Contribution of Public and Private Sector in Promoting State Tourism: A Case Study of Gujarat

by Dr. Rajiv Kumar[a] & Annu Dahiya[b]

Abstract

Tourism has become an important source of income most of the countries of the world. Tourism affects all aspects of a country including business, government services, natural environment, historical assets, religious and cultural values and local residents. Tourism is concerned with the interaction of different sectors like transportation, communication, accommodation, destination and event. Sector cannot be singularly handled by the government. It is required that private sector must be involved in the development and promotion of tourism industry. The present paper examines the contribution of public and private sector in promoting Gujarat tourism. The present study is based on secondary data and the data is composed through various journals, studies, websites and publications of Ministry of Tourism, Government of India and Department of Tourism, Government of Gujarat. Both sectors significantly contribute for promoting Gujarat tourism but still require more participation from private sector in some areas.

Keywords: Tourism Industry, PPP, Investment, Tourists.

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1. Introduction

Tourism refers to movement of people from one place to other or movement from place where they live or work for pleasure. Tourists are not just travelers on road, railways and airways but they also seeking recreation, companionship, hobbies, social development, personal development, education and much more than that. Tourists are guest for a community. Tourists are temporary part of that community. When we talk about the total no. of tourists in a country during a particular time period it involves domestic and foreign tourists. Domestic tourists are the residents of that country and they visit their own country. Foreign tourists are residents of other country who come to visit the given country (Wyoming Travel & Tourism, n.d.).

Tourism affects all aspects of a country including business, government services, natural environment, historical assets, religious and cultural values and local residents.

Over the decade service industry became largest contributor in world GDP. In service sector tourism industry has experience fastest growing economic sector in the world (UNWTO, n.d.). Travel and tourism industry hold a significant position in the global context on account of its contribution to revenue, employment and investments. In 2014, total contribution of tourism

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sector was INR 2,478.2bn to GDP of India that is 2.2% of total GDP that show a slight rise from year 2013 (INR2,178.1bn , 2.0% of total GDP). Total contribution of this sector is approximately three times of the direct contribution. It is 6.2% & 6.7% of total GDP in 2013 & 2014 respectively. In absolute terms, total contribution of travel and tourism sector to GDP of India has 12th rank in the world but in terms of relative % share, it lack behind and place at 130th rank. In the same year travel and tourism sector generate 36,695,500 jobs in India that was 8.7 % of total employment (WTTC, 2015, WTTC, 2014). In 2014 total foreign tourist arrivals to India grew at about 10.2% over the last year (Ministry of Tourism, 2014). Foreign exchange earnings grew at higher rate of about 9.7% in the same period over the last year, indicating that the average spending per foreign tourist has been increasing year on year. The state witnessed a rise of traveler influx. It saw 2.5 million additional tourists in 2011-12. The amount of tourists visiting Gujarat throughout 2011-12 was 22 million; the amount was regarding 19 million in 2010-2011 (Mittra, 2013). This can be doubled the national average of traveler influx. The overall year on year growth of tourist arrivals in Gujarat has been higher than that of India as a whole, indicating a better performance by the state (Government of Gujarat, 2013).

The paper has been arranged in four parts and well thought-out as follow:

- Formulation of objective to explore the contribution of public and private sector in endorse Gujarat tourism.
- A consideration of broader literature pertinent to objectives.
- Tables and graph that present investment bifurcation of two sectors in state tourism industry.
- Findings pertaining to contribution of two sectors and their partnership in tourism industry.

2. Literature Review

Tourism has become a significant export sector in various developing countries. It is not just generating foreign exchange however additionally produce employment opportunity, stimulate the development of business as well as overall economic growth. Tourism is a multidisciplinary activity that involves several industries such as hotel, restaurant, transport retail etc. So its benefits are spread over a wider section of society. There is bilateral causality between economic and tourism growth of a country, improvement in one sector proves catalyst for the development of another (Samimi, Sadeghi & Sadeghi, 2011). It is increasingly viewed as an important tool in promoting economic growth and alleviating poverty. Economic benefits of tourism include the income for the region, foreign exchange for country, employment for local people and stimulation for business expansion in the country (Richardson, 2010). Tourism sector is the main source of foreign exchange earnings and significantly high contributor in export that facilitate suitable balance of payment of a country. It provides employment opportunity and huge revenues to state due to tax collection (Creaco & Querini, 2003) and it is the that make developing countries to give priority to the tourism sector above traditional industries (Vaugeois, 2000). Benefits are varying country to country due to availability of attraction, tourism...
infrastructure and marketing & promotion strategies etc. (Creaco & Querini, 2003, MUNTEAN, NISTOR, NISTOR, Daniela & MANEA, 2012).

