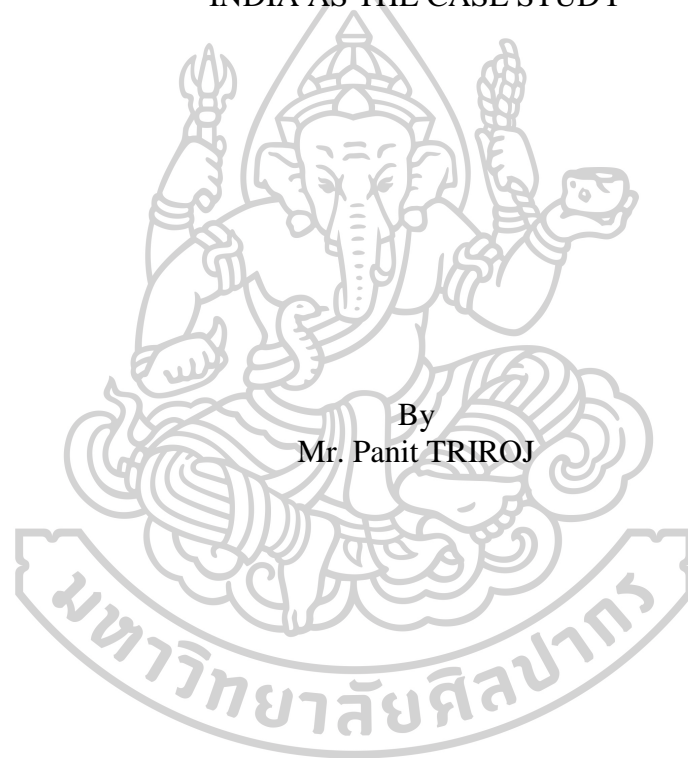SUPPLY CHAIN MANAGEMENT PERSPECTIVES ON THE DEVELOPMENT
GAP IN THE HERITAGE TOURISM INDUSTRY, USING RAJASTHAN IN
INDIA AS THE CASE STUDY

By
Mr. Panit TRIROJ

A Thesis Submitted in Partial Fulfillment of the Requirements
for Doctor of Philosophy Architectural Heritage Management and Tourism
(International Program)
Graduate School, Silpakorn University
Academic Year 2018
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โดย
Mr.Panit TRIROJ

วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปรัชญาดุษฎีบัณฑิต
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Title	Supply Chain Management Perspectives on the Development Gap in the Heritage Tourism Industry, Using Rajasthan in India as the Case Study
By	Panit TRIROJ
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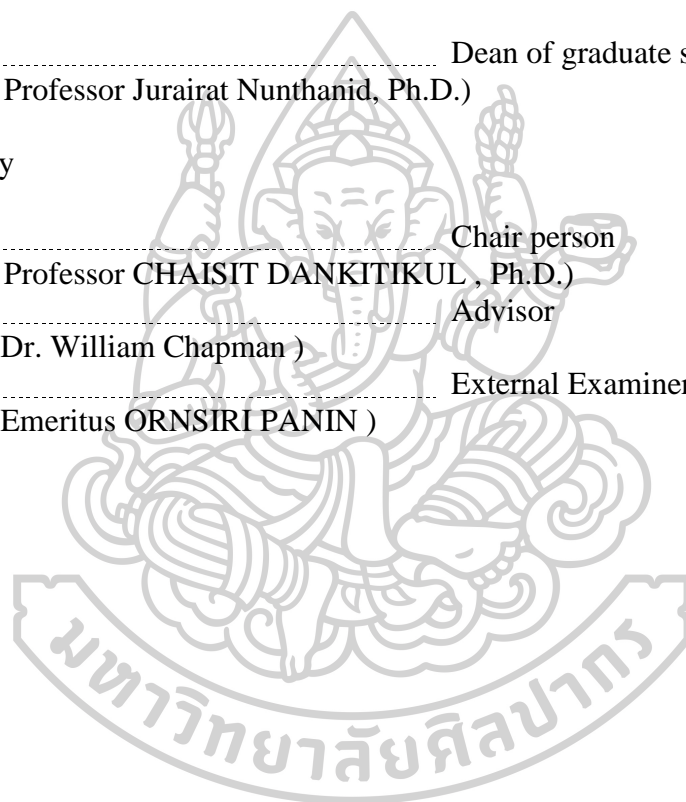Graduate School Silpakorn University in Partial Fulfillment of the Requirements for the Doctor of Philosophy

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MR. PANIT TRIROJ : SUPPLY CHAIN MANAGEMENT PERSPECTIVES ON THE DEVELOPMENT GAP IN THE HERITAGE TOURISM INDUSTRY, USING RAJASTHAN IN INDIA AS THE CASE STUDY THESIS ADVISOR : PROFESSOR DR. WILLIAM CHAPMAN

According to the UNESCO, the World Heritage and tourism is defined as stakeholders share responsibility for conservation of our common cultural and natural heritage of Outstanding Universal Value and for sustainable development through appropriate tourism management. Whereas, UNECO has its aim to facilitate the management and development of sustainable tourism at World Heritage properties through fostering increased awareness, capacity and balanced participation of all stakeholders in order to protect the properties and their Outstanding Universal Value. (UNESCO, 2019)

Over the years tourism consumption patterns have changed dramatically. Richards (1996) said "Tourism has developed from an elite pursuit to a basic leisure need of the masses, and arguably the world's biggest source of employment. At the same time, consumption of all forms of culture has expanded, as the democratization of culture and the growth of the middle class have opened up 'high' culture to a wider audience.

Therefore, in the developing countries like India tourism has play the vital role as the major sectors of the economy, contributing to a large proportion of the national income and generating huge employment opportunities.

Despite a booming tourism sector, tourism in India is still besieged with a host of problems. To solve this, it has been suggested that the Indian tourism sector can benefit from borrowing ideas and tools from the business sector, in particular, the concept of Supply Chain Management (SCM).

The findings reveal that SCM is only utilized by the big multinationals. For small and medium-sized enterprises they do not have the understanding what SCM is all about let alone using this business tool. Despite much effort by Indian government to develop the tourism sector, the implementation of any policies lacks co-ordination and as such the result is patchy.

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CHAPTER 1

1.1 What is Tourism

Tourism is travel and can be for pleasure or business. Also, tourism can encompass the theory and practice of touring, the business of attracting, accommodating, entertainment, and the business of operating tours. This is the definition of tourism according to the Oxford English Dictionary Walker and Harding (2005). According to the World Tourism Organisation (UNWTO), an entity within the United Nations, the UNWTO defines tourism more generally, in terms which go "beyond the common perception of tourism as being limited to holiday activity only", as people "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours, business and other purposes." (UNWTO, 1995).

At the World Conference of Tourism held in Manila in 1980, the importance of tourism and the widespread effects were recognised in the Manila Declarations on Tourism, which states" "Tourism is considered an activities essential to life of nations, because of its direct effects on social, cultural, educational and economic sectors of nationals societies, and on their international relations" (UNWTO, 1995).

Back in the 1940s, Hunziker and Kraft defined tourism as "the sum of the phenomena and relationships arising from the travel and stayed for non-residential purpose. Tourist is travel that does not lead to permanent residence and is not

connected with any earning activity." (Günther, Kaspar, Klemm, & Kreilkamp, 1998). In 1976, the Tourism Society of England's definition was: "Tourism is the temporary, short-term movement of people to destinations outside the places where they normally live and work and their activities during the stay at each destination. It includes movements for all purposes." (Beaver 2002). In 1981, the International Association of Scientific Experts in Tourism defined tourism in terms of particular activities chosen and undertaken outside the home (AIEST, 2011).

In 1994, the United Nations identified three forms of tourism (UNWTO, 2018) in its publications entitled: *Recommendations on Tourism Statistics*, it states:

- Domestic tourism: involving residents of the given country travelling only within this country.
- Inbound tourism: involving non-residents travelling in the given country.
- Outbound tourism: involving residents travelling in another country.

The terms tourism and travel are sometimes used interchangeably. In this context, travel has a similar definition to tourism but implies a more purposeful journey. The terms tourism and tourist are sometimes used pejoratively, to imply a shallow interest in the cultures or locations visited.

Tourism is unique, and according to (Song, 2012) it can be divided into five unique characteristics:

- Tourism is a type of business that requires substantial coordination where different products/services such as transportation, accommodation, guide etc. are bundled together to form a final tourism product.

- Tourism is a service, and service cannot be stored for future use, tourism as a product is perishable.

- Tourists need to travel to destinations where tourism products are produced to consume these products. Tourism as a product cannot usually be sampled before they are purchased, which means that the sale of tourism products is very much dependent upon the presentation and interpretation of the products and therefore, the tourism industry is a very information-intensive or information-dependent industry.

- Fourth, tourism products are highly complex. Usually, they are heterogeneous and compound, consisting of many different service components such as accommodation, transportation, sightseeing, dining and shopping.

- Tourism is higher demand uncertainty and more complex dynamics than its counterparts because of intense competition among service providers.

Aside of the above tourism is also a driver of monetary benefits. According to Sethi (1999) in the book named "Nature and Scope of Tourism" highlighted that earnings from international tourism represented a visible export. They were the result of selling the country's tourism product to tourists from abroad. Expenditure on tourism was the opposite. They represent an invisible import. This is supported by Ghalia (2016). In his paper, Ghalia (2016) started with the analysing the relationship

between tourism and foreign exchange; and, then concluded that tourism was a revenue earner and it was one of the most significant sources of foreign exchange in several countries. The paper further warned that a poorly organised/planned tourism development strategy would have some adverse effects on the country rather than the development of the country. Therefore, getting tourism right is vitally important for any country.

