

CONTRIBUTION OF INDIAN TRAVEL AGENTS IN GROWING GLOBAL TOURISM IN INDIA

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Abstract

According to the United Nations World Tourism Organization (UNWTO), India will have 50 million outbound tourists by 2020, growing at a compound annual growth rate (CAGR) of around 7.23 percent over the last seven years and projected to rise at a CAGR of around 10 – 12 percent during 2016 – 21. This number will surely go through some short-term downward revisions because of the current Covid pandemic. As per the 'World Travel and Tourism Council' (WTTC) report; an Indian's expenditure outside the country while traveling abroad has doubled in the past 10 years, from \$7.5 billion in 2005 to around \$16 billion in 2015. The basic objective of my research paper is to understand the positive impact of Indian travel agents in increasing global tourism. I have studied the foreign tourist arrivals from different regions of the world for the period 2016-2018. Also focused on the role played by foreign tourism boards in partnering with Indian travel agents to drive Indian tourism arrivals into their respective countries.

Keywords: Indian tourism, travel agent, inbound & outbound travel, MICE tourism

METHODOLOGY

Secondary Research – The approach has been to first study about the travel agents network and their different types. Also to study about the other stakeholders like United Nations World Tourism Organisation (UNWTO) & Tourism Boards that play an active role in promoting tourism. The next step has been to focus on very specific & recent statistical data published which is India Tourism Statistics 2020 by Ministry of Tourism. The approach has been to analyse these numbers and identify some broad travel trends including Foreign Tourist Arrivals from different regions of the world.

OBJECTIVES OF THE PAPER:

1. Study India's position in global tourism with special focus on Foreign Tourist Arrivals in India (January 2018 to June 2020)
2. Study which are the regions of the world that are contributing to arrivals in India and thus contributing to India's participation in global tourism (Period under study – 2016 to 2018)
3. Highlight the contribution of travel agents in India's tourism sector in the context of both inbound and outbound tourism.

INTRODUCTION

In India, tourism has become one of the major sectors of the economy, contributing to a large proportion of the National Income and generating huge employment opportunities. International tourist arrivals figures are forecasted to exceed 1.8 billion by 2030. This industry is the seventh-largest in India and second largest in the world and its consumption of the workforce is higher than any other industry. Tourism industry encourages the intermediary service sector. Tourism has developed as one of India's most imperative economic sectors, backing a big share to the country's GDP and generating huge number of employments opportunities. It created Rs. 16.91 lakh crore or around 9.2 % of India's GDP in 2018. In 2019, about 11 million foreign travellers visited India. Tourism is considered as the world's second-largest & India's seventh-largest, with a more grown staff feeding system than any other. The UNWTO (United Nations World Travel Organization) envisages that India will reason for 50 million outbound tourists by 2020.

As per Operators in 2017 around 25 million Indian tourists visited abroad. As per Bureau of Immigration of the Indian government, Approx. 27 million Indian national leaving from India. In India, travel is progressively considered as a sign of accomplishment.

The travel agent helps as an intercessor amid the service suppliers and customers. They sell the product to the customers. Generally the travel agent markets the supplier's goods & services such as various types of hotels, transportation, operators, airlines, railways, cruise operators, etc. So, the travel agent plays an important role in emerging and endorsing travel sales. They position all the modules of the tourism goods together and sell them to visitors.

Pre-independence period:

Thomas Cook, Cox and Kings, and American Express are the companies known for developing the structure of modern travel agency business in India. Those two UK-based travel agents were well-versed in placing round-the-world tours & different interest tours to many parts of the globe, with package tours to India being a daily happening for British officials and their family members & relatives.

Post independence period:

The post independence tourism growth & its behaviour on the travel trade in India revealed a new episode of the Indian tourism scenario. The Travel Agents Association of India (TAAI) was founded in 1951. It was done by a group of twelve leading travel agents who wanted to develop an organisation to govern the Indian travel industry. The main determination was to defend the benefits of those engaged in the industry, to endorse its orderly growth and development and to safeguard the rights of the travelling public. TAAI is the voice of India's travel and tourism industry, representing everything that is competent, ethical, and diverse in our country's travel-related activity.