The economic contribution of tourism activity encourages society to prevent traditional elements. Tourism has a crucial position within the structure of the economic mechanism and a lively role within the development and modernization of the economy and society (MUNTEAN, NISTOR, NISTOR, Daniela & MANEA, 2012). Natural tourism has increasingly been recognized as an economic development opportunity for rural areas (Hodur, Leistritz & Wolfe, 2005).

Tourism has become an important source of income most of the countries of the world. Countries with good infrastructure facilities drag considerable amount of benefit from tourism industry while some other countries fail to get it due to paucity of tourism infrastructure (Vaugeois, 2000). The governments have often taken initiative in developing a tourist industry. Their role can either be active or passive. A passive role means creating suitable conditions to attract investment from private sector. Necessary infrastructures and social amenities such as road, electricity, water, and accommodations should be provided to enhance tourist satisfaction while their stay in the state (Eja, Out, Judith, Ewa, Ndomah, 2011). In highly developed countries of the globe, the direct role of government or its agencies in providing funds and managing tourism development comes, is if truth be told marginal (Kunst, 2011).

Tourism is all embracing; it concerned with the interaction of different sectors like transportation, communication, accommodation, destination and event. Sector cannot be singularly handled by the government as they constitute pillar of tourism development. To make the tourism industry as a strong contributor of the Indian economy, active participation from private players is called for (Eja et al., 2011). The private sector would be act as tourism’s partner in selling tourism and towards achieving the overall objective of promoting Gujarat tourism. Department of tourism would develop strategies and tactical campaigns with the industry participants who deal directly with tourists (Government of India-Department of tourism, 2012).

To get the effective results in development of tourism industry PPP concept is required. The concept of PPP (Public private partnership) is based upon cooperative and contractual interaction of the government and the private sector that trigger to pull the strengths of the two sectors together. PPP agreements are long-term in nature (Comelo, 2011, Sillignakis, n.d.).

3. Relevance of the study

This study analyzes the involvement of public and private sector in different industries comes under tourism sector. This study also explore where the participation of private sector is significant and where strategies are required for encouraging involvement of private sector.

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4. Research Methodology

To analyze the contribution of public and private sector in promoting Gujarat tourism, some elements like attractions, services, tourism organization and marketing & promotion have been taken into consideration. To understand the picture of attraction, study of cultural resources, historical resources, religious resources and natural resources is done. Hospitality services, travel infrastructure, basic facilities and information support centers are studied as component of services required for tourism. Various organizations working for tourism are well thought-out. Investigation of marketing and promotion strategies is carried out. The present study is based on secondary data. The data is composed through various journals, studies, websites and publications of Ministry of Tourism, Government of India and Department of Tourism, Government of Gujarat.

4.1 Objectives of the study
1) To look at PPP concept in Gujarat tourism.
2) To examine the government’s contribution in sponsoring Gujarat as tourism destination.
3) To explore the private players’ contribution in endorsing Gujarat tourism.

4.2 Propositions
P1- Government has played significant role in promoting state tourism.
P2- Private players has significant contribution in state tourism.

5. Discussion

Following are some areas that need to be developed for development of tourism industry:

Community values- It include social, cultural and religious values, rituals, principles and standard of the community. India is nourished with good cultural and religious values and belief of India attracts many foreigners to visit the country.

Attractions- It is the force that pulls tourists. It include activities like Fun and Town Park, adventure sports

- Cultural resources

| Table-1 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| **Public and private sector investment for promoting Gujarat’s event tourism** |
| Project Name | No. of project | No. of project finance by Govt. | No. of project finance by PPP | Cost bear by Govt. (in crores) | Cost bear by private players (in crores) | Total cost |
| Develop & maintain fair & festival premises | 3 | 3 | 0 | 221 | 0 | 221 |

*Source: Interim Report-Gujarat Priority circuit*
Table-1 shows that government is the sole investor for development of fair and festival premises and no participation by private sector whereas Gujarat is famous for fair and festivals. Many fair festivals are organized each year and event tourism is very crucial part of Gujarat tourism.

