishments had reported negative growth in 2008-09, but alarming 41% of those had negative growth of 10% and above. Airlines were most affected, followed by luxury hotels and travel intermediaries. Such trends give credence to posit that organised tourism sector had suffered most, probably due to its dependence on business as well as mid to upper-class customers.

6.3.3 Trend in Cancellation of Booking

Unusual cancellation of bookings in tourism sector in India was a reality by the middle of 2008. While analysing the patterns, it became evident that rate of cancellation was above usual rate in over 50% establishments. Noticeably, a large chunk of such establishment was found in the cities of Delhi (38.6%) and Mumbai (29.6%). Across segments, travel intermediaries reportedly had proportionately higher cancellations. Further, cancellation rate was highest in the quarter of Oct- Dec. '08 (6.9%), followed by Jan.- March '09 quarter (4.4%). Across markets, it was comparatively higher from the West Europe and N. American countries. Unlike inbound tourism, cancellation rates were less across domestic segments. Lowest rate of cancellations were found among outbound tourists.

The circumstances lead to cancellation of trips to/ in India from July 2008 were many and different for different tourist segments. The findings contribute to summarise that while relative importance of reasons cited for cancellation of trips may vary for each tourist segment, what emerged common across segments were personal reasons, followed by reduction in income and safety and security concerns. Then, cancellation due to personal reasons is generic in nature and occurs irrespective of prevailing socio-economic and political environment. Deducting from above, it can be succinctly put that maximum cancellations during the period under study was caused by hostile tourism business environment, manifested in the form of global economic recession, general safety and security concerns. Specifically, terror attacks in Mumbai had discouraged the domestic tourists even if on short-term.

6.3.4 Response of Establishments During Crises

Proper crisis management plan and preparedness for any eventualities are important features of strategic plans. And, its absence needlessly could pose serious challenges including compression in tourist numbers at times. With support of findings, it is reasonable to summarise that prevalence of crisis management practices in tourism sector is not satisfactory. As it emerges, only little over one-tenth of the establishments under study reported to have taken some form of actions to deal with the crises. Some common steps found being taken/ prevalent in tourism sector in the descending order of importance were dealing with concerns of clients and quick response to their queries. This appears natural since retaining the confidence of the customers is crucial during crisis especially the ones like terror attacks and the pandemic like Swine Flu.

As regards to expenditure strategies during crisis, it was expected for the establishments to embrace spending austerity. Some had specific strategies included recruitment freezing, retrenchment, reduction in salaries of employees and reducing fringe benefits of the clients. Few had also decided postponing investment plans. Specific to media strategy, most establishments were absent on any such measures even when the industry was passing through a difficult phase saddled with crises. This could largely be attributed to the dominance of micro, small and medium size of enterprises in tourism industry, to whom, mobilising the required resources, expertise and acquiring specific knowledge to handle the media could be major constraints.

As for retrenchment of employees, nearly 8% of establishments (83 nos.) reported having taken such steps but their numbers were reportedlysmall. Over half of such establishments were found in travel intermediary segment and then accommodation sector.

Some establishments also had taken segment specific steps notably provision of incentives and promotional activities (highest being around 12% of establishment). Major incentives were in the form of special deal offers to regular/ repeat clients and also communicating incentive schemes to the regular clients. Promotional prices were also encouraged. Notably, only few establishments took decisions to waive off cancellation charges. Launch of specific campaigns aimed at target markets, especially inbound and outbound, was among the major promotional initiatives. Whereas, organising promotional activities/ events were primarily targeted to address domestic and then outbound tourists. Specific to outbound tourism, measure like tie up with airlines came next to specific campaigns aimed at target markets.

6.3.5 Post-2009 Tourism Business Scenario

By the time the fieldwork for this study was completed, adequate signs of economic recovery were on the horizon. When perception of industry establishments on their growth prospects was elicited for coming two-year period, it was generally in favour of an increase in business prospects (over 83%). The trends thus emerge adequately signal the return of confidence in the overall business environment. Examination of secondary data also provided clear indications of economic recovery as well as the upward movement of the growth curve. The general optimism of economic recovery was amplified by strong positive growth expectations in the short-run. Nearly 39% projected their business to grow in the range of 11-20% and another 19% anticipating over 20% growth. Specifically, views of travel intermediaries, transport companies and budget and low-budget hotels were comparatively more confirming of the emerging patterns.

6.3.6 Factors Expected to Influence Tourism Demand in India

Both macro and micro-level factors were analysed to locate major factors probably could affect tourism demand in India. As per the firm-level (micro-level) data, major factors to influence tourism in the descending order are Delhi Commonwealth Games (CWG) in October 2010, improvement in tourism infrastructure and rationalisation of tourism-specific taxes. Over 50% of respondents endorsed these factors to have maximum effects on tourism in the short-rum. Macro-level factors and their nature of relationship with tourism demand have been summarised in the previous section.

In conclusion, this study succeeded in highlighting the overall scenario of tourism in the recent past, specifically those factors probably determining tourism demand, impact of crisis events on tourist arrivals and industrial activities and preparedness of industry participants to deal with crises of different nature in Indian context. Major findings emanate from this study merit attention on priority basis because every issue would have the propensity to influence sustainability of tourism demand in India. Needlessly, many of those are very much in the public domain and solving some of those should not be a difficult task. What essentially needed in such cases is prioritization of critical issues and then initiating pre-emptive actions by respective stakeholders. Whereas, some issues and constraints are more complex and multi-faceted, for which, concerted policy interventions and effective coordination would be called for.

6.4 Some Recommended Measures

The conclusions emerged from the study provide basis for suggesting some measures for future to deal with the similar unlikely events/ crises as observed in 2008-09.

1. Taxes are important component of tourism product pricing. To reduce the product prices, especially accommodation and airfares, reduction of tax rates specific to these segments can be considered.

2. During economic crisis, countries not affected by recession and having adequate travel propensities may be identified for focussed promotion.

3. In the event of unlikely events such as terrorism, epidemics etc., areas not affected by the crisis in the country and the steps taken to mitigate the effects of crisis may be highlighted in the promotion campaigns.

4. Value-added offers such as those included in the Visit India Year-2009 could be considered to attract tourists in the event of similar crisis in future.

5. Experiences of foreigners who travelled to India immediately after shock events/ calamities may be highlighted in various promotional campaigns.

6. All stakeholders of tourism should be encouraged to evolve crisis management plan and training programmes specifically to manage such situations. Ministry of Tourism (MoT) could consider sponsoring some of the programmes under its Capacity Building for Service Providers' (CBSP) scheme.

6.5 Caveats of the Study

This study has been undertaken with some caveats. Firstly, due to fall in income, a good chunk of persons might not have undertaken the tours and that was an important segment to investigate. However, a major constraint to emerge in the course of such investigations is the identification of persons in the population and reaching out them for necessary responses. A suitable approach for this type of inquiry can be household survey, but that was not in the scope of this study.

Secondly, collection of information directly from the tourists who had cancelled their bookings in India is useful to delineate actual reasons for cancellation. To fulfill this, after obtaining about 400 e-mail ID's of such tourists from hotels, tour operators and Indian Railways Catering and Tourism Corporation (IRCTC); e-mail requests were sent. In spite of several reminders, hardly any responses were received. Afterwards, efforts were made to get the responses through emails from Additional Director General (Market Research). Even that also did not yield positive outcomes. Thirdly, since this study is based on survey of opinion, the full dimension of income /price elasticity could not be captured.

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ANNEXURE

Annexure: 1.1 Domestic and Foreign Tourists Visiting India

Year	Tourist Visits		Annual Growth Rate (in %)	
	Domestic (In lakh)	Foreign (In lakh)	Domestic	Foreign
1991	666.70	16.78	-	-1.7
1992	814.56	18.68	22.2	11.3
1993	1058.12	17.65	29.9	-5.5
1994	1271.12	18.86	20.1	6.9
1995	1366.44	21.24	7.5	12.6
1996	1401.20	22.88	2.5	7.7
1997	1598.77	23.74	14.1	3.8
1998	1681.96	23.59	5.2	-0.7
1999	1906.71	24.82	13.4	5.2
2000	2201.07	26.49	15.4	6.7
2001	2364.70	25.37	7.4	4.2
2002	2695.00	23.84	14.0	-6.0
2003	3090.38	27.26	14.6	14.3
2004	3662.68	34.57	18.5	26.8
2005	3919.49	39.19	7.0	13.3
2006	4623.10	44.47	18.0	13.5
2007	5265.64	50.82	13.9	14.3
2008	5629.16	53.67	6.9	5.6
2009	6500.39	51.09	6.9	-3.3

Source: Tourist Statistics- MOT, G.O.I.

