

Prospects of Tourism through Software Industries in India

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Abstract: Tourism is an important catalyst emerging as a global phenomenon in the socio-economic development in the modern times. Software industry in India through its business activities promotes tourism as a most profitable industry and also credited with contributing a substantial amount of foreign exchange. Development of Information Technology has transformed the contemporary business environment in the tourism sector. This paper highlights the new dimension of the development of tourism supported by technological progress.

Keywords: Tourism, IT industry, MICE, Global Trade, Global Sourcing and business tourism.

“Travel to and stay in places outside their usual environment for more than twenty-four hours and not more than one consecutive year, for leisure, business and other purposes.”

-The World Tourism Organization (WTO)

Tourism is essentially an expression of natural human instinct for experience, education and entertainment. It is also an important vehicle in widening socio-economic and cultural contacts and also plays a pivotal role in the social progress. Tourism firms operate in a business environment where innovation is important for their survival. The economic consequences of these phenomena are wide ranging. Globalization of tourism activities and the changes in tourism demand and attitudes creates a dynamic sector where modernization has acquired central importance. The motivations for tourism also include social, religious and business interests. IT-BPO sector has become one of the most significant growth catalysts for the Indian economy.

In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others. It is the IT-BPO industry that has led India's transformation, from an agrarian economy in to services economy. The tourism industry in India is substantial and vibrant and the country is fast becoming a major global destination. IT expands tourism opportunities beyond cultural tourism, treasure hunting, religious tourism etc. India's travel and tourism industry is one of the most profitable industries in the country and also credited with contributing a substantial amount of foreign exchange. The impact of IT industry result in the millions of international and domestic tourists exploring India annually thereby strongly influencing the national economy.

Information Technology and Tourism is primarily related to promote the process of new form of business tourism. Dimitrios Buhalis Carlos Costa (2006) says that Meetings, Incentives, Conferences and Exhibitions (MICE) which is considered as the fastest growing sections of the International tourism market. According to Bhatia (2001) Conventions and conferences are today acknowledged as a significant segment of the tourism industry. IT industries also conduct various forms of business meetings, International conferences and conventions, events and exhibitions in the country. A strong competition amongst various destination countries in the world is being held to produce packages to attract consumers at the global level. Hence the paper studies the impact of IT industry in enhancing the tourism sector in India. It further aims to analyses the problems faced by IT industry in promoting the business tourism in India.

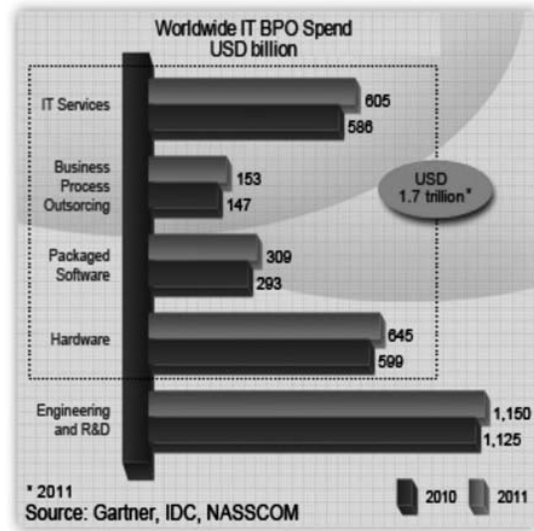
International Tourist Arrivals to India

According to the Indian Ministry of Tourism (India Tourism Statistics 2010), report that more than 5.5 million foreign tourists had visited India in 2010, representing an annual growth rate of 11.8 percent. Of the 940 million international tourist arrivals worldwide, India accounted for 59 percent, placing the country in 40th place in the rank of foreign tourists worldwide. In terms of the amount of money spent by international visitors, India ranked 16th in the world. About 900,000 foreign tourists, 16% came from the U.S., and 700,000-13.5 % had come from the United Kingdom. As per the report of US today (traveltips.usatoday.com 2013) the top three nationalities visitors were Bangladeshi, Canadian and German. American visitors spent the most money, about \$103.5 billion or 11 percent, while Spanish tourists spent \$52.5 billion and French visitors \$46 billion. Travel and tourism play an important role in India's economy. In comparison with other nations, India ranks 14th in the world in terms of its tourism sector's contribution to the GDP. Tourism can offer direct and indirect aid to a nation's economy. Direct benefits include economic support for hotels, retail shops, transportation services, entertainment venues and attractions, while indirect benefits include government spending on related infrastructure, plus the domestic spending of Indians employed in the tourism sector. IT industry in India a key driver for the growth of economic development has brought tremendous success to the country reflecting a better global image.