- Religious Resources (Temple, Mosque, Churches)
  - Popular religious destination like Dwarka and Somnath
  - Akshardham temple at Ghandhinagar
  - Famous sites Jainism- Palitana and Girnar
  - Islamic Dargahs at Sarkhej and Unjha
  - A very important place Parsee pilgrimage

<table>
<thead>
<tr>
<th>Table-2</th>
<th>Public and private sector investment for promoting Gujarat’s pilgrimage tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name</td>
<td>No. of project</td>
</tr>
<tr>
<td>Maintain Temple complex</td>
<td>1</td>
</tr>
<tr>
<td>Landscaping of temple complex</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Interim Report-Gujarat Priority circuit*

It is evident from the table-2 public sector take the responsibility of encouraging state’s religious tourism and fails to get contribution from private players.

- The next step is to analyze historical asset of state
  - A very admired place with historical importance is Lothal, Dholavira at Kutch it include ancient Harappa civilization sites
  - In the historical city, Champaner, some sites are declared as world heritage site
  - Various Historical fort and monuments such as Shaking Minarets and Adalaj
  - Many Historical hotels and resorts at various places like Kutch, Palanpur, Wan
Table-3
Public and private sector investment for preventing Gujarat’s historical assets

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain Museum</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Interim Report-Gujarat Priority circuit

It is clear from the table-3 private sector has no contribution in preservation of state’s historical asset that are much valuable for tourism industry of state. It is only the public sector that makes effort to safeguard these resources.

Art and Natural Resources
- State endowed with rich handicraft
- State has affluent Natural Resources
  - 4 National parks and 21 Sanctuaries are situated there
  - There is abode of Asiatic lions at GIR Sanctuary, India’s first Marine national park, Desert Wildlife, longest coastline with various beautiful beaches, attractive hills stations like Saputara, Pavagadh and Black Hill
  - Desert tourism at the Rann of Kutch

Table-4
Public and private sector investment for promoting Gujarat’s natural tourism

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop &amp; maintain dinosaur theme park</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>18.75</td>
<td>56.25</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: Interim Report-Gujarat Priority circuit

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Table-4 presents that to encourage state’s natural tourism public and private sector come together and work on PPP model. In this project investment by private sector is significantly large in comparison to public sector.

Now a day’s as whole world focus towards natural environment and concept of Eco tourism gain huge importance and Eco tourism centers become tourism hotspots. To develop this tourism a memorandum of association has been signed between state government and private sector. This alliance of public and private sector likely to be successful in achieving its goal such as developing and promoting good economic tourism centers.

**Services-** It refers to the facilities necessary for enable tourist to enjoy attractions. It is concerned with:

- Hospitality (Hotels, Restaurants, Resorts and Wayside facilities)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development &amp; maintain of star rated(3/4) leisure hotel, economic accommodations, entertainment park cum resort</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>84.50</td>
<td>253.50</td>
<td>338</td>
</tr>
<tr>
<td>Wayside amenities</td>
<td>12</td>
<td>6</td>
<td>6</td>
<td>40.375</td>
<td>7.125</td>
<td>47.50</td>
</tr>
</tbody>
</table>

*Source: Interim Report-Gujarat Priority circuit*

It is evident from the table-5 in hotel industry most of the investment is made by private sector with little contribution from public sector that is reverse from other areas of tourism industry. But in case of wayside amenities again a very little or negligible support from private sector and responsibility is fulfilled by government.
• **Assessment of Travel infrastructure and facility projects**

**Table-6**

**Public and private sector investment for developing travel infrastructure in Gujarat**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking &amp; Bus station maintenance</td>
<td>8</td>
<td>5</td>
<td>3</td>
<td>8.68</td>
<td>19.32</td>
<td>28</td>
</tr>
<tr>
<td>Resurface road for better connectivity</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>8.70</td>
<td>0</td>
<td>8.70</td>
</tr>
<tr>
<td>Operate CNG/battery operated vehicles</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.375</td>
<td>1.125</td>
<td>1.50</td>
</tr>
</tbody>
</table>

*Source: Interim Report-Gujarat Priority circuit*

Table-6 demonstrates a good public private alliance to support travel infrastructure in state. Both sector come together for the development of travel infrastructure in the state.