1.1.1 Tourism in the world

According to UNWTO in 2017, tourism represents 10% of the world GDP (Direct and Indirect), 1/10 jobs, US$ 1.4 Trillion in export, 30% of the world export in services (UNWTO, 2017). One year later international tourist arrivals reached 1.4 billion, a 6% increase from 2017. The Middle East grew the fastest with a 10% increase, and Africa came second with +7% growths while Asia and the Pacific and Europe grew at 6%. For 2019, UNWTO forecasts a 3-4% increase, in line with the historical growth trend (UNWTO, 2017). More importantly according to UNWTO, the International tourist arrivals worldwide reach 1.4 billion, two years ahead of forecasts. "The growth of tourism in recent years confirms that the sector is today one of the most powerful drivers of economic growth and development and translate this expansion into real benefits for all countries, and particularly, to all local communities, creating opportunities for jobs and entrepreneurship and leaving no one behind" said UNWTO Secretary-General Zurab Pololikashvili (Hunter, 2019).

1.1.2   A Brief History of Tourism

Travel outside a person's home district for leisure was nothing new. Tourism was something as old as antiquity. However, for generations, until the late 20th Century, travel for pleasure was primarily confined to wealthy classes. These age-old tourists would travel to distant parts of the world, to see great sights, learn new things and, experience new cultures. As early as 4000 BC, Sumerians (Babylonians) started to travel for trade after the invention of writing (cuneiform writing) and money (Goeldner & Ritchie, 2007). Shulgi (was the second king of the Third Dynasty of Ur during 2094- 2047 BC) was praised for protecting roads and building way stations for travellers (Jayapalan, 2001). Travelling for pleasure can be seen in ancient Egypt as far back as 1500 B.C. (Casson, 1994). During the classical times, spas and coastal resorts such as Baiae were popular among the rich Romans and Pausanias's *Description of Greece* a travel log written in the 2nd century AD was one of the best travel books from the Classical era. In ancient China, nobles sometimes made a point of visiting Mount Tai and, on occasion, all five Sacred Mountains (Wikipedia, n.d.-b), and business travel took place along the famous Silk Road, (a series of sea route as well as a land routes) brought trans-continental trade as far back as 200 BC. Religious tourism was a particularly popular form of tourism. Britain's Brad Chaucer wrote of a particularly famous pilgrim journey, *The Canterbury Tales*, that occur during the Middle Ages. In China, *The Journey to the West* remains a Chinese favourite classical story. It tells of how the Tang Dynasty monk Xuanzang travelled to what is now India (Known as Dahila kingdom by Ancient Chinese) to retrieve original Buddhist scriptures for the Tang Emperor.

Modern tourism can be traced to what was known as the Grand Tour, which was a traditional trip around Europe, mainly to Germany, Italy and Greece, undertaken by mainly upper-class European young men (sometimes include women) of means, mainly from Western and Northern European countries. This "Grand Tour" flourished from about 1660 until the advent of the railway in the mid-19th century. It was an opportunity for education, and rite of passage for rich young people primarily associated with the British nobility and wealthy landed gentry. After the railway came the steamship, and when both were popularised, the middle class joined in and the likes of Thomas Cook (1808-1892), who with John Cook, founded the world first tour agent Thomas Cook & Sons and George Bradshaw (1800-1853) made trail by rail easier and more accessible to the masses by his famous *Bradshaw's Guide*. The arrival of the steamships gave rise to tourism via the seas. Leisure cruise were introduced by the Peninsular & Oriental Steam Navigation Company (P&O) in 1844, sailing from Southampton to destinations such as Gibraltar, Malta and Athens (Business Travel News, 2012). In 1891, German businessman Albert Ballin (1857-1918) sailed the ship Augusta Victoria from Hamburg into the Mediterranean Sea and by 1900 saw the launch of the first purpose-built passenger cruise ship was *Prinzessin Victoria Luise*, built in Hamburg for the Hamburg America Line (Wikipedia, n.d.-b). In the industrial age, factory workers were given "days-off", and this phenomenon first started in England, the first European country to promote leisure time to the increasing industrial population (Singh, 2008, p. 198). Initially, this applied to the owners of the machinery of production, the economic oligarchy, factory owners and traders. The British origin of this new found industry is reflected in many place names. In southern France, one of the first and best-established holiday resorts on the

French Riviera, the long esplanade along the seafront in Nice is known to this day as the *Promenade des Anglais;* in many other historic resorts in continental Europe, old, well-established palace hotels have names like the *Hotel Bristol, Hotel Carlton*, or *Hotel Majestic* – reflecting the dominance of English customers. From the Victorian era to the 1950s, excursion to the seaside by the blue-collar factory workers was also becoming a trend. Seaside resorts catering to the lower and middle classes sprang up along the British seaside. These include destinations such as Brighton, Blackpool, Whitby; Torquay etc. became a popular destination for those who cannot afford the luxury of travelling aboard (Walton, 2011). Other industrialised nations like German, United States of America also developed its domestic holiday industry, catering to the lower middle classes. Coney Island in New York, Atlantic City in New Jersey, both in America and Heiligendamm in German were just some "resort" that sprang up during this period. From 1936 Billy Butlin (1899-1980) built over ten resorts to provide affordable holidays for ordinary British families. Butlin who turned holiday camps into a multimillion-pound industry and an essential aspect of British culture.
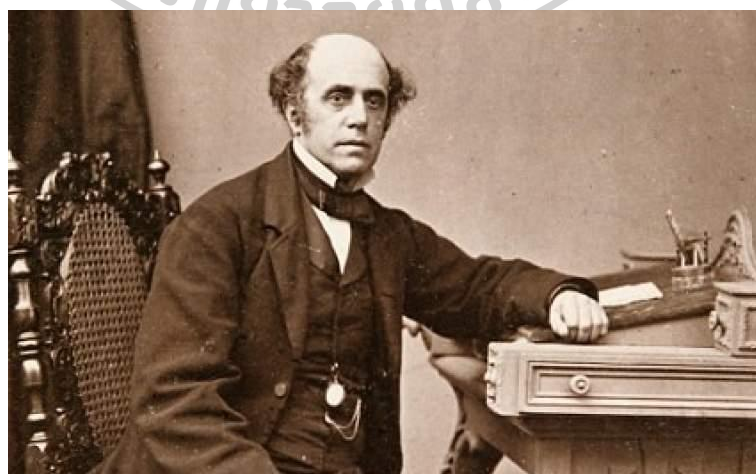
Figure 1: Thomas Cook who established the concept "Exclusive Independent Travel."

Very early on the holiday industry began to segment into categories that cater to different needs. Spa town for health and wellness grew up all over Europe. Spa is a resort town based on a mineral spring. Patrons visit spas to "take the waters" for their purported health benefits. Bath in South West England became a holiday destination in the Georgian Period (1714-1837) in England and Széchenyi Baths in Budapest, Hungary, Karlovy Vary or Carlsbad situated in western Bohemia; the Czech Republic was also a very popular destination for health-conscious travellers. However, as the cost of travel remains high, mass tourism especially overseas was still out of reach for the majority of the people. Up until the 1960s, travel by air was only reserved for the very rich and travel by sea, on luxury liners, was equally exorbitant. Those who travel by steerage (i.e. Third Class) on great liners such the RMS Titanic travel not for pleasure but for employment, a better life aboard. Once they are gone, they rarely came back and according to the UNWTO definition: "the activities of person travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes".

In the late 1960s when cost of travel came down with the arrival of packaged tours and cheap flights, mass tourism began to grow, and the power of tourism as an economic tool became evidence in the economic revival of Spain, *El Milagro* (literally "The Spanish Miracle") after from the 1960s (Wikipedia, n.d.-b).

Figure 2: George Bradshaw, who in 1839 he produced Railway Time Tables, which developed into the famous Bradshaw's Monthly Railway Guide.

Today, tourism has grown from the initial quest for knowledge and sights to a wide variety of specialities. These includes

- Culinary tourism

- Cultural tourism

- Eco-tourism

- Edu-tourism (Education)

- Extreme sport tourism

- Heritage tourism

- LGBT tourism

- Medical tourism

- MICE (Meetings, Incentives, Conferences, Exhibitions)

- Movie/Cinema/Film tourism

- Scuba/boating/aquatic tourism

- Religious (e.g., Pilgrimage) tourism

- Sex tourism

- Sports tourism

- Volunteer tourism

- War/battlefield tourism

- Wellness (e.g., Yoga) tourism

- Wildlife (e.g., Safari) tourism

- Winter Sports tourism

1.2   History of Indian Tourism

1.2.1   The Early Years

India is a country with a long history and unique civilisation. Like China, India is the only other civilisation on earth that can claim five thousand years of continuous history. This Indian civilisation as we know of today is a blend of Vedic, Islamic and as well as aspects of western, mainly British culture in this unique mix. According to Sen, Wagner, and Howarth (2013), because of this potpourri mix of cultures, it is no surprise that modern India is a multi-cultural society, with a multitude of religions as well as a large number of languages.

The history of India is a trail of kings and princes, but many of these kings and princes that settled in the Indian subcontinent came from outside present-day India.

These immigrants came from different tribes and of races, and none were not of "Indian" origin. These settlers came from different periods of history and began to make their home in different parts of the Indian sub-continent. It was due to this migration and settlement that Indian has its unique blend of the diversity of religions and attitudes – consequences from the various rulers of each part of the land (Jandt, 2017). The modern Indian culture is, therefore, the result of continuous assimilation of different customs and traditions as well as religious beliefs that these immigrants brought to their new settlement.