Forms of travel agency:

Retail Travel Agency: They offer a range of travel-related services directly to their clients. They act as the main distributor of services or suppliers. Hotels, airlines, cruise lines, railways, and coach companies are only a few examples. They get a fee from the service provider (hotels, for example) and can add on a surcharge when quoting the end traveller. As a result, the travel agency makes money from both vendors and the customer's mark-up.

Wholesale Travel Agency: They schedule, arrange, and offer package tours to customers through a travel agent or directly. Retail and wholesale travel companies coexist in some cases. Take, for example, Thomas Cook. They buy the product from the major suppliers (hotels, airlines etc) and resell it to retail travel agencies or consumers. As a result, the wholesale travel agency acts as a go-between for the key suppliers and the retail distributors.

Special Interest Travel Agency: They are dedicated for emerging tour packages for special interest groups such as adventure, nature, faith, and so on.

Online Travel Agents (OTA): The ability to book travel anytime & anywhere is the biggest value proposition of an online travel agent. Makemytrip.com, for example, is known as an online travel agent (OTA) or an e-retailer. As a result, these web portals permit customers to discover information & mark reservations online. There is a cumulative novel trend of offline travel agents moving to online with the assistance of technology service providers.

LITERATURE REVIEW:

Pillay KP Ramachandran (2006) conducted a comprehensive study on the role of travel agents and airline operators in promoting international tourism in Kerela. He analyzed regarding the travel agents & airline operators network in Kerela and the contribution of international tourism to the economy of Kerela. He has elaborated on the reasons for Kerala's success in increasing international tourism and the crucial role played by travel agents.

Mukherjee June (2018) conducted a detailed study on how Phillipines Tourism is focusing on getting a larger share of the India outbound travel market. It focused on the initiatives taken up by the Phillipines Department of Tourism in the India market. He analyzed the factors that have worked in attracting Indian travelers to Phillipines including the important role played by the Indian travel agents.

Vakharia Mahendra (2018) in the Outbound Tour Operators Association of India study analyzed the factors contributing to the outbound tourism growth. He systematically reviewed that with domestic travel becoming more expensive (a Dubai trip from Mumbai or Ahmedabad can be worked out to be cheaper than a trip to Kerala for example), middle class is traveling more often. Not only is there improved connectivity, but competition has kept international fares down. Western India is the most popular destination for outbound travel, followed by the north. Outbound travel is most common among the Marwari and Gujarati communities.

Chinoy Nehal (2019) conducted an in depth study on the India outbound tourism market. It offers the most up-to-date industry data on the actual market situation and future outlook for India outbound tourism market. By

using data and analysis possible profitable opportunities future tendencies related to India international travelers visit, expenditure, drive of visits and main destination markets has been discussed.

The 'World Travel and Tourism Council' (WTTC) reports Indian spends outside the country while traveling abroad has doubled in the past 10 years, from \$7.5 billion in 2005 to nearly \$16 billion in 2015. According to the United Nations World Tourism Organization (UNWTO), India will have 50 million outbound tourists by 2020, growing at a compound annual growth rate (CAGR) of around 7.23 percent over the last seven years and projected to rise at a CAGR of around 10 – 12 percent during 2016 – 21. These forecasts will see a downward revision because of the current Covid pandemic.

TOUR OPERATORS' CONTRIBUTION TO SUSTAINABLE TOURISM DEVELOPMENT:

The Ministry of Tourism introduced system for permitting support to hotel projects from the opinion of view of their rightness for international tourists. The Ministry introduced a system in abode for approving Travel Agents, Tour Operators, Adventure Tour Operators, and Tourist Transport Operators, with the goal of stimulating competence, standard, & service in those categories for endorsing tourism of India.