• Basic facilities


Table-7
Public and private sector investment for developing basic facilities in Gujarat

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost (in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrange drinking water at various locations such as within temple complex, in ways &amp; parks</td>
<td>7</td>
<td>0</td>
<td>22.50</td>
<td>0</td>
<td>22.50</td>
</tr>
<tr>
<td>Solar powered street light</td>
<td>6</td>
<td>0</td>
<td>49.20</td>
<td>0</td>
<td>49.20</td>
</tr>
<tr>
<td>Construction &amp; maintain of public toilets</td>
<td>5</td>
<td>2</td>
<td>75.415</td>
<td>.785</td>
<td>76.20</td>
</tr>
</tbody>
</table>

Source: Interim Report-Gujarat Priority circuit

Table-7 demonstrates that government takes the task of providing basic facilities in its hand and very little support by private sector.

- Information Services (Tourist Information Bureau)

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Table-8

<table>
<thead>
<tr>
<th>Project Name</th>
<th>No. of project</th>
<th>No. of project finance by Govt.</th>
<th>No. of project finance by PPP</th>
<th>Cost bear by Govt. (in crores)</th>
<th>Cost bear by private players (in crores)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of tourist information centre</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>49.20</td>
<td>0</td>
<td>49.20</td>
</tr>
<tr>
<td>Signage on the road &amp; story board with in temple</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>8.5</td>
<td>0</td>
<td>8.5</td>
</tr>
</tbody>
</table>

*Source: Interim Report-Gujarat Priority circuit*

The duty of providing information support to tourists is discharging by government and no support from private sector.

**Tourism Organizations**- These are the organizations which formed for promotion and development of tourism industry. These organizations provide various types of services like information where development is required, training to human capital, arranging finance for various projects of tourism industry.

**Marketing and Promotion**- Research about the need and expectations of tourists develop product accordingly and then communicate it to the potential target market with the help of various media channels like TV, Magazines, Newspaper’s tourism special column, flyers etc. To encourage and attract more tourists in Gujarat, TCGL offer incentives to film producers if they use Gujarat tourism destinations for their film shooting.

- A memorandum of Understanding signed between Tourism Corporation of Gujarat Ltd. and Indian Oil is a big step towards promotion of state’s tourism. According to this MoU, each facility of Indian Oil Corporation has a tourism extension service that can be accessible on each 100 km on national highway and 75 km on state highways. It is expected that it would prove helpful in providing superior services to tourists.
- The award of best tourism film, a prestigious tourism award, is won by “Khushboo Gujarat Ki”, A campaign for promoting Gujarat tourism.
- To promote state tourism Amitabh Bachchan was declared as brand ambassador of Gujarat tourism and for tourists’ convenience state’s tourism website provide information in seven different languages.
- Various familiarization tours are arranged for channel partners like tour operator, column writer of travel magazine and travel journalists etc.
- Many road shows are conducted time to time in various cities of India.

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- Gujarat tourism Guide revealed as PPP initiative.
- To Promote and display Gujarat tourism, International fairs shall be organized in Gujarat.
- Students of Gujarat shall be inspired to develop associate interest for e-mail communication with the scholars and other persons abroad and interact with them regarding Gujarat and its varied socio-cultural aspects to encourage them to visit Gujarat. A scheme “E-mail Fan Club of Gujarat” is used as a strategy that drag the interest of students in attracting tourists in the state or promoting state tourism (Sony, 2013, TCGL, n.d., Ryan, Bloms, Hovland & Scheler, n.d.).

Source: Interim Report-Gujarat Priority circuit

Figure-1: Share of public and private sector investment in tourism development projects

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6. Findings and Conclusion

The state has immense potential to become a good tourism brand. The state is rich in cultural, religious, historical and natural resources. A good attempt is made by state government to develop and promote state tourism. Public sector invested in various project for promoting state tourism such as developing and maintaining fair and festival premises, accommodation facility, wayside amenities, museums, temples, tourist information centers, parking and bus stations, road surfacing, street light, public toilet and arrangement of drinking water etc. Gujarat government made policies to attract investment from private sector in this industry. The state government gets success in joining hands with private sector and develops a model of public private partnership (PPP). Private sector take responsibility to provide accommodation facilities (3/4 star rated leisure hotels, economic hotels and resorts) and developing eco-tourism attractions. Private players are contributing a lot for maintenance of historical resources and developing wayside amenities. Private players also play an important role in marketing and promotion of state tourism. Private players invest money in those projects from where they can generate large revenue such as accommodation, theme park and parking etc. and a little contribution in non-revenue generating projects. Tourism industry has great potential to generate large revenue for private sector. If private sector wants to reap benefits from this industry to the full extent, they should participate in development and maintenance of basic infrastructure and various tourism products for positioning the state as tourism destination.

7. References


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