Annexure: 1.2 Monthly Growth in Foreign Tourist Arrivals During 2005-09

Month	Monthly Growth Trend (in %)			
	2006/05	**2007/06**	**2008/07**	**2009/08**
January	19.0	16.6	-4.5	-17.6
February	18.7	14.3	21.9	-10.6
March	11.1	20.8	1.5	-12.9
April	24.5	13.4	3.0	-3.5
May	13.1	8.6	9.9	-1.9
June	12.7	11.5	10.0	0.2
July	9.6	18.5	8.0	0.6
August	11.1	17.8	6.6	-8.6
September	15.8	1.3	13.2	-4.1
October	12.5	13.6	1.2	-0.9
November	4.4	20.3	-0.1	-0.6
December	13.0	10.2	-10.5	21.0
Total	**13.5**	**14.3**	**4.0**	**-3.3**

Source: Tourist Statistics- MOT, G.O.I.

Annexure: 1.3 Foreign Exchange Earnings from Tourism in India

Year	In Crore rupees		In million USD	
	Earning	% change	Earning	% change
1991	4318	-	1861	-
1992	5951	37.8	2126	14.2
1993	6611	11.1	2124	-0.1
1994	7129	7.8	2272	7.0
1995	8430	18.2	2583	13.7
1996	10046	19.2	2832	9.6
1997	10511	4.6	2889	2.0
1998	12150	15.6	2948	2.0
1999	12951	6.6	3009	2.1
2000	15626	20.6	3460	15.0
2001	15083	-3.5	3198	-7.6
2002	15064	-0.1	3103	-3.0
2003	20729	37.6	4463	43.8

2004	27944	34.8	6170	38.2
2005	33123	18.5	7493	21.4
2006*	39025	17.8	8634	15.2
2007*	44360	13.7	10729	24.3
2008#	50730	14.4	11747	9.5
2009	54960	8.34	11394	-3.0

* Revised Estimates # Advanced estimate
Source: Tourist Statistics- MOT, G.O.I.

Annexure: 1.4 Indian Nationals Going Abroad

Years	Outbound Traffic	% change
1991	1942707	-14.8
1992	2161301	11.3
1993	2733304	26.5
1994	2734830	0.1
1995	3056360	11.8
1996	3463783	13.3
1997	3725820	7.6
1998	3810908	2.3
1999	4114820	8.0
2000	4415513	7.3
2001	4564477	3.4
2002	4940244	8.2
2003	5350896	8.3
2004	6212809	16.1
2005	7184501	15.6
2006	8339614	16.1
2007	9783232	17.3
2008	10867999	11.1

Source: Tourist Statistics- MOT

Annexure: 3.1

Major Terror Attacks in India

March 12, 1993: A series of thirteen explosions in Mumbai, then called Bombay, resulted in 257 deaths and over 700 injuries. The blasts were orchestrated by the organized crime syndicate called the D-Company, headed by Dawood Ibrahim.

Feb. 14, 1998: Coimbatore bombings: 46 deaths, 200 wounded as a result of 13 bomb attacks in 11 places.

Oct. 1, 2001: Militants attack Jammu & Kashmir Assembly complex in Srinagar, killing about 35. The Muslim extremist group Jaish-e-Mohammed was allegedly involved.

Dec. 13, 2001: Attack on the Indian Parliament complex in New Delhi led to the killing of a dozen people and 18 injured. Pakistan-based terror groups were blamed for the attack.

Sept. 24, 2002: Akshardham temple in Gujarat: The first major hostage taking since Sept. 11 in the U.S.; 31 people were killed and another 79 wounded.

May 14, 2002: Militants attack on an Army camp near Jammu, killing more than 30 people.

March 13, 2003: A bomb attack on a commuter train in Mumbai killed 11.

Aug. 25, 2003: Twin car bombings in Mumbai killed at least 52 people and injured 150. Indian officials blamed a Pakistan-based terror outfit.

Aug. 15, 2004: An explosion in the northeastern state of Assam killed 16 people, mostly school children.

July 5, 2005: Militants attack the Ram Janmabhoomi complex, the site of the destroyed Babri Mosque at Ayodhya in Uttar Pradesh.

Oct. 29, 2005: Three powerful serial blasts rocked the busy shopping areas of south Delhi, two days before the Hindu festival of Diwali, killing 59 and injuring 200. A Pakistan-based terrorist outfit, the Islamic Inquilab Mahaz (believed to have links with Lashkar-e-Taiba) claimed responsibility.

March 7, 2006: A series of bombings in the holy city of Varanasi killed at least 28 and injured 101. Indian police put the blame on some Pakistan-based terror outfits.

July 11, 2006: Seven bomb blasts occurred at various places on the Mumbai Suburban Railway, killing 200. Investigations revealed that terror outfits with a base in Pakistan were behind the blasts.

Sept. 8, 2006: At least 37 people were killed and 125 were injured in a series of bomb blasts in the vicinity of a mosque in Malegaon, Maharashtra. The blasts were followed by an explosion and most of the people killed were Muslim pilgrims. The students Islamic Movement of India was responsible.

May 18, 2007: A bombing during Friday prayers at Mecca Masjid, Hyderabad, killed 13 people. Four were killed by Indian police in the rioting that followed.

May 26, 2007: Six people killed and 30 injured in a bomb blast in India's northeastern city of Guwahati.

June 10, 2007: Gunmen killed 11 people in separate incidents of firing in Manipur's border town of Moreh.

Aug. 25, 2007: Forty-two people killed and 50 injured in twin explosions at a crowded park and a popular eatery in Hyderabad by Harkat-ul-Jehad-i-Islami (HuJI) activist.

May 13, 2008: A series of six explosions tore through Jaipur, a popular tourist destination in the Rajasthan state in western India, killing 63 people and injuring more than 150.

July 25, 2008: Seven blasts in quick succession across the south Indian tech city of Bangalore killed one and injured more than 150 people.

July 26, 2008: Serial blasts in the western Indian city of Ahmedabad killed 45 people and injured more than 150. A group calling itself Indian Mujahideen claimed responsibility.

Sept. 13, 2008: Five bomb blasts in New Delhi's popular shopping centers left 21 people dead and more than 100 injured. The Indian Mujahideen claimed responsibility.

Sept. 27, 2008: A blast in a New Delhi flower market left one dead.

Oct. 30, 2008: Thirteen bomb blasts in India's northeastern state of Assam and three other towns left at least 61 people dead more than 300 injured.

Source: Wall Street Journal, Timeline of Attacks in India, Nov. 28, 2008

MAJOR COUNTRIES UNDER STUDY

Annexure: 3.2 Number of Tourists and GDP – Australia

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	30076	310528027644	1.281057
1991	22700	311313412965	1.283756
1992	26646	322675652792	1.361648
1993	28795	335248669038	1.47056
1994	33142	350237307148	1.367751
1995	36150	364664465371	1.349033
1996	48755	378988459941	1.277863
1997	50647	395969535135	1.34738
1998	57807	416559751362	1.591828
1999	73041	433222264881	1.54995
2000	53995	441453207032	1.724827
2001	52691	458228381572	1.933442
2002	50743	472891805015	1.840562
2003	58730	491807538948	1.541914
2004	81608	505578419602	1.359753
2005	96258	520745988252	1.309473
2006	109867	537928079994	1.327973
2007	135925	557728640208	1.195073

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.3 Number of Tourists and GDP - Canada

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	41046	582735317435	1.166775
1991	36142	570543543202	1.145717
1992	43386	575536896267	1.208725
1993	47800	588996072755	1.290074
1994	56441	617292681555	1.365638
1995	63821	634628908620	1.372441
1996	74031	644902280665	1.363468
1997	78570	672155312565	1.384617
1998	80111	699696422528	1.483463
1999	82892	738404793813	1.485732
2000	84013	777048206320	1.48511
2001	88600	790908432658	1.548761

2002	93598	814039406415	1.569318
2003	107671	829347083798	1.401052
2004	135884	855224684170	1.301019
2005	157643	879810169708	1.211763
2006	176567	907177585545	1.134363
2007	208214	931791314030	1.074099

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.4 Number of Tourists and GDP – Germany

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	71374	1714442035980	0.826111
1991	72019	1802017281562	0.84851
1992	84422	1842130346948	0.798459
1993	83340	1827350233037	0.84533
1994	85352	1875907615580	0.829722
1995	89040	1911373747645	0.732749
1996	99853	1930370902367	0.769379
1997	105979	1965202431203	0.886609
1998	93993	2005100550333	0.899704
1999	85033	2045428561974	0.938627
2000	83881	2111079289553	1.085401
2001	80011	2137261790511	1.11751
2002	64891	2137261790511	1.062552
2003	76868	2132614857190	0.886034
2004	116679	2158367465639	0.805365
2005	120243	2175041153700	0.80412
2006	156808	2239432910357	0.797141
2007	184195	2294530800373	0.730638

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.5 Number of Tourists and GDP - Singapore

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	32570	36901390319	1.812533
1991	28363	39396204816	1.72755
1992	35039	42032325301	1.628967
1993	40223	47183787841	1.615791
1994	44157	52564395227	1.527444
1995	48632	56791162842	1.417375

1996	47136	61429436408	1.410041
1997	52004	66553247711	1.484806
1998	54328	65637052846	1.673602
1999	53310	70364347027	1.694957
2000	46612	77443127278	1.723963
2001	42824	75604342111	1.791723
2002	44306	78709763045	1.790588
2003	48368	81677875875	1.742183
2004	60710	89272845448	1.690228
2005	68666	95796191647	1.664397
2006	82574	103796738545	1.588933
2007	92908	111857848298	1.507102

