Chapter-I

Introduction
CHAPTER 1
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1.1 BACKGROUND OF THE STUDY

Globalization has had a multifold effect on the economies of the world. As a result of which an advent of liberalization is seen. The political and cultural relations between nations have improved. There is a remarkable advancement in the transport and communication services.

1.1.1 IMPACT OF GLOBALIZATION ON INDIAN TOURISM AND OTHER INDUSTRIES

As a result of the impact of globalization and the government opening up markets for foreign investors, Indian Industries saw a rapid growth in various service and product based industries such as steel, pharmaceutical, petroleum, chemical, textile, cement, retail, BPO and IT. Along with these industries, the tourism and hospitality industry too witnessed a boost. The key contributors to its progress was the economic development of the nation, the considerable growth in the spending capacity of the individuals and the large population of travelers who visited different places within the country as well as other nations for business purposes.

The Hospitality and Tourism industry of India has shown significant growth over a period of time and can be counted as one of the most rapidly expanding service sectors of India. It is the third largest sub-segment of the service sector contributing 12.5% or 18,700 crores to the Gross Domestic Product of India in the year 2014-15. This sub-segment includes trade, repair services, hotels and restaurants. The Tourism Industry showed a growth of 11.7 per cent in the Compound Annual Growth Rate (CAGR) during the years 2011-12 to 2014-15, which is the fastest growth recorded in a time frame. It is expected that the Tourism and the Hospitality industry along with its related sub-segments will give rise to over 13.45 million jobs in the years to come. As per the Travel and Trade competitive index India has moved up 13 positions from 65th rank to
52nd rank. The world travel and tourism council forecasts an annual average growth of Indian tourism at 7% over next 10 years.

Of the total domestic tourism expenditure, the expenditure incurred by those travelling for business purpose is Rs. 18,000 crore. The share of Business Tourism expenditure in inbound business expenditure is 72 per cent. The Tourism expenditure in domestic tourism works out to be Rs. 12,997 crore.

With the relaxed policies of international travel and improvement in the connectivity, People from other countries also have started travelling to India for medical reasons as medical treatment here is relatively cheaper. Thus, medical tourism sector of the hospitality industry has gained tremendous popularity among the people of different countries. On similar lines due to the establishment of various corporate and industrial sectors in the country, many groups as well as individuals have started travelling more frequently and in large numbers. As the size of the companies have increased and their branches have mushroomed within and outside the country, the need for organizing events, conventions and conferences has also gone up manifold.

In India many metro cities have emerged as key Business hubs. Pune ranks among the top 10 key business centers and the most developed cities in India. Post liberalization, Pune has gradually grown into an IT and Automobile leader, the city has gained the recognition of a Business hotshot. It rates very high on different parameters such as safety, health, culture, places of tourists’ attraction, climate, space availability, energy, water environment etc. It has a quality to entrance and retain talent. The proximity to the national financial capital Mumbai has added to its advantage. With the total GDP of 278400 crore, Pune is ranked at number 8 as the most developed city in India by GDP. It is 108th highest developed city in the world.

1.2 STATEMENT OF PROBLEM

Business tourism has been identified as the lucrative source of income and also has the potential to grow in the wake of liberalization and subsequent increase in the volume of world trade and hence all countries have been pursuing the growth of Business Tourism.
In India with the growth of businesses and expansion of industries and corporate sectors, there has been a constant movement of business travelers in and out of the metro cities. Over a period of time a need for the establishment of the Business Tourism sector was felt to cater to the requirements of these business travelers. Thus, most of the top Business hubs now emerged as the best Business Tourism destinations. These top 10 Business Tourism destinations are Hyderabad, Bangalore, Delhi, Mumbai, Cochin, Chennai, Agra, Goa, and Jaipur (Based on Transport facility, Accommodation, places of interest, and convention centers, Source- India an Incredible MICE destination, (www.tciconference.com/india-an-incredible-mice-destination.))

Against this background Pune being one of the metro towns and Business hubs, in order to explore potential and study the development of Pune as a Business Tourism Destination, the researcher considered it necessary to undertake a pilot study of selected corporate and other stake holders viz hotels and convention centers through an unstructured questionnaire and also to go through secondary data available on the flow of Business Tourists in Pune.