Global Trade Development

Building international linkages and creating partnership with global trade bodies is a key focus for NASSCOM. Some of key activities of the global trade development programme are to engage with international stakeholders, the government, customers and associations to collaborate on issues related to international policy, visa/work permits and business partnerships, inward and outward delegations, country reports that highlight market opportunity assessments with relevant trade bodies. NASSCOM describe (2011) that Data Security Council of India (DSCI) is a not-for-profit organisation, established with the motive of building a credible and committed body to uphold data privacy and security standards. The mission of

DSCI is to build the trustworthiness of Indian companies as global sourcing service providers and to send out messages to clients worldwide that India is a secure destination for outsourcing, where privacy and protection of customer data are enshrined in the global best practices followed by the industry.



Global Sourcing – A key route for promoting tourism

Tourism, as one of the important foreign exchange earning industries, has manifested great potential of growth under liberalized Indian economy. As India's economy has improved with the advent of the information technology boom of the 21st century, so has its population's ability to travel. NASSCOM (2012) report denotes that in the face of the volatility in economic environment and currency, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010. According to the NASSCOM report (2012), the Indian IT-BPO industry has undergone a rapid evolution, as it has kept abreast of what the global markets require in terms of products and services. The IT-BPO industry has shaped itself into a process-oriented, best practices-focused and skill-rich entity that has found favour with global customers. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63 per cent of the total spend. An article in Hindu Business line (9 December 2012) described that Global In-House centres (GIC) have played a key role

in the IT-BPO sector's phenomenal growth story, establishing 'proof of concept' and branding India as a global sourcing destination.

Achievements

In relation to Indian IT-BPO Industry NASSCOM (nasscom.org, 2012) states the following:

- Milestone year for Indian IT-BPO industry- aggregate revenues cross the USD 100 billion mark, exports at USD 69 billion.
- Within the global sourcing industry, India was able to increase its market share from 51 per cent in 2009, to 58 per cent in 2011, highlighting India's continued competitiveness and the effectiveness of India-based providers delivering transformational benefits.
- Software and services revenues (excluding Hardware), comprising nearly 87 per cent of the total industry revenues.
- The industry's share of total Indian exports (merchandise plus services) increased from less than 4 per cent in 1998 to about 25 per cent in 2012.
- Emerging verticals (such as healthcare, government and utilities), Emerging geographies (such as Asia Pacific and EMEA) – highest IT adopters growing nearly twice the mature geographies and verticals.
- The year witnessed a pronounced shift to smaller contracts while mature verticals and segments were growth driver for global sourcing deals.
- Global sourcing landscape is shifting as vendors are becoming more 'customer-obsessed'.

MICE of NASSCOM

The tourism industry generally defines business tourism as trips that bring together groups for four purposes- meetings, incentives, conventions and exhibitions, commonly known as MICE. It includes individual business travel, expenditures for accommodation, meals, transportation, entertainment

and the like. Following are the important summits and meetings conducted by NASSCOM in relation to MICE. (Annual report 2010-2011).

- ♦ India–China Business and Technology Cooperation Summit 2010 in China - The summit hosted by the Indian Embassy in Beijing was a strategic attempt to create awareness about the capabilities of the Indian IT industry. 15 Indian IT companies and about 300 attendees from state-owned Chinese enterprises had participated.
- ♦ NASSCOM organized a networking session in New Delhi on July 30, 2010 for its members to engage a business delegation with China.
- ♦ NASSCOM hosts UK Immigration Minister Damian Green- NASSCOM held a meeting of its members with UK Immigration in New Delhi on August 25, 2010.
- ♦ A business delegation where Minister of Communications, Finland, visited Delhi, Delegation included leading companies from the Information, Communication and Technology domain on January 19, 2010.
- ♦ The delegation was part of the Ministerial delegation led by the President of Korea, for the Republic Day celebrations in India. The session was well attended by around 65 Indian companies and provided an excellent platform for Indian and Korean companies networking and explore business opportunities.
- ♦ NASSCOM organised a delegation to the Nordic region of Denmark and Sweden in May, 2010. Seventeen member companies were part of the delegation. Meetings, presentations and networking sessions were organised in both Sweden and Denmark.
- ♦ NASSCOM organised a delegation to the Germanic region of Switzerland and Germany from June 14-17, 2010.
- ♦ Fifth Indo–German ICT Conference, in Cologne, Germany which was hosted by BIKTOM, the IT association of Germany, and supported by NASSCOM.

- ◆ In Jordan, the NASSCOM delegation attended the Mena ICT Forum, which is widely considered one of the region's foremost ICT and ICTES industry events. The conference was held in Amman, Jordan under the patronage of His Majesty King Abdullah II, at the King Hussein Business Park.
- ◆ Delegation to Latin America (Brazil and Chile) - NASSCOM organised its first-ever delegation to Brazil and Chile between October 24 to 30, 2010.
- ◆ In Chile, meetings and roundtables were organised by CORFO (the Chilean economic development agency), government agencies, ATCI (the IT association of Chile) and the Indian Embassy in the country.