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.6 Number of Tourists and GDP – United Kingdom

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	235151	1006802904429	0.563177
1991	212052	993060292556	0.567015
1992	244263	994998521902	0.569774
1993	274168	1018202008858	0.666757
1994	300696	1063077473762	0.653427
1995	334827	1093479861641	0.633668
1996	360686	1129385878881	0.640958
1997	370567	1164429222293	0.610836
1998	376513	1206415405615	0.603824
1999	345085	1248317122012	0.618057
2000	432644	1297189196092	0.660931
2001	405472	1329123815147	0.694655
2002	387846	1356989331823	0.667223
2003	430917	1395229590574	0.612473
2004	555907	1433707336046	0.54618
2005	651803	1463207104130	0.549998
2006	734240	1504730555594	0.543487
2007	796191	1550209262709	0.499772

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.7 Number of Tourists and GDP- United States

Year	No of Tourists	GDP (by expenditure)	Exchange Rate
1990	125303	5757200000000	1
1991	117332	5746020178597	1
1992	152288	5937709233168	1
1993	158159	6097490914245	1
1994	176482	6345160680369	1
1995	203343	6506166429483	1
1996	228829	6749837573352	1
1997	244239	7056833836995	1
1998	244687	7354608788094	1
1999	251926	7684780739901	1
2000	348292	7968519710843	1
2001	329147	8028988671864	1
2002	348182	8158495070163	1
2003	410803	8364301709426	1
2004	526120	8669584277817	1
2005	611165	8924843265769	1
2006	696739	9172839450035	1
2007	799062	9358408164422	1

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

REGIONAL TOURISM MARKETS OF INDIA

Annexure: 3.8 Number of Tourists and GDP- Africa

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	87238	539015053789
1996	89148	572235025187
1997	102361	590315207393
1998	110708	609904052783
1999	136595	626486061133
2000	143771	646626102768
2001	90982	672405161709
2002	84892	695695875592
2003	93353	732229265279
2004	115493	793667933696
2005	134801	840145398818
2006	142813	890774832443
2007	157485	944084328945

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.9 Number of Tourists and GDP- Western Europe

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	754182	4220668334227
1996	821222	4274135715154
1997	831329	4371279618085
1998	853411	4491409966310
1999	807885	4615307370565
2000	810139	4780647281336
2001	819973	4849363625675
2002	730466	4874883349702
2003	847966	4892623369902
2004	1128297	4987687908164
2005	1282119	5063204673958
2006	1487271	5205962256979
2007	1686083	5342160168743

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.10 Number of Tourists and GDP– Eastern Europe

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	53275	618155872617
1996	55673	608355611938
1997	45097	617850338009
1998	33693	604949930747
1999	59893	632029357552
2000	57048	678982627715
2001	38863	709834909971
2002	41197	739724006824
2003	55252	786729384937
2004	82426	842269742125
2005	101445	889700036914
2006	121309	954423357219
2007	152764	1024516565548

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.11 Number of Tourists and GDP- North America

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	267188	7143994383347
1996	302894	7398017944554
1997	322864	7732386124211
1998	324920	8057874954447
1999	334869	8426853776282
2000	407741	8749392312297
2001	417747	8823785934348
2002	441780	8976540968802
2003	518174	9197732082130
2004	662004	9529027646829
2005	768808	9809055806384
2006	873306	10084649454130
2007	1007276	10295058327804

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.12 Number of Tourists and GDP- South & Central America

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	16672	1342069822896
1996	19346	1388670088943
1997	17011	1461962359859
1998	23701	1493916359735
1999	37988	1495891576834
2000	40600	1554074063934
2001	21935	1559564696429
2002	18571	1558309764657
2003	21654	1594189707682
2004	28165	1689647889664
2005	35586	1768195029581
2006	38745	1863165097022
2007	42319	1970925979790

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.13 Number of Tourists and GDP- Oceania

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	49941	428937376605
1996	108687	445496833097
1997	65387	463087927369
1998	80212	484306986676
1999	101237	504205298490
2000	114291	513800897909
2001	66104	532742900995
2002	63617	550541727985
2003	73849	572619772983
2004	100944	589149807339
2005	119778	606715064092
2006	137436	625506313697
2007	167063	647907718604

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.14 Number of Tourists and GDP- East Asia

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	109919	4727133237231
1996	144266	4935111228034
1997	146880	5101983164465
1998	129366	5074527147970
1999	125108	5199631499623
2000	127825	5443574163619
2001	130464	5554626334011
2002	116058	5724804130947
2003	150506	5933294413337
2004	201627	6230568211875
2005	223567	6510356480553
2006	282985	6845113444462
2007	352037	7250834553314

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.15 Number of Tourists and GDP – S.E Asia

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	97244	514067476547
1996	132808	552354382335
1997	146205	574794281934
1998	133524	527159994613
1999	142358	546997133008
2000	147166	582057531931
2001	139975	596636439616
2002	105302	624877869427
2003	168926	658154901383
2004	209110	699210730897
2005	241408	737561926968
2006	281726	782353745846
2007	303475	831788087196

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.16 Number of Tourists and GDP- West Asia

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	114748	609305521670
1996	114262	645521385442
1997	112609	678165516392
1998	95589	705587599606
1999	110806	703169415823
2000	128995	748373550152
2001	96424	738958914826
2002	93341	760479184234
2003	103596	799000808926
2004	122808	867677827025
2005	133821	930215410668
2006	146693	989416985668
2007	171661	1040460134535

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.17 Number of Tourists and GDP – South Asia

Year	No of Tourists	Gross Domestic Product (US$ at 1990 price)
1995	178754	654473957605
1996	179802	695176335077
1997	183259	724637774657
1998	174958	762134803438
1999	168048	808859902039
2000	175350	839238256515
2001	672133	878122588746
2002	630653	919209543339
2003	666889	991344865171
2004	790698	1065062150523
2005	841969	1151419712806
2006	908916	1250263032673
2007	982428	1355331473531

Source: Tourist Data- Tourist Statistics- MOT
GDP- http://unstats.un.org/

Annexure: 3.18 Country-wise Regression Results

Variables	Regression coefficient	t-statistic *	R^2	F Statistic	Period
Australia					
Constant	- 34.90	-2.18 (0.049)	0.9178	48.39 (0.000)	1990 to 2007
Ln (GDP)	1.51	2.23 (0.044)			
Ln (lag_1 no. of tsts)	0.51	2.13 (0.053)			
Ln (Terror attacks)	- 0.02	0.055 (0.36)			
Canada					
Constant	-61.42	-6.01 (0.00)	0.927	94.73 (0.0000)	1990 to 2007
Ln (GDP)	2.66	7.09 (0.00)			
Terror attacks	- 0.03	0.64 (0.53)			
Germany					
Constant	3.119	1.56 (0.143)	0.839	22.61 (0.000)	1990 to 2007
Ln (lag No of tourists)	0.0717	4.03 (0.001)			
Ln (exchange rate)	- 0.807	-3.24 (0.006)			
Terror attacks	0.049	1.69 (0.114)			
Singapore					
Constant	-5.16	-1.53(-0.15)	0.886	36.28 (0.000)	1990 to 2007
Ln (GDP)	0.66	4.91 (0.00)			
Ln (Exchange rate)	-1.22	-3.44 (0.004)			
United Kingdom					
Constant	-52.34	-5.04 (0.00)	0.911	47.90 (0.000)	1990 to 2007
Ln (GDP)	2.33	6.24 (0.00)			
Ln (exchange rate	-.548	-1.48 (0.16)			
Ln (terror attacks)	-.003	-0.06 (0.95)			

United States			0.962	191.67 (0.000)	1990 to 2007
Constant	- 77.48	- 8.82 (0.00)			
Ln (GDP)	3.036	10.21 (0.00)			
Ln (Terror attacks)	**0.063**	**1.61 (0.129)**			

* Figures in the parenthesis represent the level of significance

Annexure: 3.19 Region-wise Regression Result

Variables	**Regression coefficient**	**t-statistic**	**R^2**	**F Statistic**	**Period**
Africa			0.717	6.75 (0.014)	1995 to 2007
Ln (GDP)	1.472	2.90 (0.020)			
Terror attacks	- 0.161	-2.54 (0.035)			
Lag_1 ln(No. of tourism)	0.639	2.85 (0.022)			
Constant	- 35.6	(0.032)			
Oceania			0.713	3.72 (0.074)	1995 to 2007
Ln (GDP)	3.680	2.75 (0.030)			
Terror attacks	-0.254	-1.78 (0.125)			
Lag_1 (No of tourists)	0.568	2.00 (0.093)			
Lag_2 (No of tourists)	0.412	1.12 (0.306)			
Constant	- 98.894	-2.57 (0.04)			
North America			0.902	101.5 (0.000)	1995 to 2007
Ln (GDP)	3.530	10.07 (0.000)			
Constant	-92.141	- 8.82 (0.000)			**Contd..**