In the early days, many of these "new" settlers to India have with them a strong tradition of nomadic living. During the period of what historian would call the "Pre-Vedic of Indus Valley Civilisation"; a civilisations that flourished in the North West part of India between the period of 3,000 and 1,500 B.C.; were not from one tribe, but many each with its unique blend of religions and cultural practices, not to mention languages. They would move around the lands, for trade, for social interactions, escaping from war and hostile neighbours and some move around for because it was in their blood to be nomadic (Frawley, 1994).
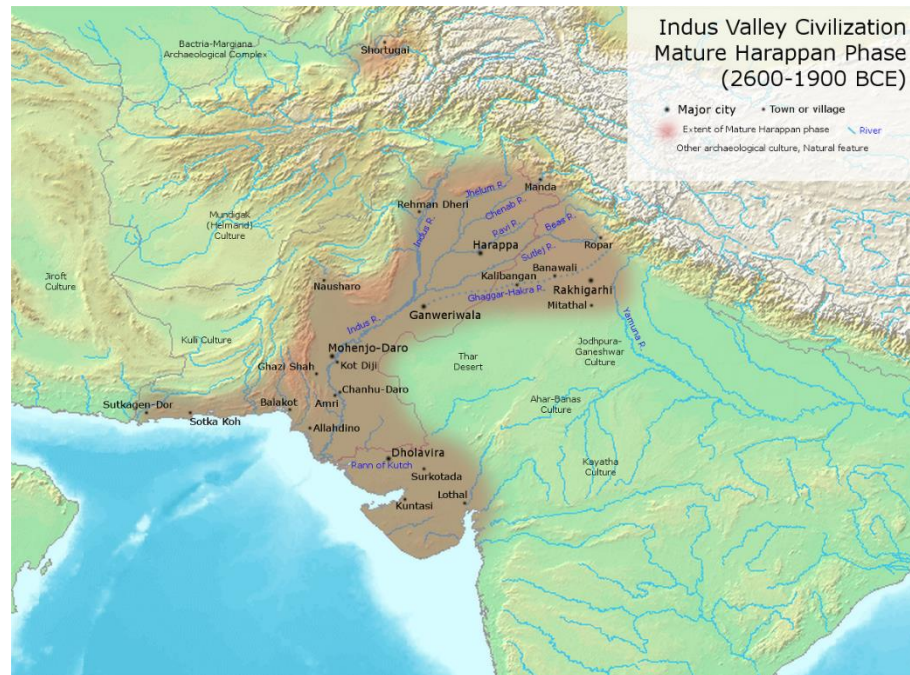
Figure 3 Indus Valley Civilisation

One key group who migrated to "India" was the Aryans. Aryans is a term used to describe what we now considered as Proto-Indo-Iranians people, who originated from the land what we nowadays called Iran. The arrival of the Aryans to the Indian sub-continent left a great mark on this land they resided and contributed immensely to the overall country development of India. One of the consequences of the Aryan settlement was that they strengthened religious practices and encouraged worshipping of deities through the country. The Aryans also brought new knowledge and technology to "India". It was partly due to this spark that propelled a revolution in the industrial systems and development in trades. The prosperity that this "revolution" generated lead to more and more people migrating to this land, for "India" is now considered being a desirable place for settlement.

As a consequence of the arrival of new immigrants, they brought over new tribal traditions to the already established Aryan traditions, and the interaction between the "new" and "old" created a unique mix of what is now known as homegrown "Indian" traditions to develop (Blinder, 2006). These immigrants would arrive via multitudes of means. Some came via traditional trade routes, but other forge opened new routes. Through this constant influx of "foreign" people to "India", they brought with them new traditions, new ways of thinking, as well as ideas. Almost immediately, these new traditions and thinking began to intermingle with established local traditions.

Figure 4 Aryan Genesis – His dramatic entry to the Indian sub-continent

After the Battle of Kalinga (~262 B.C.), Ashoka the Great, an Indian emperor of the Maurya Dynasty and a devotee of the Lord Buddha, who ruled almost the entire Indian sub-continent from c. 268 to 232 B.C. decided to retrace the footsteps of Buddha and spent 256 days travelling around northern "India" as a pilgrim. This trip

by Ashoka did wonders to the popularisation of Buddhism through the northern "India". In one way these forms of travel by Ashoka and his entourage can be considered as an embryonic form of what we would describe as "religious tourism".

Figure 5 King Ashoka

Another significant milestone of "tourism" in India was the period of Mughals India (1526-1857). The Mughals introduced a policy to support all travellers (would be considered as immigrants in the modern sense) who entered the land of "India." Some samples of these policies include the introductions and developments of infrastructures such as roads, accommodations, and basic safety to those travellers – helping the travellers in term of facilities and safety. These "visitors" to "India" may have come for various reasons, for pilgrimage, for pleasure, as well as the quest for knowledge like many of the 19th to early 20th-century European travellers. These visitors to India benefitted in one way or another from this great Mughal policy. This diversity in culture and traditions gave India a great asset as far as tourism is a

concern. The diverse nature of these "man-made wealth" can attract different forms of tourists each with their interests and needs (Kolb, 2006).

The idea that India is a tourist destination was primarily developed by the European, to be precise the British during the latter part of the 19th Century. Despite ruling the sub-continent for almost two hundred years, first under the East Indian Company, then later direct rule by British Indian Government, the current fascination of India by the British was formed mainly by Queen Victoria (1837-1901) herself in the last decade of her life. The 1887 Golden Jubilee celebration did much to kick-start the British public interest on Hindustan, a name which India was known by in the 19th Century. The ostentatious display by the Indian princes and princess and the smartly dressed Indian soldiers woo the British public so much so that even Queen Victoria herself was also mesmerised by "all things Indian." So much so that she began the trend of what is now common in Britain to eating Indian curries and she even took to remodelling some rooms in one of her palaces, Osborne House in Isle of Wright to Indian style. Mohammed Abdul Karim (1862-1909), known as "the Munshi" or teacher, the Indian attendant of Queen Victoria, even ended up teaching the Queen Urdu. From this point onwards the British never gave up their fascination for India and poets like Rudyard Kipling (1865 -1936) continue to flame the India aura, driving generations of upper-class Britons to India for work, adventure or even love. Improvement in transportation did much to increase accessibility to India but this build-up of what can be described as the embryonic form of modern Indian tourism.

After a pause of five years due to World War Two, tourism regains popularities as peace returns to the world. However, tourism in India got shot in the

arm after the establishment of the Indian Tourism Department, whose primary function as the name suggests, a dedicated office to promote and develop tourism in the Indian sub-continent. Sir John Philip Sargent, then serving as the secretary of the education department of India (1945–1948) was seconded to head the Tourism Department as chairman (Holloway & Taylor, 2006). The committee's primary objective to identify and recommend means which to promote tourism to India and to boost up the tourist traffic to the country. After conducting a comprehensive one year of study, the committee recommended its findings in several reports in October 1946 (Gunn & Var, 2002).

Figure 6 Sir John Philip Sargent 1888-1972

The findings of these reports suggested a dual level approach in the development of tourism in India. One was at the national level while the other was at the local level. Both were infused with milestones to monitor progress and track the

success or failure of the programmes. One of the key objectives of the tourism development plan was to boost tourism numbers at a national level. Therefore, the committee recommended setting up some pilot projects in key cities with the following targets. These pilot phases were implemented in Bombay (Mumbai), Delhi, Calcutta (Kolkata), and Madras (Chennai).

- Generate publicity around a number of key heritage sites, in both India and aboard.
- To produce books, travel guides and so forth, that will help the tourists when they visit the country.
- The provision of tour guides to assist and facilitate tourists when travelling in India.
- To coordinate with the other departments within the government as well as different organisations outside the government who may have an impact on promoting visitors, tourists as well as commercial or business travellers (Honey, 2002).
- To maintain and all updated information and statistics from travel agencies.
- To see that there is the proper provision of and maintenance of hotels and catering places for the tourists and commercial visitors.
- To collect statistics of tourists and visitors to India.

In addition to the above, there were other recommendations made by the committee, and they were as follows:

1. To co-ordination between the rail and civil aviation authority to ensure transportation needs are catered for tourist and commercial visitors alike.

2. To ensure quality accommodations (first-class hotels – in terms of qualities and safety) are available for both domestic and foreign tourists and business travellers (Medlik, 2012).

In the early years of the republic, there were lots of activities on the touristic front, including in 1949, the setting up of a Tourist Traffic Branch within the auspices of the Ministry of Transportation. Initially, progress was slow as there was no firm or any signs of any success according to the targets and plans. Alternatively, another word, it seemed that the first committee failed and could not accomplish any apparent success. However, there was no clear reason why the first committee was terminated. Nevertheless, the government still had confidence in those original objects and directions; which should remain unchanged.

With the consequences of the first committee, in 1948, or about two years after the first tourism committee was found, another committee was established; based on the same objectives – a kind of the replacement of the first committee due to its failure or to continue their works. Like the last committee, this committee was created with a similar mandate of "increase the tourists' traffic to India" and to further this mission; an office was set up in all major cities to coordinate and implement the adopted plans. In 1958, the mandate to promote tourism was transferred to be under the portfolio of the Minister of Transport (McLoughlin, 1969). This move proved to be a disaster for Indian Tourism. In 1962, for the first time, there was a decline in tourist traffic to India, from 139,804 in 1961 to 134,036 in 1962. To know the reasons

of this decline an ad-hoc committee on tourism was appointed in March 1963, under the chairmanship of Mr. L.K. Jha, the then secretary, Department of Economic Affairs, Ministry of Finance (McLoughlin, 1969).
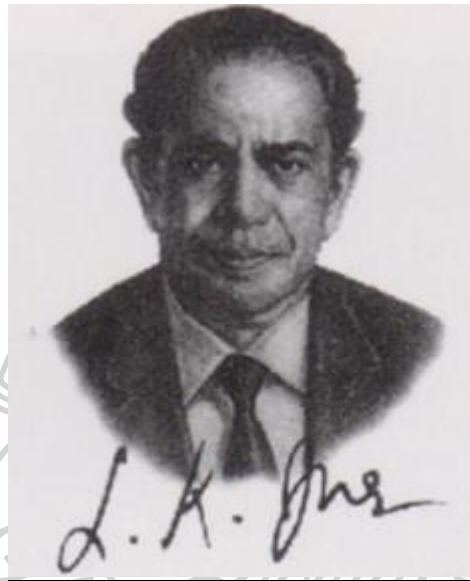
Figure 7 Mr. Lakshmi Kant Jha

The findings of the JHA's Committee were to recommend that three or more agencies should be established to solve the overall problems of the tourism sector. Three was too chaotic, and soon it was merged into one. The result of this was the Indian Tourism Development Corporation (ITDC), a public sector company to operate tourist facilities such as hotels, tour companies and entertainment. To strengthen this mandate, a separate new ministry named the "Ministry of Tourism and Civil Aviation" was created in March 1967 with a cabinet-level post as the head of the Ministry (Raina & Agarwal, 2004). Many historians considered this event as the real beginning of the modern Indian tourism industry.