**THE PILOT STUDY UNDERTAKEN BROUGHT TO LIGHT FOLLOWING FACTS.**

- Since the beginning of the 21st century, Pune has grown as a business hub particularly in case of IT and automobile industry- Pune’s IT sector is growing at a rate of 12-15% annually. Pune is among the top three favorite cities for tech jobs including IT and ITES. The automobile industry has over 33% of revenue share. Due to its wide spread industries, Pune is also called Detroit of the India. (info.shine.com/industry/it-ites-bpo/11).
- Though there is inflow of tourists for the purpose of business into the city, however the inflow is inconsistent with the sectoral and phenomenal growth of business in Pune.
- The tourists who visit city for business purpose are also interested in acquainting themselves with culture and heritage of the city as well as indulge in recreational activities.

The above facts clearly indicate that even though Pune has emerged as one of the top Business centers, the corresponding rise in flow of tourists is uneven and has failed to
attract in large numbers. Moreover, it is observed that the limited availability of the desired infrastructure is also a matter of concern.

**Hence, the problem of research pertains to exploring the potential to build Pune as business tourism center, ensuring progressive rise in the flow of Business tourists, and developing desired infrastructure to attract the tourists.**

The whole research undertaken revolves around the fact that with the rise and recognition of Pune as one of the top ten Business centers there is no corresponding rise in the flow of Business Tourists.

Though the research problem is confined to Pune in particular, the secondary data analysis brought to light following challenges faced by the Indian Tourism industry in general.

### 1.3 CHALLENGES FACED BY INDIAN TOURISM INDUSTRY

Millions of foreign and domestic tourists are enticed to visit different parts of the country as a result of the Indian Government’s "Incredible India" tourism campaign along with the growth of Information Technology in India. The efforts of the Government are wooing scores of Business and Leisure Tourists alike.

The Indian Tourism Industry has made a remarkable progress and has displayed potential as a major foreign exchange earner. Tourism industry as a whole and Business tourism in particular is growing at considerable rate in India. However, the Tourism Industry is faced by certain challenges. These challenges need to be overcome in order to develop Indian Tourism as one of the best in the world. Some of them are-

- Substandard level of transportation services.
- The halting stations lack basic hygienic amenities at eating joints and rest rooms.
- The travel fare is not standardized and there is a lot of discrepancy in this area.
- Insufficient efforts taken towards developing marketing and promotion strategies.
- The maintenance of heritage sites is not up to the mark.
- Lack of security and safety leading to harassment, and eve teasing at the tourists’
spots is one of the key concerns of the tourists.

- Scarcity of well trained and courteous staff.
- The number of infrastructural facilities and amenities provided is quite less as compared to the number of tourists travelling into the country.
- Frequency and connectivity of different mode of transport is inadequate. Effective Management of transportation is lacking.
- Issues of inefficient supportive infrastructure such as bad roads, poor health and hygiene etc persist.
- Supply is not in accordance with the demand.
- Tourism is growing in pockets; even distribution of flow of Tourists is not seen. Certain types of Tourism such as village Tourism has shown slow progress. There is a lack of understanding of the Tourists profile.
- The legislative law is not implemented thoroughly.
- The Tourists have to complete elaborate formalities in order to get special permission to visit restricted areas and sites.
- The tour guides lack training.
- The Government of India develops the Tourism related projects without consulting the locals. This leads to the locals being forced to be the part of the project and follow it unwillingly.
- The Government is facing the problem of space management and crowd management. The villages are compelled to organize fairs and festivals in absence of special space assigned for these activities. In Fares such as Kumbh mela, due inability of the Government to manage the crowd and to make alternate arrangement in different destination, the inflow of large crowd leads to pollution, overcrowding and creates a bottleneck.
- The Tour packages in India are expensive due to the involvement of multiple agents and tour operators.
- The involvement of youth in the Tourism Industry is not very evident. There are not
many entrepreneurial opportunities for them to own hotels, resorts or to promote Indian craftsmanship.

- The Indian Tourism Industry is marred by interference from the politicians. The Tourism policies often change with the change in the Government.