Members of the Tour Operators' Initiative also settle that tour operators will support to confirm tourism's long-standing sustainability such as:

- To Limit the size of their groups, or dividing large groups into smaller ones when visiting protected areas;
- Informing protected area managers of visits ahead of time and discussing ways to reduce visitor impacts;
- Assimilating sustainability principles into the choice criteria & service contracts of their suppliers, & selecting locally owned & operated suppliers;
- Making financial contributions to conservation and development projects;
- As long as consumers with strategies on how to avoid undesirable impacts while visiting subtle areas, for example by upholding suitable distances from wildlife, remaining on trails to evade flattening plants or causing corrosion, & trust water & energy use down to evade related influences on the environment.

TOURISM DEVELOPMENT IN FEW YEARS ONWARDS

Assistance is provided to foreign and domestic tourists in accessing information about Ministry of Tourism approved tourism service providers under the "Incredible India" scheme namely approved Inbound Tour Operators, Adventure Tour Operators, Domestic Tour Operators, Tourist Transport Operators, Travel Agents, Regional Level Guides, Classified Hotels available in respective cities / Tourist centres.

India's Position in World

1.	Share of India in International Tourist Arrivals	1.24%
2.	India's rank in International Tourist Arrivals	22 nd
3.	Share of India in International Tourism Receipts	1.97%
4.	India's rank in International Tourism Receipts (As per RBI's estimate)	13 th

Source: India Tourism Statistics 2020, Mintstry of Tourism

- The number of Foreign Tourist Arrivals (FTAs) in India during 2018 increased to 10.56 million as compared to 10.04 million in 2017. The growth rate in FTAs during 2018 over 2017 was 5.2% as compared to 14.0% during 2017 over 2016.
- The share of India in international tourist arrivals in 2018 was 1.2%. India accounted for 5.0% of international tourist arrivals in Asia Pacific Region in 2018, with the rank of 7th.
- About 79.6% of the FTAs entered India through air routes followed by 19.6% by land routes and 0.8% by sea routes. Delhi and Mumbai airports accounted for about 44.5% of the total FTAs in India. Top source market for FTAs in India in 2018 was Bangladesh. If we consider the other important ones; they were United States, United Kingdom, Sri Lanka, Canada, Australia, Malaysia, China, Germany, Russia Federation, France, Japan, Singapore, Thailand and Nepal. The top 15 countries accounted for about 75.33% of total FTAs in India in 2018.
- Tourism continues to play an important role as a foreign exchange earner for the country. In 2018, foreign exchange earnings (FEE) from tourism were US\$ 28.59 billion as compared to US\$ 27.31 billion in 2017, registering a growth of 4.7%.
- Number of domestic tourist visits in India during 2018 was 1854 million (revise) as compared to 1657 million in 2017, with a growth rate of 11.9 %.
- Number of Indian national departures from India during 2018 was 26.29 million as compared to 23.94 million in 2017, registering a growth rate of 9.8%.

APPROVAL OF TRAVEL TRADE SERVICE PROVIDER:

The Ministry of Tourism favours the categorisation of Travel Trade Service Providers:

- i. Inbound Tour Operators
- ii. Travel Agents
- iii. Domestic Tour Operators
- iv. Adventure Tour Operators
- v. Tourist Transporters

The goals & purpose of this structure are to inspire quality, standard & service in these categories. This is a volunteer scheme exposed to all bonafide agencies.

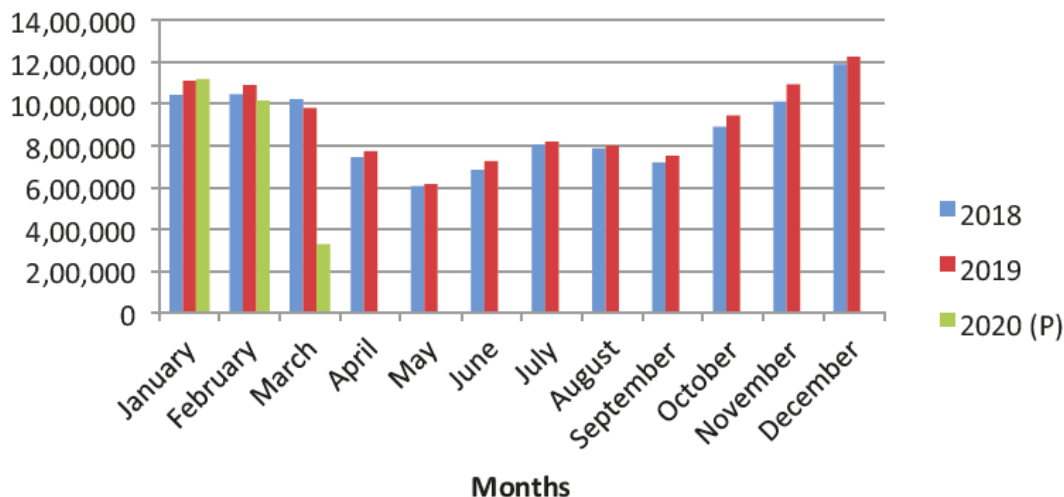
Operators in India (in absolute numbers) recognized by Ministry of Tourism as on 01-04-2020