1.2.2   Indian Tourism under Socialism – the era of the "Five-Year-Plans."

In the 1950s, Indian became increasing socialistic and adopted many practices popular in Communist or Socialism States. The result was the implementation of the "Five-Year-Plans" planned economies. The First Five-Year-Plan covers the period between 1951 and 1956. No money was allocated for tourism. The country recently won its independence, and there were other more pressing things to do. However, this does not mean the government did nothing. Tourism was then part of Ministry of Transport a separate department under the ministry to handle the task. Within the budget of the ministry, a portion was spent to promote tourism. This was the first time the government was to have a dedicated plan for tourism. The first move was to develop a series of advertising and promotional programmes and also establishing offices both in and outside India. This includes developed countries like the U.S.A, Australia, the U.K., and France. An office was also set up in Ceylon (Sri Lanka) on account of being a neighbouring state with a short distance of communications (Kapur, Lewis, & Webb, 2011). By the end of the first Five-Year-Plan, statistic showed the plan was successful with an increasing number of tourists arriving in India. Data showed that tourist arrival has been increasing at a rate of 8.6% per annum and the nation's foreign exchange income also grew by some ten percent. First-time money allocated for tourism under a separate budget heading was in the second Five-Year-Plan.

Following the success of the first Five-Year-Plan on tourism, the second Five-Year Plan now recognised tourism as the nation's primary income earners estimated

to generate as much as Rs. 33,360,000 (or about US$ 7 million according to the exchange rate in 1956) annually. The use of this income gave a significant contribution to the development of badly needed tourism infrastructure at both the state and provincial level. As such the development plan shifted its focus to income generators, such as accommodation, transport facilities, and other recreational activities in key tourism centres, especially those located outside of the city boundary (Nagarjuna, 2016). To attain these objectives, the allocated plan was divided into three schemes:

Scheme 1:

The provision of top-grade tourist facilities catering to overseas tourists. This was to be funded by the central government, executed by the Department of Public Works.

Scheme II:

This scheme was to focus on developing tourism infrastructures primarily for domestic tourists in sites where foreign tourist frequent. The financing was bored by the State, but the scheme was executed jointly by Central and State Government.

Scheme III:

Under this scheme, tourism infrastructures located in areas where it has strong significance, like religious centres. These sites were placed at the responsibility of local authorities. The finances of these developments were the responsibility of the State Government.

By the time the third Five-Year-Plan was launched tourism is recognised as a tool for growth. 80 million Rs. (or about 11.3 million US$ according to the exchange rate in 1961) was allocated to support tourism. At first sight, seems plenty but on closer inspection, the plan also included areas such as the expansion of the hotel industry. Also, this budget was also expected to cover a comprehensive survey to on the use of development loans on hotel industry (Riley, Ladkin, & Szivas, 2002) stretching the meagre budget very thinly. However, the loans did result in the development of many new hotels, many of which were of a much higher and better standard than before. The result of all this effort was that the number of tourists to India did increase the number of foreign tourists visiting India had shown an increase that amounted to about six times over the decade. From only 17,000 tourists in 1951 the number had risen to 123,000 in 1960 and from 139,804 to 147,900 when comparing data from the 1965-66 and 1961-62 period. Similarly, there was an increase in the estimated foreign exchange earnings have grown five times in the same period.

In the third plan, the budget allocated for tourism has increased substantially. As in the second plan, the tourism development plan was divided into three parts, and the objectives were substantially the same in the second Five-Year-Plan. However, there were new provisions for development in areas such as accommodation, transport and roads. The execution for the development plans was divided between national and regional governments. Projects that were geared for the foreign tourists were to be carried out by the central government, and those projects aim at domestic tourists but located in areas frequented by foreign tourist the domestic tourists were to be jointly

be carried out by the central and regional governments. However, to complicate matters, the development and improvement of facilities at local tourist centres was the responsibility of the national government. These sorts of divided responsibilities were to plant the seed of chaos which so characterised the development of India in the last fifty years. Measures for assisting constructing new hotels and renovation of dilapidated hotels were included. Loans with favourable terms were offered to suitable applicants. However, the budget process for the third Five-Year-Plan was not smooth. Three mini-budget plans for 1966-67, 1967-68, and 1968-69 were promulgated. These annual plans were in opposition to the original first Three Five-Year-Plan, instead of being divided into three parts was split into two sections only.

Even though tourism can bring financial benefit, not to mention social impacts and political advantages to a country, on hindsight, it is astonishing that many of the early years Five-Year-Plans on tourism did not place any emphasis on the financial aspect of things. The reasons might be the lack of interest or knowledge or the general lack of care given by Indian bureaucracy, but we may never know the truth. Despite the overwhelming financial and other benefits tourism has demonstrated the Indian government still regards this cash cow as a side issue without a clear strategy and given the support it deserves.

The fourth plan is a mark difference to the first three plans. The emphasis is placed on earning foreign exchange and on generating employment. Therefore, the key was to attract overseas visitors to destinations, rather than transitional traffic. Plans include developing new destinations; charter flights were to be encouraged and

also provisions of accommodation, transport and recreational facilities. This Five-Year-Plan differed from previous plans that it adopted a board base approach to the development of the tourism industry that encompasses not only the overall development of the industry but also covering the improvements of local facilities and their availability at tourist centres. The plan also focuses on domestic tourists as well as the tourist from all other foreign countries (Sharpley & Telfer, 2014).

By the time fifth Five-Year-Plan was launched tourism is now fully recognised as a critical industry. The fifth plan laid down priorities on (a) increased in accommodation and transportation facilities to meet international tourism's needs. (b) Development of new tourism areas to view spread traffic as far away as possible to cover the whole country. (c) Creation of tourism promotion abroad. Loans to support hotel projects are to continue. Under the central government spending of the Rs. 250 million, more than half (which was about Rs. 140 million or US$ 19.7 million) was destined for the Central Department of Tourism, to be given out as loans to the hotel industry. This time loans were extended to cover transport operators - for the purchase that includes vehicles operated by the private operators (Pantawane, 2008). Funds were also earmarked for publicity and promotion abroad.

Plans developed by the state governments serve local needs. They focus on domestic clientele. These include projects such as the construction of more economical accommodation as well as tailoring the advertising to local taste and needs (Raina & Agarwal, 2004). This includes youth tourism were plans to the construction of a large number of youth hostels and forest lodges (Raju, 2013).

The result of all these efforts was that in 1974 the number of tourists increased to a record number, reaching an all-time high of 409,895. This was quite a remarkable increase considering in 1970 the tourist numbers were only just 144,729. With this increase in the number of tourists, the foreign exchange earnings were increased from Rs. 331 million (about US$ 44.7 million) in the year 1969-70 to Rs. 565 million (approximately US$ 76.4 million) in the year 1973 - the total increase of Rs. 234 million (or US$ 31.7 million or about 70% within less than five years) (Dhamija, 2006).

By the time the sixth Five-Year-Plan was launched, we were in 1980. International and domestic tourism had come to be seen as binging not only economic benefits but also social benefits. The emphasis in the sixth plan was to focus on the hotel sector to increase the bed capacity. Environment-consciousness is beginning to creep in, and the idea of sustainable development was mentioned for the first time. Specific areas were selected to form travel circuits. Another part of the tourism plans includes plans to increase the capacity of Indian Airlines as well as enhancement of airport infrastructure (Biju, 2006).

Tourism in the seventh plan can be split into ten areas

(a) Tourism is to achieve an annual growth target of 7%.

(b) Tourism is to be recognised as an industry.

(c) Private sectors to be encouraged to participate in the tourism industry but under the framework of a public-private partnership.

(d) Support local handicrafts and other creative arts.

(e) Building a National Marketing Plan and target these big-spending tourists to come to India.

(f) Development of budget accommodation, not just 4-5 stars hotels.

(g) SOEs (State-Owned-Enterprises) were asked to consolidate and improve their operations and not just expansion in quantity but also quality.

(h) Further improvement of Airports facilities.

(i) Training courses for tourism were initiated.

(j) Encourage the private sector to invest especially to alleviate the problem of hotel room shortage.

New developments in tourism were explored. This includes wildlife, adventure, winter sports and Beach tourism. For the first time conservation of national heritage was mentioned. More local interests were also involved instead of just ideas from central government. Tourism plans are now boarder and more encompassing. Economic productivity and employment opportunities in allied sectors (not only within the core tourism industry) were included. During the Seventh Five-Year-Plan, National Committee on tourism under Mr. Mohammed Yunus recommended that the existing Department of Tourism be replaced by a National Tourism Board. The Committee identified lacunae in tourism's organizational structure "which inhibited the emergence of tourism as a significant stimulant of the country's economic growth." However, "This recommendation thought repeated over the years has still not accepted by the Government" (EIU 1996:41 as cited in Duhs, 1998, p. 47). The committee also suggested partial privatisation of the two airlines owned by the central

government. Tax concession was awarded to the sector, such as tax exemption on foreign exchange earnings from tourism, drastic reduction in tariff on import of capital goods, and concessional finance at the rate of 1% to 5% pa. At the same time, the Tourism Finance Corporation of India (TFCI) was set up in 1987. Until then, the sector was financed on commercial lines by the Industrial Development Bank of India, Industrial Credit and Investment Corporation of India and other commercial banks. The corporation was funded by money borrowed from the open market and some banks also took shareholdings. TFCI has supported 530 projects, 80 per cent are hotels as well as a number of amusement parks and heritage projects, and it financed the luxury train 'Palace on Wheels'.