Western Europe			0.558	13.91 (0.0033)	1995 to 2007
Ln (GDP)	2.810	3.73 (0.003)			
Constant	-68.242	-3.10 (0.010)			
Eastern Europe			0.793	19.16 (0.0004)	1995 to 2007
Ln (GDP)	3.401	4.66 (0.001)			
Terror attacks	-o.204	- 2.02 (o.070)			
Constant	-81.622	-4.12 (0.002)			
West Asia			0.560	6.37 (0.0164)	1995 to 2007
Ln (GDP)	1.266	2.89 (0.016)			
Terror attacks	-0.074	-1.36 (0.2026)			
Constant	- 22.574	-1.91 (0.085)			
South-East Asia			0.843	26.88 (0.0001)	1995 to 2007
Ln (GDP)	2.537	4.82 (0.001)			
Terror attacks	-0.712	-1.13 (0.286)			
Constant	- 56.828	-4.00 (0.003)			
East Asia			0.788	40.96 (0.0001)	1995 to 2007
Ln (GDP)	2.443	6.40 (0.000)			
Constant	- 59.73	-5.33 (0.000)			
South Asia			0.993	(0.006)	1995 to 2007
Ln (GDP)	1.336	17.48 (0.000)			
Terror attacks	-0.066	-2.86 (0.006)			
Constant	**-23.478**	**-11.11 (0.002)**			

* Figures in the parenthesis represent the level of significance

Annexure: 3.20 Country-wise Estimated Number of Tourists for 2008 and 2009

Year	Australia	Canada	Germany	Singapore	United Kingdom	United states
2008	157727	210494	212085	93670	798470	809530
2009	**171189**	**195322**	**240726**	**91188**	**715582**	**735004**

Annexure: 3.21 Region-wise Estimated Number of Tourists Projected for 2008 and 2009

Year	Total	Africa	East Asia	East Europe	North America	Oceania	S.E Asia	West Asia	W. Europe	South Asia	S. Central America
2008	5356774	184671	396392	175197	1043285	183396	342634	183844	1724407	1072936	50012
2009	4962027	189045	446363	190545	903276	170861	342634	189918	1537549	1136627	45127

Annexure: 3.22 Forecast of Tourist Arrivals from Selected Countries to India- 2010 to 2014

Year	**Forecast Scenario**		
	Pessimistic	**Most likely**	**Optimistic**
Australia	**(GDP growth 2.35%)**	**(GDP growth 3.35%)**	**(GDP growth 4.35%)**
2010	184788	187521	190267
2011	198916	206368	214023
2012	213826	227643	242208
2013	229692	251411	274944
2014	246647	277826 (48.2%) #	312587

Canada	**(GDP growth 1.82%)**	**(GDP growth 2.82%)**	**(GDP growth 3.82%)**
2010	204959	210363	215856
2011	215072	226563	238548
2012	225684	244010	263626
2013	236819	262801	291340
2014	248504	283039 (34.5%) #	321967
Germany	**Exchange rate growth @ -2.12%**	**Exchange rate growth @ -3.12%**	**Exchange rate growth @ -4.12%**
2010	259577	270442	281880
2011	283312	301596	321270
2012	306915	334569	365042
2013	330708	369744	413867
2014	354980	407510 (50.7%) #	468483
Singapore	**(GDP growth 5.72% and exchange rate - 2.737)**	**(GDP growth 6.72% and exchange rate - 3.737)**	**(GDP growth 7.72% and exchange rate - 4.737)**
2010	97871	100355	102892
2011	105045	110444	116099
2012	112743	121548	131001
2013	121007	133767	147816
2014	129876	147215 (46.7%) #	166789
The U.K	**(GDP growth 1.615% and exchange rate - 1.842)**	**(GDP growth 2.615% and exchange rate - 2.842)**	**(GDP growth 3.615% and exchange rate -3.842)**
2010	750438	772104	794266
2011	791416	833091	881603
2012	834632	898896	978543
2013	880207	969898	1086143
2014	928272	1046508 (38.0%) #	1205574
United States	**(GDP growth 1.71%)**	**(GDP growth 2.71%)**	**(GDP growth 3.71%)**
2010	773844	797182	820988
2011	814735	864620	917032
2012	857788	937764	1024310
2013	1017094	903116	1144139
2014	**1103136**	**950839 (19.3%) #**	**1277986**

Note: # Represents the increase in tourist arrivals during 2010 to 2014

Annexure: 3.23 Forecast of Tourist Arrivals from Major Regions to India- 2010 to 2014

Year	Forecast Scenario		
	Pessimistic	**Most likely**	**Optimistic**
Africa	**GDP growth 3.1%**	**GDP growth 4.1%**	**GDP growth 5.1%)**
2010	200,718	203,591	206,476
2011	218,149	226,487	235,060
2012	240,662	257,243	274,791
2013	268,048	296,080	326,733
2014	300,382	343,688 (68.8%) #	392,732
East Asia	**GDP growth 4.7%**	**GDP growth 5.7%**	**GDP growth 6.7%)**
2010	499,365	511,097	522,990
2011	558,660	585,219	612,773
2012	624,996	670,091	717,968
2013	699,209	767,271	841,222
2014	782,234	878,545 (71.9%) #	985,636
S.E. Asia	**GDP growth 1.3%**	**GDP growth 2.3%**	**GDP growth 3.3%**
2010	354047	362982	372051
2011	365841	384538	403994
2012	378028	407374	438680
2013	390620	431567	476344
2014	403633	457196 (26.0%) #	517241
West Asia	**GDP growth 5.17%**	**GDP growth 6.17%**	**GDP growth 7.17%**
2010*	196193	198617	201048
2011	209125	214263	219475
2012	222911	231140	239591
2013	237604	249347	261550
2014	253267	268988 (35.0%) #	285522
Eastern Europe	**GDP growth 2.7%**	**GDP growth 3.7%**	**GDP growth 3.7%**
2010	208617	215,606	222,760
2011	228402	243,963	260,420
2012	250064	276,050	304,448
2013	273780	312,357	355,920
2014	299746	353,440 (63.9%) #	416,094

W. Europe	GDP growth 0.9%	GDP growth 1.9%	GDP growth 2.9%
2010	1567980	1612122	1657056
2011	1607952	1699668	1795641
2012	1648943	1791968	1945816
2013	1690980	1889280	2108550
2014	1734087	1991877 (23.6%) #	2284895
Northern America	**GDP growth 1.0%**	**GDP growth 2.0%**	**GDP growth 3.0%**
2010	935567	968677	1002619
2011	969012	1038814	1112887
2012	1003653	1114028	1235283
2013	1039533	1194689	1371141
2014	1076695	1281190 (32.3%) #	1521940
Oceania	**GDP growth 0.6%**	**GDP growth 1.6%**	**GDP growth 2.6%**
2010	170561	173720	180167
2011	169171	180566	198202
2012	172010	197024	235057
2013	176912	223015	296051
2014	185026	262969 (51.4%) #	397983
South Asia*	**2.6**	**3.6**	**4.6**
2010	994920	1016691	1030481
2011	1005595	1045893	1078766
2012	1016384	1075934	1129312
2013	1027289	1106838	1182227
2014	**1038311**	**1138629 (10.7)#**	**1237621**

Note: *: For 2010, GDP growth rate was assumed as 2.6, 3.6 and 4.6 for the three scenarios respectively

Note: #- Represents the increase in tourist arrivals during 2010 to 2014

Annexure: 4.1 Travel Arrangements made by Tourists for the Current Trip- According to Age

Type of Arrangement	Age Group (in%)				
	Upto 24	25 to 39	40 to 54	Above 55	% of Total
Domestic	**145**	**308**	**154**	**56**	**663**
Independent	81.38	74.68	83.12	71.43	77.83
Inclusive package	6.21	13.96	7.79	12.5	10.71
All inclusive	12.41	11.36	9.09	16.07	11.46
Foreign	**101**	**372**	**112**	**24**	**609**
Independent	81.19	74.46	67.86	45.83	73.23
Inclusive package	3.96	6.72	11.61	16.67	7.55
All inclusive	**14.85**	**18.82**	**20.54**	**37.5**	**19.21**

Annexure: 4.2 Travel Arrangements made by Tourists for the Current Trip According to Group Size

Type of Arrangement	Group Size (in %)				
	Single	Up to 3	4 to 6	Above 6	% of Total
Domestic (Total)	**54**	**272**	**243**	**94**	**663**
Independent tour	85.19	80.88	83.54	50	77.83
Inclusive package (transport and stay only)	9.26	12.5	6.58	17.02	10.71
All-inclusive package	5.56	6.62	9.88	32.98	11.46
Foreign (Total)	**105**	**372**	**96**	**36**	**609**
Independent tour	93.33	79.57	50	11.11	73.23
Inclusive package (transport and stay only)	-	5.38	17.71	25	7.55
All-inclusive package	6.67	15.05	32.29	63.89	19.21

Annexure: 4.3 Travel Arrangements Made by Tourists for the Current Trip According to Duration of Trip