Category	Approval issued during 1st January 2019 to 31st December 2019	Total approved as on 31 December 2019
Inbound Tour Operator (ITO)	141	536
Travel Agents (TA)	54	226
Tourist Transport Operators (TTO)	28	130
Domestic Tour Operators (DTO)	41	160
Adventure Tour Operators (ATO)	13	54
Total	277	1106

Source: India Tourism Statistics 2020, Ministry of Tourism

In all, the Ministry of Tourism has given recognition to 1106 Stakeholders. Out of this, there are 536 ITOs, 226 TAs, 160 DTOs, 130 TTOs and 54 ATOs.

Monthwise Foreign Tourist Arrivals in India during Jan 2018-June 2020



Source: India Tourism Statistics 2020, Ministry of Tourism

LATEST TRENDS IN GLOBAL TOURISM FROM INDIA'S PERSPECTIVE:

The UNWTO forecasts that India will account for 50 million outbound tourists by 2020. Though business travel, holiday and VFR trips control outbound dimensions, people are also choosing for niche products like sports tourism, luxury travel, MICE, honeymoon packages and cruises.

Thailand, Singapore, the United States, and Malaysia are the most popular tourist destinations in India. Indian

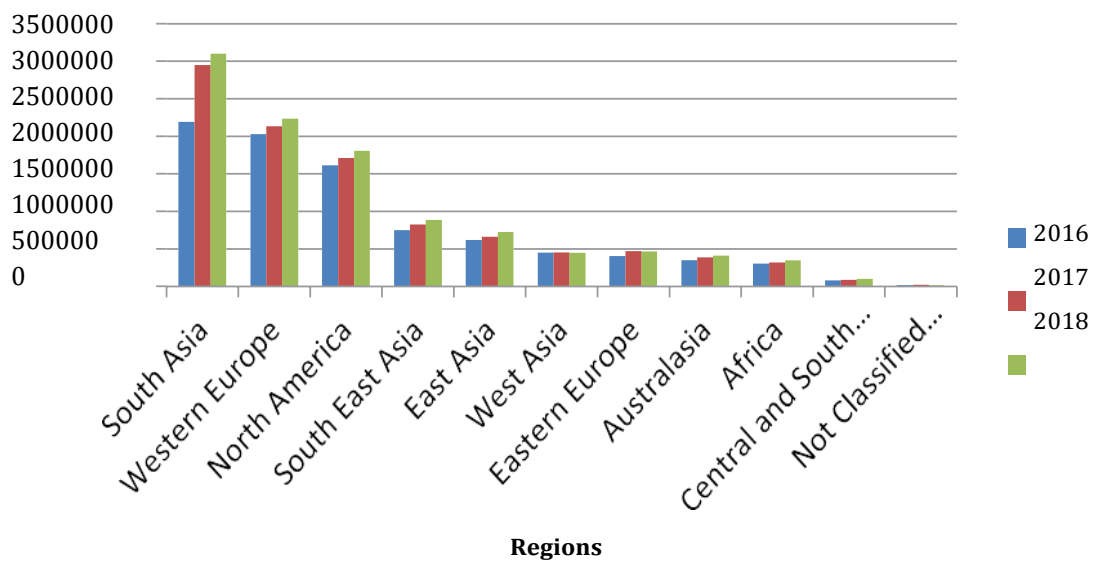
visitors are now venturing to new locations as well. Amongst the emergent countries, Sri Lanka, Nepal, China, Japan and South Africa are preferred by Indian tourists. Japan is also working on initiatives to triple the number of Indian tourists visiting the country by 2020, compared to 2013.