By the time the eighth Five-Year-Plan was inaugurated a FOREX (Foreign Exchange) crisis had gripped the nation, and political liberalisation was then all the rage, and the Indian economy began to relax, and more private sector participation was encouraged. The eighth Five-Year-Plan mainly still kept the same objectives as the seventh plan, although for the first time a National Indian tourism policy was created and was presented to the parliament on 5th May 1992. Within the program was "Special Tourism Areas" and also a particular emphasis on developing selected touristic circuits. Priorities were given to specific sector which can generate employment. Infrastructural facilities like energy, power, and irrigation were also strengthened. However, due to political and economic disturbances gripping the nation, the eighth Five-Year-Plan could not be launched on time. In between seventh and eighth Five-Year-Plans, there were two annual plans for 1990-91, 1991-92. In 1992, the Indian National Action Plan for Tourism, as well as a subsequent plan in

1993, identified specific infrastructure and investment needed to receive 5 million tourists by 2000 (EIU 1996:23 as cited in Duhs, 1998, p. 50). Like many grandiose plans by the Indian Government, this lofty goal was to fall well short of the declared goal. The actual tourist in the year 2000 was 2.45 million foreigners and 200 plus[1] million domestic tourists (See Fig. 3.0 and Fig. 3.2)

According to Duhs (1998), how the Economic Intelligence Unit (EIU) puts it (Country Profile, 1994/95: 43) is the hard-hitting fact that does not paint a good light on Indian Tourism, despite years of developmental effort. "Tourism has not so far loomed large in India's priorities", although its contribution to foreign exchange is not negligible, India has barely tapped its vast tourism potential, and, as is apparent from Table 1.0, India accounted for less than 0.4% of world's international tourist arrivals in 1950-1996. Table 1.0 makes clear that growth in India's share of world tourist arrivals has been dramatically outpaced by Malaysia, Indonesia and Thailand. Something of a boom in India's tourism industry occurred in 1995, however as a result of economic liberalisation, political stability, and recovery from recession in major sources countries (EIU 1996:2 as cited in Duhs, 1998). The Indian government has now acknowledged the industry's importance for national growth, and, accordingly, has acted to boost the sector by:

a) Opening the skies to the private sector, by the repeal of the Air Corporation Act 1994.

b) Allowing private investment in airport and other infrastructure.

c) Stepping up promotions.

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[1] 2001 figure was 237 million domestic tourists

d) Identifying specific regions of India for development.

e) Opening new regions to foreign tourists.

Table 1 Percentage of World International Tourist Arrivals

	India	Indonesia	Malaysia	Thailand	Asia Pacific
1950	0.0791	-	-	-	0.75152
1960	0.17743	-	0.12983	0.1168	1.05570
1970	0.16949	0.07781	0.46143	0.3794	3.21557
1980	0.41532	0.18331	0.73220	0.6466	7.29386
1990	0.37243	0.4752	1.62459	1.1561	11.61169
1996	0.38504	0.84716	1.20124	1.2103	14.60613

Source: Duhas (1998) p. 44

In the ninth plan, the focus was to make Tourism as a Product. Better coordination between agencies involved in the tourism industry. As a result, the National Tourism Advisory Council (NTAC) implemented the following activities:

(1) Diversification of India's tourism to include:

(a) Indigenous & Natural Health Tourism

(b) Rural & Village Tourism

(c) Pilgrimage Tourism

(d) Heritage Tourism

(e) Adventure Tourism

(f) Youth & Senior Citizen's Tourism

(2) Better infrastructural but the government is to be responsible.

(3) Private participation is to be encouraged and promotion of self-employment opportunities in tourism.

(4) Greater use of the Internet as a marketing tool & computerisation.

(5) Greater protection of the Environmental Protection

(6) Granting "Export House Status" for Tourism to boost to foreign exchange earnings, employment and income generation through tourism activities it was suggested that tourism units should be given the export house status.

(7) Better human resource in the tourism industry.

(8) Tourism Promotion in a specific area, e.g., North East India, Eco and adventure tourism.

The approach in the tenth plan towards puts Indian tourism towards a more global focus. India as a global tourism destination is to be promoted. These trends include long haul travel, neighbouring country travel, rural and ethnic tourism, wellness and health holidays, Senior Citizen's Tourism, Spiritualism, Ecotourism, Sports and Adventure tourism. Greater private sector participation is to be encouraged but still under the government umbrella. This plan called for more emphasis on exploiting the rich Indian heritage and culture as a tourism product. During this period, the National Tourism Policy 2002 was announced by the government. The objective is to position India as a global brand to take advantage of the burgeoning global travel and trade and the vast untapped tourism potential of India as a destination. However, the Department of Tourism requested for an allocation of 55 billion Rs. but only got 29 billion Rs. As a result, the plan has to be scaled back affecting the development of the industry for years. (Khan, Noor, & Khan, 2014).

Table 2 Budget allocation for tourism in Indian's Five-Year Plan 1951-2012

Five-Year Plan	Time-Period	Planned Allocation (Rs)	Percentage of Ministerial budget allocated to tourism
1st	1951-1956	0.00	0
2nd	1956-1961	33.64 million Rs	0.07
3rd	1961-1966	80.00 million Rs	0.11
	1966-1967	5.85 million Rs	0.10
	1967-1968	8.77 million Rs	0.10
	1968-1969	18.38 million Rs	0.10
4th	1969-1974	40.00 million Rs	0.23
5th	1974-1979	130.00 million Rs	0.19
6th	1980-1985	0.19 Billion Rs	0.19
7th	1985-1990	0.32 Billon Rs	0.18
	1990-1991	0.83 Billion Rs	
	1991-1992	0.09 Billion Rs	
8th	1992-1997	0.77 Billion Rs	0.6
9th	1997-2002	0.80 Billion Rs	0.06
10th	2002-2007	29.00 Billon Rs	0.19
11th	2007-2012	31.12 Billion Rs	0.14
	Revised	51.56 Billion Rs	

Source: (Khan, Noor Asif-Khan 2014)

The 11th Five-Year-Plan, (as on 31.12.2010) Ministry of Tourism earmarked 991 tourism infrastructure projects, as well as rural tourism and human Resource development projects. 2.5% of the budget was allocated for projects within the tribal areas. The plan envisages India to achieve 10 million international tourist arrivals by 2011. For domestic tourism, the target to be reached in 2010 and 2011 will be 725 million and 812 million respectively assuming an annual growth rate of about 12% over the level of 461 million domestic tourist visits in 2006. New forms of tourism like rural tourism, cultural tourism, adventure tourism, cruise tourism, MICE (Meetings, Incentives, Conferences and Exhibitions) tourism and medical tourism are means to which these targets will be achieved. In 2011 the Ministry of Tourism constituted a National Tourism Advisory Council as an advisory body 'Think Tank' and advice the government on various policy matters relating to tourism. The

committee is chaired by the minister of tourism, with members from other ministries, tourism experts from the private sector and representatives of various industry associations in the tourism and related fields (Khan et al., 2014).

1.3 A Brief overview of the development of India's Hotel Industry

The modern Indian hotel Industry was established by the British during colonial times in cities like Calcutta, Bombay and Delhi. In addition to the hotels in the cities, there are also hotels and guest houses in the hill resorts where the British like to go during the summer to escape the heat. Popular hill reports at that period were Shimla & Mussourie. The Hotels that were built in the early eighteenth century include Charles Ville in 1861 and Savoy in 1895 in Mussourie. In Shimla, Clarkes Hotel was established in 1898, and the Savoy Hotel was established in 1902 (Bond, 2003). Jamshedji Tata (1839-1904) the founder of the Tata Empire established a grand hotel in Bombay in 1903 and this hotel. This was the first ever hotel to be built by and owned by an Indian (Allen, 2008).
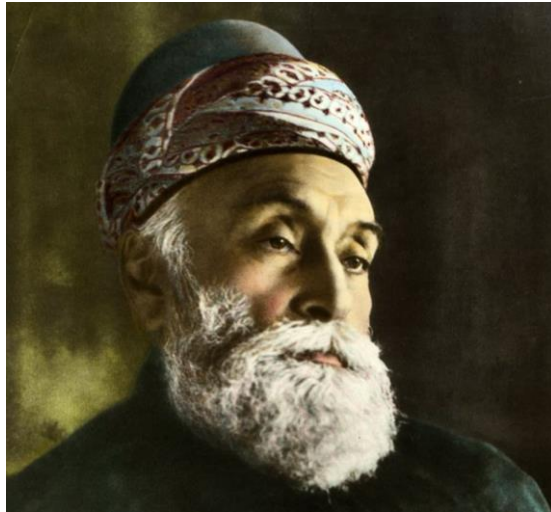
Figure 8 Jamshedji Tata, the founder of the Tata Group

In 1934, Rai Bahadur Mohan Singh Oberoi (1898 – 2002), the founder of Oberoi Hotel Chain took over Clarkes Hotel in Shimla and Delhi and 1938; he took over Grand Hotel of Calcutta. Other prestigious hotels that were built during the British Indian period were the Rugby, Matheran (1876), the Grand Calcutta 1930, and the Cecil, Mussoorie (1936).