The key focus of the delegation was on exploring business and partnership opportunities, especially for small and medium companies in the areas of banking, engineering and manufacturing. These provided NASSCOM member companies with an excellent opportunity to build business linkages in the booming IT and outsourcing industry regions. A number of business trips are made by foreigners to India and Indians to foreign who will often add a weekend break or longer holiday to their trip. (Economy watch, 2010) study reveals that Foreign tourists spend more days in India than almost any other country worldwide. Tourist arrivals have increased by over 22% per year till 2010, with a 33% increase in foreign exchange earnings recorded in 2004. While India's major convention centers and hotels meet business tourism requirements, the largest benefit to the buyer is India itself. MICE market travelers, as well as individual business travelers, have the opportunity to explore diverse activities in conjunction with their business agenda. Hence MICE business tourism was promoted through IT sector in India.

An outlook of Top three IT companies – Global business

Going global has meant that Indian IT-BPO companies also help in boosting the economies of the countries where they play, by participating in the development of the local ecosystem. India's top outsourcing firms such as Infosys, Wipro and TCS

built up global business valuable brand equity in the global markets. They emerged as the most preferred destination for business process outsourcing (BPO) and a key driver of growth for the software industry and the services sector.

In the changing world of today, opportunities have become inseparably linked with advances in IT. Infosys, Annual report (2009-2010) shows that they having subsidiaries in Australia, China, Sweden, Brazil, Poland, Mexico, USA and Thailand. Infosys set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees, taking total strength to approximately 1,13,800 employees, of which approximately 1,06,900 are technology professionals, including trainees. Wipro scaled up delivery centers across the globe in China, Atlanta in United States and Curitiba in Brazil. The Annual report of Wipro (2009-2010) reveals the fact that their global corporation having operations in more than 35 countries through 80 subsidiary companies, a few joint ventures and associate companies¹³. With over 160,000 employees wearing the TCS badge with pride and passion, the integration of work and wellness is critical to their long-term success. This ensures that not only are TCS energized to meet the critical demands of global customers and a growing market but also participate and contribute to a unique employee experience during their career with the Company.

The Annual report of TCS (2009-2010) highlights that they are the largest private sector employer in India with total employee strength of 160,429 during March 31, 2010 including those in its subsidiaries. This diverse and global base of employees from 80 nationalities is central to sustaining TCS' competitive edge. TCS has 10,400 non-Indian nationals (including subsidiaries) amongst its employee base globally. International TCS initiatives are at UK, Ireland, Chile, Mexico, Ecuador, North America and Singapore. The Company's major markets and clients are from The US, Europe and UK. The Company continues to invest in human resources development. Analysing top firms in India results that global business partnership and outsourcing has proved to be a premier source of mass employment across the country. Tourism facilitates business contacts, widens markets and helps to promote broad based employment and income generation. Globally, an ever increasing number of destinations have opened up and invested in tourism

development, turning modern tourism into a key driver of socio-economic progress through creation of jobs and enterprises, infrastructure development and earning export revenues. As an internationally traded service, inbound tourism has become one of the world's major trade categories.

Challenges

- ☞ While business tourism grows, the Indian hotel industry experiences difficulty keeping up with the demand and coupled with leisure tourism expansion, occupancy rates are high.
- ☞ Traditional onsite projects such as managing takeover of an existing outsourcing contract among other activities through videoconferencing.
- ☞ Battling increased immigration scrutiny and pushing harder to increase profitability by shipping more work offshore.
- ☞ Increased visa rejections are forcing Indian IT firms to change their entire outlook towards the way they do business.
- ☞ Major problems faced by the tourists are the terrorist activities, war-like situations and safety and security.
- ☞ The most common set of impediments consist of managing and processing of visas, travel taxes, border formalities and customs and health regulations. The Government needs to consider as to how to adjust such controls and requirements in such a way that tourism development is facilitated while important national interests are protected.

Conclusion

India is a secular country with a heritage encompassing ancient culture and cosmopolitan tinge. Over 100 million domestic tourists visiting different parts of the country every year return with a better understanding of the cultural diversity of people living in different regions and carry with them a feeling of friendship and peace. Tourism along with IT sector has the potential to grow at a high rate and ensure consequential development of the infrastructure at the

destinations. According to (Tholons study, 2011) by 2020, nearly 18-20 per cent of India's exports are expected to be achieved from the IT-BPO industry. Interestingly, the employment opportunities have touched different sections of society, travelling beyond the metros. This study substantiates that IT sector development act as a vehicle for the tourism progress in India. To attract the foreign tourists in India, liberal policies and reduction in taxes along with a comprehensive package for attracting tourist and foreign investment are the need of the hour. Keeping in view the Indian tourism can be made stable by making a special strategic framework of promotional policy in and outside India. All it requires is that India should promote adventure tourism, concentrate on domestic tourism, rather than inbound tourism and launch a publicity campaign for tourism promotion.

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