Challenges are more evident in the Indian villages. Natural beauty, pristine environment, culture and heritage are in abundance here. However, the villages are not equipped with the infrastructural and accommodation facilities for the tourists. The Government faces limitations in developing Tourism infrastructure in the rural areas as majority of the land is reserved for agriculture, and thus procuring land for Tourism development is a difficult.

Promoting brand India as a tourist destination is the need of the hour. The promotion should be at international, national and at state level like Pune and other metro cities. But due to shortage of cash and conventional ideologies of officials in the senior age group in the tourism departments there is a state of indifference towards the brand promotion. Progressive and futuristic work force is required to develop more campaigns like Incredible India and come up with strategies to build India into a safe and sound Tourism destination.

In view of this, in addition to the above stated limitations the major challenge faced is to initiate steps to enhance the image of Pune as a major Tourist Destination, thus helping to promote brand India as a Tourist Destination.

Before going into specific objectives, significance and purpose of the study, the researcher thought it fit to take holistic view of Tourism in Maharashtra followed by Tourism in Pune so as to have required base to address research problem and research objectives more effectively.

1.4 TOURISM IN MAHARASHTRA

Maharashtra, area wise (3.08 lakh sq. km.) and by population, (10 crore i.e. 9.4 percent of total country population as per 2001 census; whereas 11, 23, 72,972 as per 2011) stood as second largest state of the country. The population growth rate during 2001-11 was 15.99% in the State & is less than the same at national level which is 17.64%.
Maharashtra is highly urbanized as compare to other states of the country; but still its share of rural population is around 68 percent in total. The state occupies coastal and central part of the country with a 750 km coastal line abutting the Arabian Sea. Konkan, Pune, Nashik, Aurangabad, Amravati and Nagpur are the six revenue divisions of the 35 districts of the state. This division is done for the administrative purposes.

Maharashtra is the third largest state in the country with Mumbai as its capital. Maharashtra’s share in the nation’s economy is very significant. It is responsible for 13.7% of the total factory employment; it accounts for 21% of the industrial output and 13% of the national GDP.

Mumbai is also known as the financial capital of the nation. The city is home to several financial institutes and Business houses. Mumbai makes 40% of income tax and 60% of customs duty collection as contribution to the national exchequer.

However, the state industrial growth rate has remained at around 10% over the past few years and efforts are required to boost this growth rate by creating an efficient infrastructure for facilitating sustained industrial production.

The agriculture and forest coverage of State is 224.5 lakh hectares and 52.1 lakh hectares respectively at the end of 2010. Sugarcane, soybean, cotton etc are the major cash crops of the state. Horticulture crops are also been cultivated successfully from last few years. Maharashtra is very famous for variety of mangoes such as Alphonso, Ratnagiri along with the Nagpur oranges and other seasonal fruits.

According to state Economic survey - 2012, 89 percent of the state’s domestic product is contributed collectively by service and industry sectors. Agriculture’s share in the state’s income is 11percent.

The State has widespread road network of 2.87 lakh km. and it includes connectivity to about 97.5 per cent villages.–In addition to BOT work procedure, government has encouraged huge investment in infrastructural development under public-private participation scheme.
• Sex Ratio: of the state as per 2011 census is 940 female per thousand male
• State Income: Gross State Domestic Product (GSDP), as per the government economic survey record the GSDP of state of Maharashtra was 8.7 per cent during the year 2011-12 due to the growth of Agriculture and allied activities.
• Public Finance: Revenue receipts of the State Government were INR 88,498 crore during 2009-10. In the same year the revenue expenditure of the Government amounted to INR 1,01,229 crore.

1.4.1 TOURISM DEVELOPMENT IN MAHARASHTRA:

The state of Maharashtra offers a wide range of themes including business, leisure, and heritage, and pilgrimage, ecological and historical attractions for tourism industry in the state. It also offers various tourism circuits like water tourism, Deccan odyssey, adventure tourism etc. Maharashtra Tourism Development Corporation (MTDC) is an agency of the state Government aimed at promoting and regulating the tourism sector. It is also responsible for developing, managing and maintaining the tourist places in the state. Maharashtra state has been maintaining its second position in attracting a major chunk of foreign tourist arrivals in India. INR 1,42,811 crore is generated by the trade, hotels and restaurants sector towards the Maharashtra State accounts i.e., 16 percent of Gross State Domestic Product. Exact number of people employed in the travel and tourism industry is not available. The Foreign Direct Investment (FDI) has approved 95 projects pertaining to the Hotel & Tourism Industry in the state amounting to Rs. 6,326 Cr.