Figure 9 Mohan Singh Oberoi, Founder of Oberoi Hotels, India's 2nd-largest hotel company

Post-Independence, India recognised the need to build hotels for the foreign dignitaries, and this led to the building of the first Government invested Hotel, The Ashok in New Delhi. The establishment of ITDC in 1966 boosted tourism in India. In 1982, India hosted the Asian Games and to accommodate the many visitors' many hotels were built. ITDC built seven hotels which include Kanishka, Ashok Yatri Niwas, Akbar Hotel, Lodhi Hotel, Hotel Ranjit and Qutab Hotel (Devendra, 2001). However, as India turned socialist, and a series of actions carried out to "protect" India's tourism industry turns out to be detrimental to the industry. These actions stifle the development of tourism and business, and for almost thirty years the development of hotels was held back until 1991 when India began to reform its economy. How bad were the hotel in the 1990s can be demonstrated by a statement by the EIU, 1996, p.36-39 as cited in Duhs (1998, p. 47), in 1994 only 36.4% of foreign visitors stayed in government approved hotels, which together with unapproved hotels – meant that 54% were accommodated in the organised sector. That is nearly half utilised "unofficial" supplementary (e.g., Youth hostels, unregistered hotels/guest houses) accommodations.

The "Incredible India" campaign launched by Government of India has had a strong impact on the tourist arrivals in India. Because of the increasing number of tourists to India, India once again starts to build hotels. Another driver for the growth of the hotel is the success of India in the IT industry. India was famous for its software industry and the outsourcing customer service industry attracted many businessmen to India.

Besides the homegrown hoteliers, foreigners have also been attracted to the growing Indian hospitality industry. Improving the business environment, India saw increasing overseas investment. This has resulted in international hotel chains lining up in India because of ample opportunities available in this sector for foreign investors. The amount of inflow in Indian hospitality sector during 2012-2013 was US$ 6000 million (Oifc.in, 2014). This increase was partly aided by generous government incentive to foreign investors to the hospitality industry. The fact that the Indian hotel industry is the second largest employer in the country may have something to do with these tax incentives. These incentives include, Tax holiday, 100% foreign ownership, concession on income tax paid by the employer on salaries and wages to specific cadre of employees, simplified bureaucracy makes investment to the hospitality industry attractive. Roches (2014) in his study of "5 hotel industry trends" investigated about latest hotel trends and concluded that the hotel and service industry would continue to expand globally, and we are already seeing this with the large influx of international hoteliers into India. This was soon confirming by announcement from International hotel chains like Marriott, Hyatt Hotels Corp, InterContinental Hotels Group (IHG), Hilton Worldwide, Accor SA and Starwood Hotels and Resorts Worldwide, all have aggressive expansion plans for the Indian market (Sufi, 2015). With the increasing inroad made by international hotel groups, the competition between the Indian and foreign hotel chains has intensified, and this has led to the falling room rates.

With greater competition, how would hoteliers respond? McGuire (2015) a study on the "Top 10 global trends that will impact hospitality in 2015" investigated

the trends of the hospitality industry and advocated that exploration and emotional experience is the hallmark of the industry.

1.3.1 Indian Hotel Rating System

Prior to 1956, India does not have any hotel classification system. In 1956 the Government set up a Hotel standard and Rate Structure Committee under the Chairmanship of M.S. Oberoi with the following objectives (Sufi, 2015).

- To lay down criteria for the classification of Hotels in India, keeping in view International standards that apply to similar establishments elsewhere;

- To suggest ways and means for promoting tourist traffic to and in India.

- To suggest arrangements or improvements on existing arrangements desirable for promoting international and external tourism.

By the late 1990s, the state of hotel classification is a mess. Customers are unhappy with the existing hotel facilities. There are no proper mechanisms to control and inspect the promised facilities in hotels. Furthermore, the Tourism Authorities annual inspection is routine and does not take into its purview the small hotels (Singh, 1998).

In 2003 the Ministry of Tourism renewed the guidelines again for hotel classification. The aim of this was to artificially raise the India hotel standard by changing the rules of the hotel classification system. By the stroke of a pen, suddenly

India hotels are now on par if not higher than international hotels. However, Chopra (2003) raised the question that this action by the bureaucrats is actually harming the industry. Indian hotels which claim to be five stars cannot meet the international standards as these hotels do not offer the level of services nor have the facilities demanded by five stars hotel around the world. While there are a few Indian five stars hotel that meets international standard, in truth many of India's five stars hotel do not appear near the five stars rating on the global scale.

In 2013 the bureaucrats were at it again. The Ministry of tourism revised the hotel rating standard with a lofty aim to make hotels more customers orientated. While this started with good intention, the suggestions made by civil servants that had obviously never stayed in a hotel once again show up the incompetency some civil servants in the Indian Government. However, these guidelines suggested by the bureaucrats were not well accepted by the Industry (Sharma, 2013) in a report published in Economic Times summarised views of the hospitality industry who had the concern that the new guidelines are full of minute details that were irrelevant to the ratings of hotels. The new government guidelines include items like hooks for curtains, water sprays in bathrooms, blackout curtains etc. Micromanagement by the Ministry in hotel operations like the number of hooks hotel should have behind bathroom door etc. leave hotel executives confused. The hotel industry further pointed out that the new guidelines of the Ministry of Tourism were too low what the hotel brand standards have to offer. Furthermore, the proposed classification planned to linked hotel standard with tax and license fees. The hotelier industry expressed

dissatisfaction with the new classification guidelines that it is a disincentive to the industry to improve oneself.

In the last five years, the Indian hotel industry has been totally transforming by the arrival of the new kid on the block, OYO Rooms. The internet sensation has filled the gap in the market for budget hotels, a much-neglected sector that deserves more attention. Today the Indian hotel industry is still undersupplied especially in the mid and budget segment and can only be a met if more investment to the hotel industry can be found.

1.4 Tourism and Rajasthan
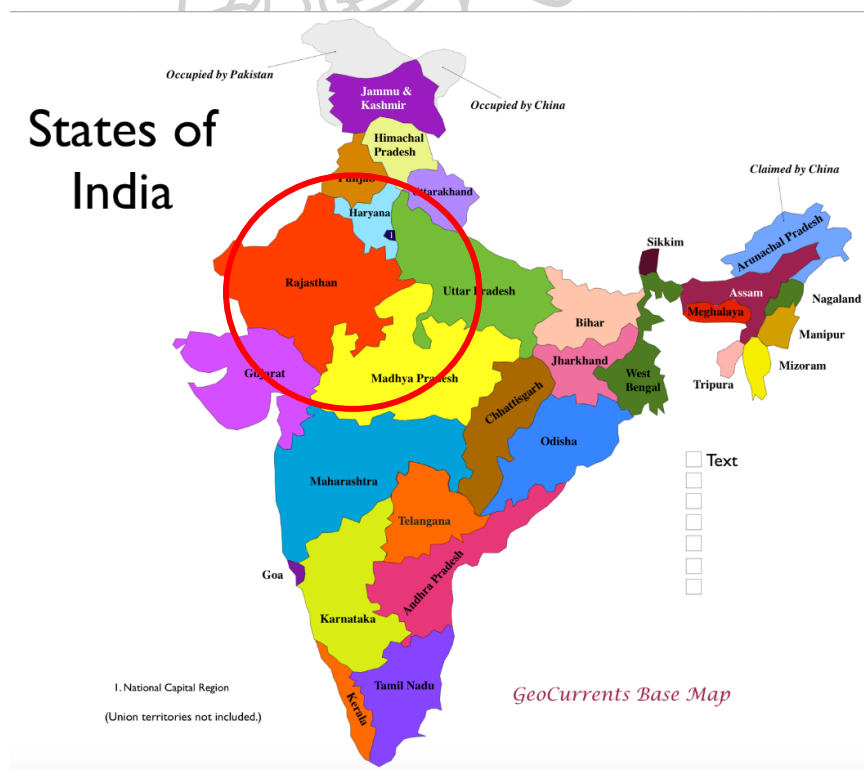
Figure 10 States of India

Rajasthan or "Land of Kings" is a state in northern India. The state covers an area of 342,239 square kilometres or 10.4 % of the total geographical area of India. It is the largest Indian state by area. Its capital and largest city is Jaipur. Other important cities are Jodhpur, Kota, Bikaner, Ajmer and Udaipur. Rajasthan gained the reputation as the "Land of the Kings" because of the Rajputs Princes who once ruled the land of Rajasthan. Despite being subjugated by British in 1818, the Mughals began to have internal disputes which greatly distracted them at times. The Mughal Empire continued to weaken, and with the decline of the Mughal Empire in the late 18th century, Rajputana came under the influence of the Marathas. The Maratha Empire, which had replaced the Mughal Empire as the overlord of the subcontinent, was finally replaced by the British Empire in 1818, these Rajput Princes were allowed to "rule" by accepting British suzerainty and control over their external affairs in return for internal autonomy. It was through this that these Princes could have survived into the 20th Century and retained much of their regal splendour which forms the main theme for tourism for Rajasthan (Wikipedia, n.d.-a).
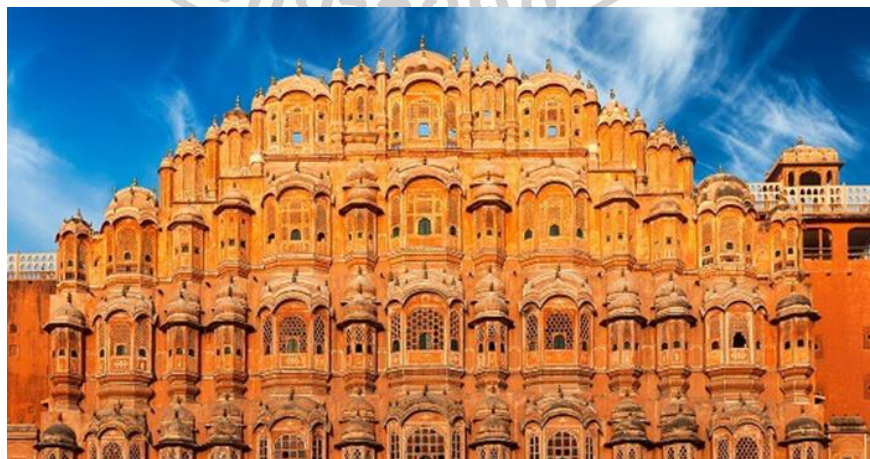
Figure 11 Hawa Mahal (Palace of Wind) Jaipur, Rajasthan *Hawa Mahal Rd, Badi Choupad, J.D.A. Market, Pink City, Jaipur, Rajasthan 302002, India*

Figure 12 Handy Craft Products of Rajasthan

Figure 13 Clothes – the famous local handy craft products of Rajasthan

Rajasthan is one of the more popular tourist destinations in India, for both domestic and international tourists. Rajasthan attracted a total of 45.9 million domestic and 1.6 million foreign tourists in 2017, which is the tenth highest in terms of domestic visitors and fifth highest in foreign tourists arriving in India

(Tourism.gov.in, 2018). Rajasthan attracts tourists for its royal heritage, its historical forts, its palaces, art and culture. Every third foreign tourist visiting India travels to Rajasthan as it is part of the Golden Triangle for tourists visiting India. The palaces of Jaipur, lakes of Udaipur, and desert forts of Jodhpur, Bikaner & Jaisalmer are among the main preferred tourist destinations for both Indian and foreign tourists. According to Business Travel News (2012) tourism accounts for 16 % of the state's domestic product (ref. Page 86). Many old and neglected palaces and forts have been converted into heritage hotels.