Type of Arrangement	Group Size (in %)				
	Upto 3 days	4 to 7days	8 to 14 days	Above 14 days	% of Total
Domestic	**105**	**306**	**192**	**60**	**663**
Independent	80.95	83.33	67.71	76.67	77.83
Inclusive package	14.29	9.8	10.94	8.33	10.71
All inclusive	4.76	6.86	21.35	15	11.46
Foreign	**9**	**107**	**181**	**312**	**609**
Independent	88.89	49.53	61.88	87.5	73.23
Inclusive package	11.11	13.08	10.5	3.85	7.55
All inclusive	**-**	**37.38**	**27.62**	**8.65**	**19.21**

Annexure: 4.4 Sources of Booking for Current Trip by Different Age Groups

Age group	Source of Booking (in %)				
	Travel Agent (TA/ TO)	e-portal	Direct From Service Provider	Others	Total
Domestic					
Upto 24	42.07	25.52	31.03	1.38	145
25 to 39	45.13	20.45	33.12	1.3	308
40 to 54	53.25	18.83	26.62	1.3	154
Above 55	55.36	16.07	28.57	0	56
% of Total	47.21	20.81	30.77	1.21	663
Foreigner					
Upto 24	51.49	21.78	26.73	---	101
25 to 39	46.51	22.58	30.91	---	372
40 to 54	42.86	28.57	28.57	---	112
Above 55	33.33	20.83	45.83	---	24
% of Total	**46.14**	**23.48**	**30.38**	**---**	**609**

Annexure: 4.5 Mode of Transport Used by the Tourists within Destination

Mode	Nationality	
	Domestic	Foreigner
Public bus	7.69	1.48
Taxi	20.21	24.47
Auto rickshaw	22.62	24.96
Sightseeing coach	10.11	10.67
Tourist car	20.36	31.2
Local train	3.62	1.31
Others	15.38	5.91
Total	**663**	**609**

Annexure: 4.6 Reported Change in Income of Tourists Against the Job Position Held by Them

Change in the Income	Job Position Held (In %)				
	Self employed	Sr. officer	Jr. officer	Support staff	Total
Domestic					
No Change	30.49	25.00	28.85	15.66	364
Decline Upto 5	15.00	25.00	40.00	20.00	20
Decline Upto 10	17.65	41.18	35.29	5.88	34
Decline Upto 20	44.44	19.44	27.78	8.33	36
More than 20	61.76	26.47	5.88	5.88	34
Total	**32.17**	**25.82**	**28.07**	**13.93**	**488**
Foreigner					
No Change	25.55	26.17	35.51	12.77	321
Decline Upto 5	15.15	30.3	51.52	3.03	33
Decline Upto 10	17.07	39.02	31.71	12.2	41
Decline Upto 20	26.19	21.43	35.71	16.67	42
More than 20	33.33	11.11	36.11	19.44	36
Total	**24.74**	**26**	**36.36**	**12.9**	**473**

Annexure: 4.7 Nature of Adjustment in the Travel of Tourists with Different Travel Purposes (In %)

Purpose of Travel	Made adjustments	No adjustment	Can't say	Responses
Domestic				
Holiday	25.4	29.5	45.1	386
Business/ professional	23.08	47.7	29.2	65
Social	16.9	52.3	30.8	65
Religious/ pilgrimage	13.9	35.4	50.6	79
Others	19.1	27.9	52.9	68
Total	22.3	34.0	43.6	663
Foreign				
Holiday	30.6	43.3	26.1	480
Business/ professional	25.5	62.7	11.7	51
Others	16.7	51.2	32.0	78
Total	28.4	45.9	25.6	609

Annexure: 4.8 Behaviour of Tourists with Different Travel Purposes-Domestic

Purpose of Travel/ Effect on travel behaviour	Increased nos. of trips	Visited more destinations in this trip	Increased duration of this trip	Spent more money during this trip	All of these	No impact	Total
If Room Rates were Less							
Holiday	14.51	17.36	16.06	22.80	21.50	26.68	386
Business/ professional	9.23	18.46	7.69	13.85	32.31	27.69	65
Social	12.31	32.31	7.69	13.85	23.08	20.00	65
Religious/ pilgrimage	17.72	22.78	7.59	15.19	16.46	40.51	79
Others	5.90	14.71	5.90	5.90	41.18	25.00	68
Total	13.27	19.31	12.37	18.40	24.13	27.60	663
If Airfare was lower							
Holiday	11.92	11.14	7.77	10.10	18.65	46.37	386
Business/ professional	7.69	16.92	1.54	7.69	32.31	40.00	65
Social	13.85	24.62	3.08	12.31	23.08	26.15	65
Religious/ pilgrimage	6.33	10.13	10.13	10.13	17.72	49.37	79
Others	5.88	16.18	1.47	2.94	32.35	35.29	68
Total	10.41	13.42	6.33	9.35	21.72	42.99	663
If Cost of Other transport modes was Less							
Holiday	7.51	22.02	7.51	22.02	19.69	33.68	386
Business/ professional	7.69	21.54	3.08	15.38	29.23	32.31	65
Social	12.31	29.23	7.69	18.46	16.92	21.54	65
Religious/ pilgrimage	6.33	24.05	12.66	24.05	12.66	35.44	79
Others	10.29	13.24	1.47	7.35	41.18	25.00	68
Total	8.14	22.02	7.09	19.76	21.72	31.67	663

Annexure: 4.9 Behaviour of Tourists on Different Travel Purposes-Foreign

Purpose of Travel/ Effect on travel behaviour	Increased nos. of trips	Visited more destinations in this trip	Increased duration of this trip	Spent more money during this trip	All of these	No impact	Total
If Room Rates were Less							
Holiday	9.79	13.75	17.71	17.71	17.50	35.42	480
Business/ professional	5.88	3.92	13.73	7.84	19.61	58.82	51
Others	14.10	14.10	12.82	17.95	12.82	44.87	42
Total	10.02	12.97	16.75	16.91	17.08	38.59	609
If Airfare was lower							
Holiday	10.00	20.21	12.08	13.96	22.08	38.75	480
Business/ professional	5.88	13.73	5.88	3.92	19.61	58.82	51
Others	5.13	33.33	5.13	6.41	11.54	46.15	42
Total	9.03	21.35	10.67	12.15	20.53	41.38	609
If Cost of Other transport modes was Less							
Holiday	7.71	15.42	10.00	17.29	15.21	42.29	480
Business/ professional	0.00	7.84	3.92	5.88	25.49	56.86	51
Others	2.56	20.51	10.26	17.95	10.26	47.44	42
Total	6.40	15.44	9.52	16.42	15.44	44.17	609

Annexure: 5.1
Distribution of Establishments in Study Areas

Type of Establishment	Distribution (In %)										
	New Delhi	Mumbai	Ajmer	Banga-luru	Agra	Puri	Goa	Varanasi	Manali	Thekkadi	Total
4- Star and above	16 (28.57)	17 (30.36)	-	5 (8.93)	5 (8.93)	-	3 (5.36)	9 (16.07)	-	1 (1.79)	56
3-1 Star	21 (24.42)	21 (24.42)	3 (3.49)	11 (12.79)	7 (8.14)	11 (12.79)	9 (10.47)	1 (1.16)	-	2 (2.33)	86
Unclassified hotel	30 (20.98)	30 (20.98)	8 (5.59)	19 (13.29)	4 (2.8)	12 (8.39)	21 (14.69)	-	10 (6.99)	9 (6.29)	143
Lodge/ guest house etc.	40 (18.1)	43 (19.46)	20 (9.05)	20 (9.05)	14 (6.33)	9 (4.07)	12 (5.43)	24 (10.86)	20 (9.05)	19 (8.6)	221
Transport Company	15 (23.08)	15 (23.08)	3 (4.62)	10 (15.38)	4 (6.15)	2 (3.08)	8 (12.31)	-	3 (4.62)	5 (7.69)	65
Souvenir Shop	10 (17.54)	12 (21.05)	6 (10.53)	8 (14.04)	1 (1.75)	2 (3.51)	4 (7.02)	4 (7.02)	5 (8.77)	5 (8.77)	57
Airlines Offices	15 (37.5)	15 (37.5)	-	10 (25)	-	-	-	-	-	-	40
Travel Agent/Tour Operator	91 (57.96)	95 (60.51)	10 (6.37)	56 (35.67)	15 (9.55)	3 (1.91)	5 (3.18)	10 (6.37)	4 (2.55)	4 (2.55)	157
Others	16 (20)	5 (6.25)	2 (2.5)	13 (16.25)	5 (6.25)	12 (15)	13 (16.25)	3 (3.75)	6 (7.5)	5 (6.25)	80
Total	**254 (24.17)**	**253 (24.07)**	**52 (4.95)**	**152 (14.46)**	**55 (5.23)**	**51 (4.85)**	**80 (7.61)**	**52 (4.95)**	**52 (4.95)**	**50 (4.76)**	**1051**

Annexure: 5.2 Quarterly Average Bookings/ Customers in Different Tourist Establishments in 2008-09