Maharashtra tourism witnessed the following developments and trends in year 2009-10(survey statistics of AC Nielsen ORG-MARG)

• 11,47,76,687 Tourists visited Maharashtra between 1st July 2009 - 30th June 2010.

• 98 percent of the total Tourists that visited the state were domestic tourists.

• The total number of Foreign Tourists who visited the state was 21,26,933 which was a merely 2 per cent of the total inflow of the tourists.
• The month of January 2010 witnessed the highest number of domestic overnight tourists as well as one day travelers; the maximum number of Foreign Tourists also arrived in the same period.

• Pune was the second most visited destination in Maharashtra by the foreign Tourists (14 per cent), first being Mumbai (79 per cent).

• Tourists from Andhra Pradesh are the highest domestic overnight visitors (36 per cent) to the state followed by Tourists from Gujarat (11 per cent).

• Tourists from USA are the highest overnight visitors (16 per cent) to Maharashtra followed by Tourists from the United Kingdom (13 per cent).

• Travel along with Accommodation was selected by maximum tourists as a part of their tour package. Tourists spent the most on accommodation as compared to any other component of travel.

With the arrival of approximately 157.80 lakh to 257.38 lakh tourists during 2005-10; it can be said that Maharashtra has an apt environment for the growth of Tourism.

The tourism potential of the state, however, has not yet been fully tapped due to lack of an integrated approach from various government departments and agencies. For example, even though MTDC has been a part of the tourism department from last 35 years, hardly any foreign Tourists have utilized the services and facilities offered by it.

The important issue is that tourism is not an isolated function or activity in itself but spreads across multiple sectors and hence, the role of coordination between different agencies becomes very important. Further, developing tourism industry demands capital intensive projects which have the longer gestation period of 8-12 years, depending up on the size and potential.

1.5 TOURISM IN PUNE

Pune’s Lohegaon Airport caters to 434 domestic and 35 international flights every week. Currently 9 airlines are operational that offer nonstop flights to 14 cities across the country.
Hotels have seen over 70% growths in the inflow of business tourists since 2010. In the past few years the supply of rooms in four and five star hotels has grown at the rate of 104 per cent. The number of business hotels in Pune is 37. Convention centers have come into existence from past 10 years. Majority of its stake holders have seen a noticeable growth in this period. The number of convention centers has reached over 200 which include Pune international convention center, Pune Marriott & Convention Centre, Lavasa International Convention Centre, which are state of the art facilities. ICC is the largest convention centre in Asia. Currently the status of business tourism in Pune can be understood by these figures- Non- leisure tourists-4, 31, 8556, Accommodation units-330, Number of Rooms-9232 Occupancy Rate-70-90%.

There has been a substantial growth in the number of hotels in the city as a result of impressive development of different businesses and increase in tourism. However, with sudden increase in the number of hotels, the operators are facing a challenge in striking a balance between making profits and attracting guests through special offers, high standard of services and facilities. Satisfaction of the guests is a key for the hotels to build good reputation and to sustain in the market.
Organizing Events

Government of Maharashtra has been organizing various events to attract tourists. The figure 1.1 elaborates the same.

![Figure 1.1: Need to develop round the year calendar for promoting the event-based tourism]

The above figure named event-based Tourism is year marked to promote certain activities that are popular to a destination in order to attract the tourists. These activities attract different sectors of tourism including Business Tourism. The events like youth festival, Dusshera, Pune Literature festival, and Ganesh festivities are very unique to Pune city.

1.6 RESEARCH OBJECTIVES

The objectives of the research are as follows-

1. To study the current status Business Tourism in Pune.
2. To analyze the trend of Business Tourism in Pune and other metros.
3. To explore the potential for the growth of Business Tourism in Pune.
4. To study the parameters of satisfaction for Business Tourists.
5. To suggest measures towards promotion of Business Tourism in Pune.
1.7 SIGNIFICANCE, RELEVANCE AND PURPOSE OF STUDY

Tourism is one of the fastest growing industries in India. Business tourism has become one of the most profitable and lucrative niche segments of Tourism. Indian tourism industry poses to become second largest employer in the world in next 20 years. Business tourism has great potential to contribute significantly towards the GDP of the nation. It directly or indirectly provides employment to about 7% of the population and also provides business opportunities to many.