However, despite Rajasthan reputation as a tourist destination in India, the primary GDP of the state is actually in Agriculture and mineral mining.
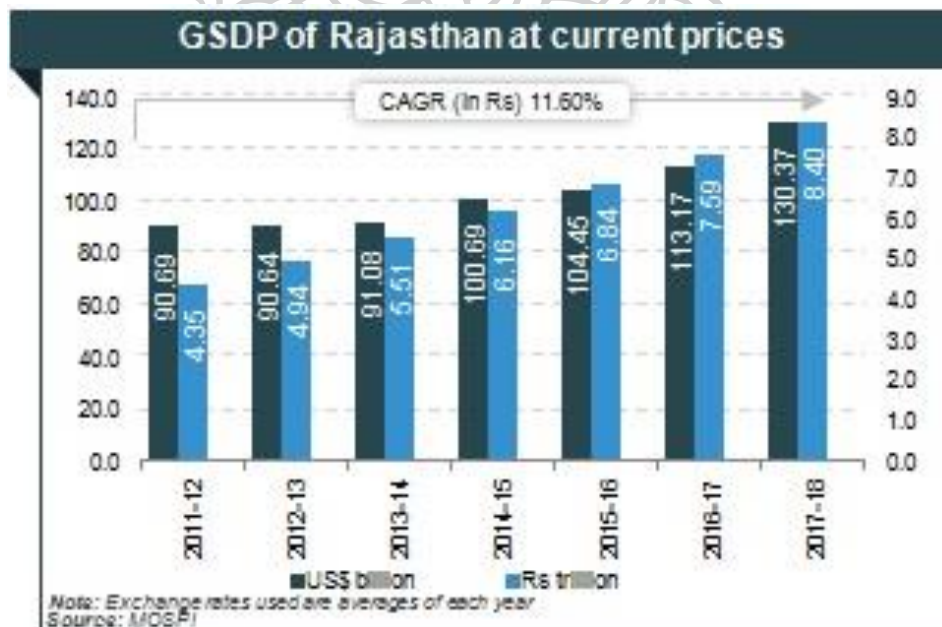
Source: IBEF India Brand Equity Foundation Economic Snapshot 2019

Figure 14 GSDP of Rajasthan at current prices

1.5 Summary

Tourism in the modern sense came to India only after the conclusion of World War Two. On independence, tourism was not recognised as a separate entity and was then managed almost as an afterthought by the Ministry of Transport. In the early 1950s, India began to adopt a Soviet-style of economic management system and as a result, run the economy through a series of Five-Year-Plans. In the years between the early 1950s and early 1980s many touristic institutions, such as Tourist information offices in India as well as branches overseas were set up; during this time also saw the setting up of the Jha committee, the creation of the Department of Tourism, the ITDC (India Tourism Development Corporation) and finally not until the early 1980s saw the setting up of a totally separate entity, the Ministry of Tourism to managed tourism. It was only after the setting up of the Ministry of Tourism in the early 1980s that the first national tourism policy was written. As we cross into the new millennium, it was a period of revolutionary changes in the Indian tourism sector because of many initiatives launched by the central government, such as the 'National 106 Tourism Policy 2002' to promote tourism as a major industry (Khan et al., 2014).

Table 2.0 shows that percentage of budget allocation to the tourism sector in India was negligible in the initial plans and it raised to 0.23% in the fourth five-year plan. The percentage budget allocation to tourism again declined in the fifth five-year plan to 0.19%. From this, it can be concluded that the distribution of funds for the tourism sector in the first five plans was not adequate.

In 1987, the TFCI was set up. While the idea of the TFCI was right, it did help to 530 projects, of which 80% are hotels, several amusement parks and heritage projects. It also financed the luxury train 'Palace on Wheels'. However, because the TFCI obtained its funds from commercial banks, the interest rates charged by the TFCI can only be the same as those levied by regular commercial banks, yielding minimal advantage to borrowers.

On the issue of tourism policy in 1982, although a landmark policy being the first one in the history of the republic, focus all its energy on marketing especially trying to portrait India as the "ultimate destination" for overseas tourist. The plan failed on one aspect that is devoid any references to the environment. The possibility that tourism could engender environmental imbalances was not included in its approach. While the planning commission recognised Indian Tourism as an industry by June 1982, however, it took ten years to make most of the regional states line up to the central directive and accord the same status within their legislative framework. At the beginning of the eighth plan, only 15 states and three union territories had declared tourism as an industry. Four states grant their hotels industrial status.

While the 1992 National Action Plan for Tourism was a worthy endeavour by the Indian government to develop the tourism sector, the incompetence of the Indian civil servants managed to omit the entire budget section of the investment plan. Without money allocated to the plan, nothing was done, and the 1992 plan was nothing more than a white elephant.

The Indian tourism plan and policy over the last 70 years is characterised by many false starts and stop and go effort that spoilt and wasted valuable resources. Attempts to centralised and coordinate development efforts such as the National Action Plan for Tourism, the National Tourism Policy of 2002 were an invaluable effort, but because regional governments drag their feet, the implementation the 1982 tourism policy on a nationwide basis took almost ten years to achieve means that India loss out in the global tourist market. This can easily be demonstrated by the fact that even Thailand, Malaysia and Indonesia managed to overtake India as tourist destination (see Table 1.0) despite the fact that in 1960 India was ahead of all these three countries. Forcing the country to sing to the same song sheet is one of the most difficult job in India and in some way the shortfall seen in many aspects of India, the "chaos" which one feels when arriving in India is still very much a daily problem in modern India.

The Indian Hotel Industry is growing at a fast rate. However, competition between the Indian and foreign hotel chains is intensifying to the benefits of consumers through falling prices. While as some India hotel chains as the Taj and Oberoi have earned a name in the global markets but many others are being accused of lacking the service quality which does not match their hotel classification star category. The best role the Government can play in such a situation plays a role of facilitator of growth only by encouraging foreign investment, restructuring the tax service taxes so that prices of services offered by the hotels can be further lowered. The Indian hotel classification is a mess and does not relate to the fast pace of change.

Emergence of internet-driven budget hotel chain like OYO Rooms further disrupts the classification system.

Can the SCM (Supply Chain Management), a commercial management tool be more successful in creating harmony in the development of the Indian tourism industry? This thesis aims to ascertain if this management tool can be implemented successfully in the Indian tourism industry.

CHAPTER 2

2.1 Literature Review – Part 1 – Tourism and Customers

What is tourism? This question was first raised in Chapter 1, section 1.1. Instead of repeating the same, this section would dwell into the issue how tourism will change in the years ahead. Petermann, Revermann, and Scmerz (2010) in their research paper "Future Trends in Tourism" stated that in the tourist system, the demographic shift would result in the necessary changes in the demand side. So, with new customers' grounds, inevitably there would be new needs and demands. So, how to meet this new challenge?

Customer is king and this applies especially to tourism. Singh (1986) in his research paper "Geography of tourism and recreation" concluded that managers must understand the importance of satisfaction of every single customer, and should follow up their satisfaction after sales as well. While this is good how do we measure "satisfaction"? Vavra (1997) suggested that each organisation should have some program for "Improving measurement of customer satisfaction." Vavra points to the direction but did not answer. (Smith A.K., Bolton R.N., & Wagner J., 1999) gave a definition of customer definition: "A Model of Customer Satisfaction with Service Encounters Involving Failure and Recovery" meaning that that economic and social interaction between the customer and the organisation can be triggered by a service failure/recovery encounter.

Accommodation is a vital part of the visitor's overall experience. Tsang and Qu (2000) mentioned that that quality of hotel service needs to be determined not only from the client side but also from the hotel manager's side. Malthouse, Calder, and Eadie (2003) mentioned that the customer satisfaction is created by the whole organisation, so everyone has a role to play and add to or detracts from how well the customers feel about their stay.

Budhwar (2004)'s research paper discussed various customer satisfaction models but focus more on the details of "An Analysis of the Gap between Management Perceptions and Customer Expectations." The suggestion was to evaluate the crucial factors that would impact the restaurant's success or failure. Callan and Kyndt (2001) concur with Budhwar (2004) and also suggested a similar way to measure satisfaction is meeting the customers' expectation. They said: For business travellers' perception, the quality of service could be identified by several factors, but mainly from the expectations. Figini and Giudici (2002) proposed a five-tier grading scheme for customers' satisfaction. They are: very unsatisfied, moderately unsatisfied, neutral, moderately satisfied and very satisfied. These levels were used for collecting and analysing customer satisfaction data and measuring risk. Nadiri and Hussain (2005) offer another way. They measure focusing the service quality by diagnosing the tolerance zone - determined the level of customer satisfaction in Northern Cyprus hotels. Another method offered by Rizaldi (2019) in their research paper "Analysis of five SERVQUAL Dimensions through Disconfirmation Theory Approach to Establish a Level of Customer Satisfaction at Indrapuyra Restaurant, South India.