Tourist type/ Type of Establishment	Average Number of Bookings				
	April- Sept 08	July - Sept '08	Oct- Dec ' 08	Jan- March '09	Total during 2008-09
Domestic					
4- Star and above	3655	2957	5128	3703	15443
1-3 Star	2119	2729	3431	2265	10544
Unclassified hotel	2871	2903	3681	2752	12207
Lodge/ guest house etc.	1921	1754	2067	1417	7159
Transport Company	6239	5874	6299	4570	22982
Souvenir Shop	1837	2949	4309	3387	12482
Airlines Offices	81343	29143	129214	61429	301129
Travel Agent/Tour Operator	20078	16248	19517	14806	70649
Others	1697	1496	2328	1612	7133
Inbound					
4- Star and above	6396	6434	9878	6727	29435
1-3 Star	1380	865	1527	991	4763
Unclassified hotel	725	662	1504	794	3685
Lodge/ guest house etc.	759	677	889	655	2980
Transport Company	1109	1289	1796	1243	5437
Souvenir Shop	4875	6124	11193	9283	31475
Airlines Offices	31791	14136	53364	25818	125109
Travel Agent/Tour Operator	1245	1325	2062	1548	6180
Others	903	870	1564	890	4227
Outbound					
4- Star and above	747	123	2018	25	2913
1-3 Star	1179	768	671	573	3191
Unclassified hotel	467	625	683	450	2225
Lodge/ guest house etc.	700	1000	215	20	1935
Airlines Offices	17354	12815	28596	15662	74427
Travel Agent/Tour Operator	1134	1165	2478	1962	6739
Others	1364	894	1143	1404	4805

Annexure: 5.3 Growth in Turnover of Establishments During 2004-'05 to 2008-'09

Year/ Type of Establishment	Growth in Turn-over (In %)				
	-10 and below	- 9 to 0	1 to 10	Above 10	Total estbs.
2004-05					
4- Star and above	-	-	19.44	80.56	36
1-3 Star	-	-	53.70	46.30	54
Unclassified hotel	-	-	61.32	38.68	106
Lodge/ guest house etc.	-	-	64.19	35.81	148
Transport Company	-	-	55.56	44.44	54
Souvenir Shop	-	-	48.78	51.22	41
Airlines Offices	-	-	23.53	76.47	34
Travel Agent/Tour Operator	0.79	-	35.43	63.78	254
Others	-	-	51.06	48.94	47
Average	0.26	-	47.55	52.20	774
2005-06					
4- Star and above	-	-	18.60	81.40	43
1-3 Star	-	-	55.93	44.07	59
Unclassified hotel	-	0.89	50.89	48.21	112
Lodge/ guest house etc.	-	1.90	53.16	44.94	158
Transport Company	-		50.00	50.00	54
Souvenir Shop	-	2.44	56.10	41.46	41
Airlines Offices	-	-	44.12	55.88	34
Travel Agent/Tour Operator	0.77	-	32.57	66.67	261
Others	-	-	52.08	47.92	48
Average	0.25	0.62	44.07	55.06	810
2006-07					
4- Star and above	-	-	9.09	90.91	44
1-3 Star	1.64	-	37.70	60.66	61
Unclassified hotel	-	0.83	45.83	53.33	120
Lodge/ guest house etc.	-	1.18	48.24	50.59	170
Transport Company	-	-	42.59	57.41	54
Souvenir Shop	-	-	37.21	62.79	43
Airlines Offices	-	-	71.43	28.57	35
Travel Agent/Tour Operator	0.74	0.37	34.93	63.97	272
Others	-	4.00	64.00	32.00	50
Average	0.35	0.71	41.81	57.13	849

2007-08					
4- Star and above	-	4.35	26.09	69.57	46
1-3 Star	-	3.17	39.68	57.14	63
Unclassified hotel	-	3.25	41.46	55.28	123
Lodge/ guest house etc.	1.68	6.15	46.37	45.81	179
Transport Company	3.57	-	57.14	39.29	56
Souvenir Shop	4.65	-	48.84	46.51	43
Airlines Offices	5.71	5.71	40.00	48.57	35
Travel Agent/Tour Operator	2.56	4.76	32.97	59.71	273
Others	5.36	8.93	57.14	28.57	56
Average	2.17	4.46	41.19	52.17	874
2008-09					
4- Star and above	47.83	10.87	26.09	15.22	46
1-3 Star	26.15	10.77	46.15	16.92	65
Unclassified hotel	39.52	6.45	41.13	12.90	124
Lodge/ guest house etc.	29.82	9.94	39.18	21.05	171
Transport Company	46.30	7.41	33.33	12.96	54
Souvenir Shop	40.00	8.89	26.67	24.44	45
Airlines Offices	82.86	2.86	11.43	2.86	35
Travel Agent/Tour Operator	48.19	10.51	27.17	14.13	276
Others	26.98	6.35	44.44	22.22	63
Average	41.07	8.99	33.79	16.15	879

ES -

INDIAN INSTITUTE OF TOURISM AND TRAVEL MANAGEMENT

Ministry of Tourism, Govt. of India

www.iittm.org

Questionnaire for Tourism Establishment Survey

We are pleased to inform you that Union Ministry of Tourism has commissioned a study titled **Analysing the Factors Responsible for Slow-down in Tourist Arrivals in India** to Indian Institute of Tourism and Travel Management. This study is aimed to make an assessment of the factors having direct and indirect bearings on compression in tourism demand (viz. domestic and international tourist numbers) and to suggest appropriate policy mechanisms to address those issues.

We would highly appreciate receiving your valuable responses to the questions contained in this document. No portion of it will be shared with any outside agency/ individual and the confidentiality of information will be maintained. Your kind cooperation is duly solicited.

Thanking you,

Principal Consultant For the Study
Indian Institute of Tourism & Travel Management
Delhi, April 2009
Ph.: 011-25842135

Survey Destination: ……………………………………......……..

Name of Interviewer: …………………………………….………..

1. General Information

1. Name of Establishment	
2. Year of Establishing	
3. Type of Establishment (* as per Note enclosed)	
4. Headquarter City	

2. Type of Establishment

1. Proprietorship	2. Joint-Family	3. Partnership	4. Private Ltd. Co.
5. Co-operative	6. Public Ltd. Co.	7. Others (specify pl.)	

3. a Whether the establishment is stand alone? 1. Yes 2. No

3. b If not, what is its type?

1. Regional-level tourism chain	**Put ✓**
2. National-level tourism chain	
3. Multinational tourism chain	
4. Part of regional business group	
5. Part of national business group	
6. Part of multinational business group	

4. If single-city based establishment, no. of offices within city?..

5. Status of Employees :

Status	Nos.
1. Regular	
2. Seasonal	
3. Daily-wage	
4. Contracted from agency	

6 Total employees presently working in this office?

Levels	No. of Employees		
	Male	Female	Total
1. Upper management			
2. Middle management			
3. Lower management			
4. Operations staff			
5. Support staff			
6. Total			

7 Geographical coverage of employees :

Home town of employees	Nos.
1. Local (from town/ locality)	
2. Other locations in India	
3. Outside India	

8 Investment base of the establishment (in Rs.): **(Put✓)**

1. Less than 01 crore	2. One-10 crore	3. Ten to 50 crore	4. More than 50 crore

Business Aspects of Establishment

9 Main clientele for establishment : **(Put✓)**

1. Domestic tourists	2. Inbound tourists	3. Outbound tourists*

**** Applicable only for TA/TO***

10 Pl. state share of following segments at the time of starting the establishment:

Item	a. Domestic tourists	b. Inbound tourists	c. Outbound tourists*
1. No. of clients			
2. Total income			

**** Applicable only for TA/TO***

11 Pl. state share of following segments to your business at present:

Item	a. Domestic tourists	b. Inbound tourists	c. Outbound tourists*
1. No. of clients			
2. Total income			

**** Applicable only for TA/TO***

12 Number of visitors/ customers during the following quarters:

Quarter/period	a. Domestic tourists	b. Inbound tourists	c. Outbound tourists *
1. April- June '08			
2. July-Sept. –'08			
3. Oct.-Dec. '08			
4. Jan.- March '09			

**** Applicable only for TA/TO***

13 Growth trend (increase/ decrease) in turn-over in the last five years

(in % as per records):

1. **2004/05**	*2.* **2005/06**	*3.* **2006/07**	*4.* **2007/08**	*5.* **2008/09**

14 Approximate turn-over in the following quarters/period (in Rs.):

Quarter/period	**a. Domestic tourists**	**b. Inbound tourists**	**c. Outbound tourists ***	**Total**
1. April- June '08				
2. July-Sept. –'08				
3. Oct.-Dec. '08				
4. Jan.- March '09				

**** Applicable only for TA/TO***

15 If the establishment has online booking, what is the share of turnover from online booking to total turn-over in following years? : ***(In %)***

1. **2004/05**	*2.* **2005/06**	*3.* **2006/07**	*4.* **2007/08**	*5.* **2008/09**