To develop Business Tourism, various factors need to be addressed such as development of Infrastructure, Transport, Manpower, tourist destinations, etc. In short the development of Business Tourism will lead to overall development of the nation. It will also boost the indigenous and small scale industries.

The purpose of the research was to infer the requirements and necessities of Business Tourists and to know their views on the status and quality of amenities and facilities such as accommodation, transportation, etc offered by the Pune. The research also aimed at seeking the opinion of Business Tourists about Pune as a destination for their business agenda and how it fulfilled business tourist criterions.

Due to various business houses which have setup their offices in Pune like IT, Manufacturing etc. most of the guests visiting Pune are business tourists, thus this research will be very valuable for the hospitality, transport, entertainment and other sectors which offer their services to the Business Tourists. The research will offer a set of guidelines to follow; it will help the stakeholders to identify their strengths and weaknesses and work on improving their services and products to retain and add new Business Tourists visiting Pune for business.

Thus, it makes this topic significant as the research done in this area will contribute towards the growth of Business Tourism in Pune in particular and the nation in general.

1.8 LIMITATIONS

1. The data on the flow of Business tourists exclusively was not found to have been maintained by the Department of Tourism.
2. The language was the main constraint while eliciting responses from the foreign tourists and was found to be time consuming process.

3. The managers of the hotels were found to be reluctant to disclose information due to the confidentiality and policy constraints.

4. The corporate were also found reluctant to disclose the information about the purpose of the visits of the tourists due to competition and fear of leakage of the corporate data and information.

5. The data available with convention centers about the places of tourists’ attractions is maintained in an unorganized manner and lacks uniformity and coordination between convention centers and the Department Of Tourism.

6. The Airport and other Government authorities were apprehensive in disclosing information about the number of tourists, purpose of their visits and profile of the Tourists on account of security and safety concerns in the wake of spurt in the incidences of unscrupulous elements and activities.

1.9 RESEARCH DESIGN

The study involves exploratory and descriptive research design.

- Population

The population selected for the research included the Business Tourists visiting Pune, the managers and other officials of the 5, 4 and 3 star hotels and the officials from convention centers.

- Sampling design
  - Sample –non probability sampling
  - Sample size- Sample size was derived from hotels, convention centers & Business tourists.
Sample size justification for Business Tourists

Sample Size = (Z-score)²

* Std Dev*(1-StdDev) / (margin of error)

Confidence level=95%

Standard deviation= .5

Margin of error (confidence interval) = +/-7%.

\[ n = \frac{(1.96)^2 \times 0.5(0.5)}{(0.07)^2} \]

\[ = \frac{(3.8416 \times 0.25)}{0.0049} \]

\[ = 0.9604 \times 4 / 0.0049 \]

\[ = 196 \]

Keeping the above in mind, 240 respondents were approached out of which 200 responses were received.

### 1.10 SCHEME OF CHAPTERS

- Chapter 1- Introduction
- Chapter 2- Review of Literature
- Chapter 3- Business Tourism-framework and policies
- Chapter 4- Research Methodology
• Chapter 5- Business Tourism in Pune and other metros: A trend analysis.

• Chapter 6- Data Analysis, Hypotheses testing and Findings

• Chapter 7- Suggestions, Recommendations and Conclusion

CONCLUSION

To sum up in this chapter, the researcher initially discussed the impact of globalization on Tourism Industry followed by growth of Pune as one of the major Business centers.

In the later part the need for the survey and statement of the problem and the paradox observed in growth of Pune as a business center and inconsistency in the trend of flow of Business Tourists is highlighted.

The text covers overview of the scenario of Tourism with reference to India, Maharashtra, and Pune so as to provide a base to address research more effectively. Against the above premise, the further part of the research clearly states significance, objectives and purpose of the study.

The chapter concludes with broad research design which is exploratory and descriptive in nature. The research design also justifies the sample size with the help of the Z test.

The snapshot of the research work carried out is given in the chapter scheme presented at the end of the chapter.