The table below shows the FTAs to India from various parts of the world over the last three years. The number of FTAs in India has been steadily growing from all regions. The growth was maximum from Africa (10.4%) followed by Central and South America (9.8%), East Asia (9.2%), South East Asia (7.6%), Australasia (6.9%), North America (5.6%), South Asia (5.2%) and Western Europe (5.2%).

South Asia (29.40%) had the highest contribution of FTAs in India during 2018 followed by Western Europe (21.25%) North America (17.12%), South East Asia (8.40%), East Asia (6.86%), Eastern Europe (4.41%), West Asia (4.26%), Australasia (3.91%), Africa (3.33%) Central and South America (0.96%).

The graph below depicts the trends in FTAs in India over the period 2016-2018 by region:

Foreign Tourist Arrivals in India from different regions during 2016-2018



Source: India Tourism Statistics 2018 & 2020, Ministry of Tourism

FTAs in India from different regions of the world, 2016-2018

REGION/ COUNTRY	NUMBER OF ARRIVALS			PERCENTAGE SHARE			2017/16	2018/17
	2016	2017	2018	2016	2017	2018		
SOUTH ASIA	2194555	2951665	3104422	24.93	29.41	29.40	34.5	5.2
WESTERN EUROPE	2029412	2133673	2243635	23.05	21.26	21.25	5.1	5.2
NORTH AMERICA	1614178	1712358	1807718	18.33	17.06	17.12	6.1	5.6
SOUTH EAST ASIA	746069	824575	887088	8.47	8.22	8.40	10.5	7.6
EAST ASIA	617563	663295	724568	7.01	6.61	6.86	7.4	9.2
WEST ASIA	451842	457760	449548	5.13	4.56	4.26	1.3	-1.8
EASTERN EUROPE	406002	472872	466049	4.61	4.71	4.41	16.5	-1.4

AUSTRALASIA	348908	386059	412628	3.96	3.85	3.91	10.6	6.9
AFRICA	302164	318023	351198	3.43	3.17	3.33	5.2	10.4
CENTRAL AND SOUTH AMERICA	78730	92067	101085	0.89	0.92	0.96	16.9	9.8
NOT CLASSIFIED ELSEWHERE	14988	23456	10037	0.17	0.23	0.10	56.5	-57.2
GRAND TOTAL	8804411	10035803	10557976	100	100	100	14	5.2

Source: India Tourism Statistics 2020, Ministry of Tourism

The presence of Tourism Boards of other countries in India and their aggressive marketing has driven a lot of outbound tourism too. Companies in India prefer to specialise in either inbound or outbound marketing, with only a few finding success in both. Both segments require distinct skill sets and experience, which are not complementary. Customers who are price sensitive and natural shoppers are dealt with by the average Indian travel agent. The willingness to negotiate is a cultural characteristic.

Agencies in India face severe competition from each other and with the emergence of Online Travel Agents; this has only intensified further.

CONCLUSION

With the 'Incredible India' campaign; Indian travel agents are actively participating in ensuring good increase in Foreign Tourist Arrivals into India. There is surely a lot of scope in increasing this trend. With a population of over 1.3 billion people and an annual GDP growth rate of more than 7%, India has tremendous potential for future growth in both inbound and outbound travel. Indians are increasingly travelling abroad, whether it is to visit a relative who has settled abroad, go shopping, attend a global sporting event, or simply for leisure activities.

Foreign tourism boards are planning to meet the rising number of Indians who will be splurging while travelling abroad, again in the post Covid era. All of them work very closely with the Indian travel agents to educate them on the tourism opportunities in their respective countries too. Increased promotional activities by travel agents will further drive both inbound travel to India and outbound travel to global destinations in the years to come.

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