16 Average room rent during following years (***Only for hotels & travel agent/ tour operator***)

1. **2004**	*2.* **2005**	*3.* **2006**	*4.* **2007**	*5.* **2008**

17 Since Jan. 2008, has your establishment faced cancellation in bookings beyond expectation?

1. Yes *2. No*

18 If yes, what is the trend in cancellation of booking?

(Pl. express in actual nos. If not difficult, then, pl. give % of total booking)

Quarter/Period	**Domestic tourists**		**Inbound tourists**		**Total**	
	Cancelled	Bookings	Cancelled	Bookings	Cancelled	Bookings
1. April- June '08						
2. July-Sept. –'08						
3. Oct.-Dec. '08						
4. Jan.- March '09						

19 If yes, what is the trend in cancellation of booking?

(Pl. express either in actual nos. or in % to total booking)

Quarter/Period	**Outbound tourists***		**Total**	
	Cancelled	Bookings	Cancelled	Bookings
1. April- June '08				
2. July-Sept. –'08				
3. Oct.-Dec. '08				
4. Jan.- March '09				

20 Number of cancellations from following countries:

Country	**April- June '08**	**July-Sept. – '08**	**Oct.-Dec. '08**	**Jan.- Mar. '09**
1. U.K				
2. USA				
3. Japan				
4. Germany				
5. France				
6. Italy				
7. Canada				
8. Australia				
9. Singapore				
10. Bangladesh				
11. Sri Lanka				
12. Pakistan				
13. Korea				
14. Nepal				
15. Malaysia				
16. Any other major country				

21 Reasons cited for cancellation ***(If more than one reaso n, rank in order of importance; 1-being most important)*** :

Reasons	**Domestic tourists**	**Inbound tourists**	**Outbound tourists ***
a. Loss of employment			
b. Decline in personal income			
c. Cut in travel expenditure by company			
d. 26/11 attack in Mumbai			
e. Terrorist attacks in other parts of India			
f. Safety & security reasons other than terrorism			
g. Comparatively cheaper hotel rates were available in other destinations			
h. Comparatively cheaper air rates were available in other destinations			
i. Travel advisories from his/her country			
j. Negative publicity by the media after terror event			
k. Recent happening associated with corporate governance in India and the events followed			
l. Personal reasons			
m. Other factors, if any (Pl. specify)			
n. Can't say			

***** Applicable only for TA/TO***

22 Whether the establishment has following?

Item	**1. Yes/ 2. No**
1. Fully automated office	
2. Own website	
3. Online sales/ booking	
4. Automated operation	
5. Separate public relations department	

Effect of Crises on Business

23.a` How many employees have been retrenched from the establishment?

1. Nil / 2. _____(Nos.)

23.b If retrenched, when? (Specify Year & month) : ___________________

23.c Was retrenchment meant to deal with the impending crises? *1. Yes/ 2. No*

23.d Have your employees been paid reduced salaries from Jan '08 and onwards:

: *1. Yes/ 2. No*

23.e If paid reduced salary/ or retrenched employees, pl. provide strata-wise details:

Levels	**No. of Employees**	
	Paid reduced salary	**Retrenched**
1. Upper management		
2. Middle management		
3. Lower management		
4. Operations staff		
5. Support staff		
6. Total		

24. Following factors could adversely affect tourism demand in India in coming two years. Would you pl. rate those? : *(Rank in the order of importance:* ***1 being highest)***

Reasons	**Domestic tourists**	**Inbound tourists**	**Outbound tourists***
1. Toutism, cheating			
2. Improper behaviour of the public towards tourists			
3. Bad treatment of tourists by shopkeepers, taxi drivers, guides etc.			
4. Global economic recession & its consequences			
5. Crash of stock market			
6. Perceived terror threat			
7. Safety & security reasons other than terrorism			
8. Higher hotel rates as compared to other destinations			
9. Higher domestic air fare as compared to other destinations			
10. Inadequate infrastructure			
11. Lack of proper civic amenities at destinations			
12. Recent happening associated with corporate governance in India and events followed			
13. Negative publicity by the media, esp. when economic & political problems occur			
14. Other factors, if any (Pl. rate accordingly)			

**** Applicable only for TA/TO***

25 If you have already taken steps to deal with the present crises, pl. identify those from below for each segment and rank in the order of priority:

*(If more than one step, rank the steps taken in order of priority**- 1 being highest priority)***

Actions	Domestic tourists	Inbound tourists	Outbound tourists*
A. Incentives to clients			
1. Promotional prices			
2. Waive cancellation charge			
3. Special deal offers for regular/ repeat clients			
4. Communicating incentives to regular clients			
B. Promotional activities			
5. Organising promotional events			
6. Participate in travel trade fairs/ events			
7. Specific campaigns aimed at target market			
8. Tie-up with airlines for targeted promotion			
9. Reworking existing packages to suit emerging trend/ exigencies			
C. Dealing with concerns of clients			
10. Quick response to their queries			
11. Prompt redress of grievances			
12. Assuring a safe and joyful holiday			
D. Dealing with Media			
13. Press conference			
14. Prompt media briefs			
15. Release press notes			
16. Release guest briefing & footages			
E. Expenditure strategies			
17. Stopped/ reduced providing free tea, lunch etc. to staff			
18. Reduce frill benefits to visitors/ guests			
19. Reduce electricity & water usage			
20. Reduced incentives to employees			
21. Reduced salaries of employees			
22. Reduced frill benefits to clients			
23. Freeze recruitments			
24. Retrench employees			
25. Reduce advertisement expense			
26. Postpone investments			
27. Lobby with the government			
F. Alternative strategies			
28. Will try to sustain till the scenario is reversed			
29. Will shift from tourism to some other sector			
30. Planning to close down the establishment & seek employment			
31. Other factors, if any (Pl. specify)			

**** Applicable only for TA/TO***

26 From below, pl. identify steps you are planning to take to deal ongoing c rises, and rank those for each segment in order of priority:

*(If more than one step, rank the steps taken in order of priority**- 1 being highest priority)***

Actions	Domestic tourists	Inbound tourists	Outbound tourists*
A. Incentives to clients			
1. Promotional prices			
2. Waive cancellation charge			
3. Special deal offers for regular/ repeat clients			
4. Communicating incentives to regular clients			
B. Promotional activities			
5. Organising promotional events			
6. Participate in travel trade fairs/ events			
7. Specific campaigns aimed at target market			
8. Tie-up with airlines for targeted promotion			
9. Reworking existing packages to suit emerging trend/ exigencies			
C. Dealing with concerns of clients			
10. Quick response to their queries			
11. Prompt redress of grievances			
12. Assuring a safe and joyful holiday			
D. Dealing with Media			
13. Press conference			
14. Prompt media briefs			
15. Release press notes			
16. Release guest briefing & footages			
E. Expenditure strategies			
17. Stopped/ reduced providing free tea, lunch etc. to staff			
18. Reduce frill benefits to visitors/ guests			
19. Reduce electricity & water usage			
20. Reduced incentives to employees			
21. Reduced salaries of employees			
22. Reduced frill benefits to clients			
23. Freeze recruitments			
24. Retrench employees			
25. Reduce advertisement expense			
26. Postpone investments			
27. Lobby with the government			
F. Alternative strategies			
28. Will try to sustain till the scenario is reversed			
29. Will shift from tourism to some other sector			
30. Planning to close down the establishment & seek employment			
31. Other factors, if any (Pl. specify)			

**** Applicable only for TA/TO***

27 What would be the trend in visitor arrivals in the coming two year?

a Would increase	b. Would decrease	c. Remain same

28 What is your projection in coming one year (growth in business %)? _______

29 Do you think the demand situation would improve because of the following:

Reasons	**Rate in 0-3 point scale ***
a Economic stimulus packages being launched by Govt. of India in recent months	
b Economic stimulus packages being launched/ proposed by the U.S and other bodies like G-20, IMF, World Bank etc.	
c Regulating inflation	
d Regulating hotel tariff	
e Reduction in fuel prices	
f Rationalisation of tourism-specific taxes	
g People do travel for leisure activities even when economic conditions are bad	
h Constant endeavour of our establishment to win over customer confidence	
i Launch of Visit India Year - 2009	
j Commonwealth games- 2010	
k Attractive business deals for the clients	
l Strengthening of USD against Indian Rupees	
m Use of important personalities as positive image makers for destination- India	
n Focused promotional campaigns by the State Govts.	
o Improvement in tourism infrastructure	
p Familiarisation trips for foreign industry professionals/ media personalities	
q Any others (Pl. specify)	

**** 0-3 point scale in which, 0= no effect; 1= little effect; 2= noticeable effect; 3= maximum effect***

30. Could you pl. list out major innovative marketing initiatives being launched/ planned by your establishment in the recent months?

____

____

____

31. Whether your establishment has separate fund provisions in the budget to deal with crises of different nature? *1. Yes/ 2. No*

32.a Have ongoing crises encouraged travel trade people to act in coordinated manner? *1. Yes/ 2. No*

32.b If yes, may you specify areas in which coordinated actions have been taken already?

____

____

33. According to you, how is Visit India Year - 2009 campaign going to affect the tourism business?

Reasons	Rate in 0-3 point scale *
a Would improve the image of India as tourist destination	
b Would increase inbound tourist visits	
c Would increase domestic tourist visits	
d Create avenues for developing intensive promotional campaigns by the industry	
e Could provide impetus to new product development.	
f Create friendly attitude towards tourists	

**** 0 -3 point scale in which, 0= no impact; 1= little impact; 2= noticeable impact; 3= maximum impact***

34. Other relevant information, if any:

Note for Interviewer

1. Type of Establishment:

1. 4- Star and above
2. 1-3 Star
3. Heritage hotel
4. Unclassified
5. Lodge/ Dharamshala/ guest house etc.
6. Transport Company (car rental/ coach service etc.)
7. Souvenir Shop
8. Domestic Airline
9. International Airline
10. Travel Agent
11. Tour Operator
12. Travel portal
13. Others (please specify)

V -

INDIAN INSTITUTE OF TOURISM AND TRAVEL MANAGEMENT

Ministry of Tourism, Govt. of India

www.iittm.org

Questionnaire for Visitors

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Thanking you,

Principal Consultant For the Study
Indian Institute of Tourism & Travel Management
Delhi, April 2009
Ph.: 011-25842135

Survey Destination: …………………………………………......……..

Name of Interviewer: ………………………………………..………..

1. Respondent's Profile

Sex	**Male**		**Female**
Marital Status	**Married**		**Unmarried**
Age (Completed Years)			
Indian State/Foreign Nationality			
Domicile City (For Indians only)			
Household size (nos.) Male			
Female			
Total			
No. of Dependants	**a. 0**	**b. 1**	**c. 2 & above**

Information Related to Present Trip

2 Type of tour arrangement usually you would like to have : (Put ✓)

1. Independent Tour	2. Inclusive package (transport and stay only)	3. All-inclusive Package

3 Booking made through : (Put ✓)

1. Travel agent/ Tour operator	2. e-travel portals	3. Directly from service provider	4. Others (pl. specify)

4 Sources of information about the following *(If more than one source, pl. rank in the order of importance, **1 being most important**)*

Source	**1. Transport**	**2. Hotel (Stay)**	**3. Places/ Attraction**
a) Relatives/ friends			
b) Internet			
c) Travel agent/ tour operator			
d) Tourism depts.			
e) Travel trade fairs			
f) Guide books			
g) Print media			
h) T.V			
i) Tourist Information centers			
j) Others (pl. specify)			

5 Main purpose of travel:

Purpose	**(Put ?)**
1) Business/ professional	
2) Holidaying, leisure and recreation	
3) Social (i.e, visiting friends & relatives, marriages, etc)	
4) Religious/ pilgrimage	
5) Education & Training	
6) Health / Medical / Wellness	
7) Shopping	
8) Others (pl. specify)	

Trip Planning

6 Type of arrangement for present trip : **(Put✓)**

1. Independent	2. Inclusive package (transport and stay only)	3. All-inclusive package

7. a Main means of transport used to travel between destinations in India : **(Put✓)**

1. Air	2. Rail	3. Road	4. Water

7.b If by road, what is its type? : **(Put✓)**

1. Public coach (scheduled bus)	2. Tourist coach	3. Own vehicle
4. Rented vehicle	5. Others (specify)	----

8 Main transport used within destinations : **(Put✓)**

1. Public bus	2. Taxi	3. Auto-rikshaw	4. Sight-seeing coach service	5. Tourist car	6. Local train	7. Others (specify)

9 Duration of this trip (including travel time) :

1. Up to 3 days	2. 4-7 days	3. 8-14 days	4. Above 14 days

10 Period of stay at this place (place of interview) : _______ (in days)

11 Category of accommodation in which you stay
(As per the list given) : ____

12.a Size of group *(no. of persons)* :

1. Single	2. Up to 3 nos.	3. 4-6 nos.	4. Above 6 nos.

12.b If travelling in group, whether with : **(Put ?)**

1. Spouse	2. Family	3. Friends	4. Others (pl. specify)

13 Places visited so far in this trip within India (in the order of visit):

____

14 Other places you plan to visit during this trip: ______________________________

15 Rank the attractions you have visited/ would like to visit in India. **(*** *Rank at least top 05 nos***. *in order of preference; 1 = most preferred)***

Attraction	**Rank ***
a) Monuments (*forts, palaces, other architectural landmarks*)	
b) Museum	
c) Hill stations	
d) Pilgrim places	
e) Health/ Yoga & Meditation/ Medical tourism	
f) Beach	
g) Forest	
h) Sports & events	
i) Adventure tourism	
j) Theme parks (*amusement, multiplex, etc.)*	
k) Shopping	
l) Scenic places (*natural attractions*)	
m) Others (pl. specify)	

16 ***Expenses on different items:- Independent Tourists***

16.a.a Expenses on other items:

Item	**Total (in Rs.)**
1. Transport within city/ town	
2. Accommodation	
3. Food & beverage	
4. Shopping	
5. Entertainments	
6. Entry fees/ guiding etc.	
7. Miscellaneous	

16.a.b For travel between home and other places in the itinerary (*excluding local transportation at places of visit*)

Item	Paid in Rs.
1. Rail transport	
2. Air transport	
3. Road transport	
4. Water transport	

17 ***Expenses on different items:- Package Tourists***

Item	Total (in Rs.)
1. Paid as package price	
2. Food & beverage	
3. Shopping	
4. Entertainments	
5. Entry fees/ guiding etc.	
6. Miscellaneous	

Effects of Income & Prices on Demand

18.a Is there any decline in your personal income since Jan. 2008?

: *1- Yes/ 0- No*

18.b If yes, could you specify what is % of decline? : ________

19 How do you expect the present economic crisis to affect your personal income in near future?

a) Would increase	b) Would decrease	c) Would remain same	d) Can't say

20.a Pl. state whether reduced income level is forcing you to make adjustment in the travel plan? : *1- Yes/ 0- No 2- Can't say*

20.b If yes, pl. specify how?

a) Reduce number of trips	b) Reduce number of places covered in the trip	c) Shorten duration of trip	d) Cut down the expenditure	e) All of these

21 If there was no change in your personal income, would you have? : **(Put ✓)**

Attraction	1. Yes	2. No
1) Increased nos. of trips		
2) Visited more destinations in this trip		
3) Increased duration of this trip		
4) Spent more money during this trip		
5) All of the above		
6) No impact		

22 Had prices of the following products/ services been cheaper, how would it have affected your travel behaviour? : **(Put✓)**

Parameter	a) Increased nos. of trips	b) Visited more destinations in this trip	c) Increased duration of this trip	d) Spent more money during this trip	e) All of the above	f) No impact
1) Lower room rate						
2) Lower airfare						
3) Lower cost of other modes of transport						
4) Food & beverage						

23 What problems have you faced while touring in India?

(Pl.** Rank **in order of preference; 1 = most preferred)

Attraction	**Rank ***
a) Higher domestic airfare	
b) Comparatively high hotel rates	
c) Inadequate infrastructure at railway station, airport, bus stand etc.	
d) Bad condition of roads/ highways	
e) Tourism/ cheating	
f) Improper behaviour of the public toward tourists	
g) Bad treatment of tourists by shopkeepers, taxi drivers, guides etc.	
h) Badly managed attraction sites	
i) Unhygienic destinations	
j) Lack of proper civic comforts	
k) No problem at all	

24 Compared to India, do you think South & South East Asian countries can be rated better on following aspects?

Parameter	**1. Yes**	**2. No**	**3. Can't say**
1) Cheaper room rate			
2) Better hotel facilities			
3) Better availability of rooms in all categories			
4) Better transport infrastructure			
5) Lower taxes of tourism products			
6) Better civic amenities			
7) Tourist attractions are better managed			
8) Destinations are more hygienic			
9) Tourist attractions are more appealing			
10) Service providers are more courteous and honest			
11) Public are more supportive			
12) Any other as per your experience (pl. specify)			

Respondents' Profile

25 Languages known : ______________________________________

26.a Education : Illiterate / literate

26.b If literate, then specify : **(Put✓)**

Qualification	a. General	b. Vocational	c. Technical/ professional
1. Primary			
2. Secondary			
3. Higher secondary			
4. Graduate			
5. Post-graduate and above			

27.a Employment status : **(Put✓)**

1. Student	2. Employed	3. Unemployed	4. Retired

27.b If employed, where? : **(Put✓)**

1. Public sector employee	2. Private sector employee	3. Self-employed	4. Others

28 Nature of employment (in a year) : *1- Regular/ 2- Non-regular*

29 Nature of position held : **(Put✓)**

1. Self- employed	2. Sr. Officer/ Executive	3. Jr. Officer/ Executive	4. Support staff

30 Monthly income of respondent (from all sources in Rs.) : ______________________

31 No. of persons employed in the household : ______________________

32 Household's monthly income (from all sources in Rs.) : ______________________

(USD, in the case of foreigners) :

a) Up to 1000	b) 1001-3000	c) 3001-5000	d) Above 5000

33.a Have you gone on tour earlier within India? : *1- Yes/ 0- No*

33.b If yes, how many times? : ____

34 Any other relevant information:

Thanks for your cooperation

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