It seems that meeting customer's "expectation" is the key to success. Biju (2006) in his book titled "Sustainable Dimensions of Tourism Management" critically analysed various aspects of the tourism industry. Biju's finding also agrees with the expectation of service quality that determined satisfaction. Forbes (2008) in his working paper on "Valuing Customers" argued that one of the important intangible assets of any business is the value of customers. Forges summarised his research to this clear, succinct sentence: "*So if you value your customer, you will serve them right*". However, Simons (2008) pointed out that the key to getting customer satisfaction has the right staff. In his book "The integrity dividend" he made a study on 6800 employees at 76 franchised Holiday Inn properties and found a strong correlation between the behavioural integrity of each hotel manager and that of hotel profit – the more integrity, the more profit the property would gain. However, to get things right, one needs to start from the beginning. Singh (2007) in his book titled "Planning and Development of Tourism and Hospitality" provided a broad overview of planning and development issues in the hospitality and tourism industry. The key messages were to get the customer satisfy, the actions and programs necessary to nurtured a happy customer must be done from the beginning, the planning stage of the hotel. It cannot be done as an afterthought as the operation of the hotel, the way which it is run to a large degree affects if the customer is happy or not. However, a happy tourist is not just a thing for five-star hotel. It is just as applicable to budget hotel or guest houses. Prois (2009) in her article titled "Study measures value of guest experience" points out that travellers (back packers) still expected a top-notch experience, even though the hotels they stayed in were low-cost hotel.

However, a quality hotel experience did not necessarily mean providing more, but rather something different. The idea of innovation in service was demonstrated by (ȚIGU, IORGULESCU, & Sidonia RĂVAR, 2013) in their research paper "challenges and trends" highlighted the role of innovation in the hospitality industries. The innovation could create more satisfaction due to expectations.

Luo and Zhongab (2016), pointed out in their paper "knowledge diffusion at business events" gave a more superficial view. Customers do not necessarily understand the true nature of the thing. Having a trendy label such as Corporate Social Responsibility (CSR) attached to the business, consumers immediately showed a positive attitude towards labelling!

What Luo and Zhongab (2016) stated above is a trend that had been developing since the late 1980s. Tourism is getting more emotive and aside from the sights and sound of the exotic, tourism (especially Western tourists) are increasing draw to issues such as Social responsibility, environmental needs during their travels. This has been confirmed by Bhatia (1995) book, "International Tourism". In this book Bhatia remarked that even back in 1990s in the field of tourism there had been growing concerns over years regarding environmental protections and conservations and also growing concerns for the individual's quality of life. It was within this context that the relationship between tourism and the environment had been receiving growing levels of attention. In the book "Tourism: Past, Present and Future" Burkart and Medlik (1974) conducted a study about the relationship between tourism and the

environment. In this book, the authors indicated that the relationship between leisure, tourism and natural resources is a force for the future.

2.2 Literature Review – Part 2 – Sustainable Tourism

What is sustainable tourism? There are a number of definitions. However, it could be said that tourism, economic development and environment management had to work together and to be developed in a sense of symbolic relationship. Thus, it should examine sustainable tourism development from different levels such as regional, sub-regional or even from an international standpoint. From Raj (2007)'s point of view is that sustainable tourism is about embracing the people and allowing them to have a say what is right for them. Raj further said that in order for Indian tourism to sustainably develop, Indian tourism needed to be renovated. The paper also made some suggestions and introduces policies for the sustainable tourism development; such as building up the involvement of the local people to the tourism sites, allowing the local people to be parts of the policies by writing and implement some kind of measurements to measure the implementation progress which could be used for further improvements. These could be mentioned as the relationship between sustainable development and tourism toward the long-term viability of the tourism business.

However, from the environment views, the tourism could have negative effects to the habitat and extinction of species in a concerning area. It also could affect the fundamental of the environment systems; which some samples such as

information from fossils (could record the history along the times) could show that recovery of global ecosystems required millions or even tens of millions of years. Therefore, current intervention to nature by humans, we are damaging the current environmental system and acting as the agent to the crisis. It would urgently require all kinds of possibilities in both short-term and long-term to recovery or maintenance of the fundamental of the earth environment system. At this moment, the human activities were transformed into different directions; however, these could be controlled by frameworks and strategies to the recovery of the environment systems. On another hand, it is believed that eco-tourism might be the only way to maximise the economic, environmental and social benefits of tourism. All the member in the tourism industry was a stakeholder in the process. In order to move forward, it clearly needed to avoid the conflicts in the past but focusing on the progress and activities to promote ecotourism in the country.

According to Buckley (2000), "eco-tourism, like tourism in general, is an industry as well as a social phenomenon and for private-sector ecotourism operators, ecotourism is a business enterprise." The paper emphasised that the marketing of ecotourism and environmental education would be new choices or alternative to the tourists. James Buller (2000) in his study stated that eco-tourism could promote positive environmental ethics and would not have significant degrading the resources. The paper concentrated on the core value of environment rather than model tourism concepts. The paper defined eco-tourism as responsible ways of travelling that supported the preservation of natural and cultural heritage and welfare of local communities. According to Caprihan and Shivakumar (2003), eco-tourism was the

management of tourism and conservation of nature in a way. Therefore, to find the best balance and maintain it between the requirements from the tourists and local environments would generate incomes to the local people through shops, services, and employment. Besides the social and environment business, eco-tourism is good for business too. In a study conducted in the US, Figgis, Wearing, and Niel (1999) pointed out that eco-tourists could give higher incomes to the communities than average incomes and levels of education because tourists were willing to spend more than the normal tourists. Finally, Santamato and Albano Flavio (2013) said that *cultural heritage* to become one of the "core attractors" of the touristic product should be connected to the concept of sustainability.

In some views, it is shown that the eco-tourism is only for observation and appreciation, admiring, enjoying and studying. Small groups of tourists with a local guide as partner could learn the significant and conservation of heritage, natural and cultural assets. According to the book "Fundamentals of Ecology" by Eugene and Eugene (2000), all eco-tourist practised a no consumptive use of wildlife and natural resources and contributed benefiting the conservation of the site.

According to Seema et al. (2006), it shows that eco-tourism in Indian had a significant implication of nature, on culture conservations, on rural livelihoods and conservation education. Immanuel and Dur (2007) in their study titled "Dynamics of Tourism Economics: An Indian Perspective"; it showed the positive significances of tourism specifically with reference to the employment sector, infrastructural facilities and poverty eradication. However, according to Vijayakumar B. (1995); "eco-tourism

implies enjoyment of nature's bounty as well as understanding the culture and natural history of the environment." In this paper, it mainly stressed the promotion of eco-tourism in Kerala as it paid respect and gave excellent care the conservation of eco-system and environment.

Eco-tourism is big business. R. K. Singh (2003) in his book "Eco-tourism and Sustainable Development" remarked that eco-tourism activities had been increasing rapidly worldwide over the past two decades and further growths were expected in the years coming ahead. However, what is Eco-tourism? According to (Santosh & Thampi, 2005), eco-tourism came into prominence as a strategy for integrating conservation with development in ecologically rich areas. The paper pointed out that eco-tourism comprised several inter-related components. Same to other comments, eco-tourism could be viewed as a new approach, which expect the tourists to reserve and appreciate the cultural and natural history of the environment – related to various sorts of information within the industry. In the book "Tourism Management-A Global Perspective", Batra and Chawla (2002) held the view that "eco-tourism was perceived as a viable alternative route, by which a measure of economic benefits that could be reaped from tourism - with minimal damage to the environment and society and maximum advantage to local people". Loannides and Debbage (1998) in their book "The Economic Geography of the Tourist Industry; A Supply-Side Analysis" explained that tour operators gave more importance to eco-tourism. The emphasis placed on environmental protection by travel industry specialists in their key destinations was an attempt to protect eco-tourism products.

Eco-tourism is about nature and people? Kothari (2011) in his research paper "Tourism Marketing" seems to think so. He observed that for a tourist product, the basic raw materials are the country's natural beauty, climate, history, culture and people. Eco-tourism was believed to be for local people who wanted to refresh themselves from the normal routine life in cities meaning that the eco-tourism for Indian people is about taking a break from busy life.

Ameer and Fathima (2007) in their paper titled "tourism growth in India and ecotourism impact on rural development" clarified that eco-tourism is based on the four principles; which were (i) nature orientation, (ii) eco-sustainability, (iii) possibility of conducting research and (iv) involvement of local people. Modern tourism industry might take or introduce new elements such as different forms including adventure, health, trade fairs, cultural and religious festivals, national celebrations and food festivals to differentiate their tourism products. Among these new mixtures, eco-tourism blended different strategies of enjoying nature's serenity into their ways.

So where can we develop eco-tourism? Poyamoli (2007) in his paper on "Eco-Cultural Tourism in Indian Islands Some Implications" points to the coastal resources. The shift to eco-tourism has implication the Island ecosystems. Sustainable alternatives were suggested to ensure that the tourism in Indian Islands would not be merely financially self-sustainable, but also ecologically and socially sustainable as well, besides culturally responsible. So Moli's message is clear: Eco-tourism needs to be sustainable on both accounts. Niranjan and Syiemlieh (2004) in their study "Eco-

tourism in Assam" had explained that Assam had tremendous potentialities for growth and development of eco-tourism. Assam had varieties of flora and wildlife which could be the base for eco-tourism. Besides plants, eco-tourism is also about animals.

According to the amendment to the Wildlife Protection Act, 1972, mainly on, the protected area management for promoting wildlife tourism, it shown that money from eco-tourism should be utilised to:

- Develop and maintain areas where funds are generated.

- Promote conservation.

- Conduct environment education.

- Monitor and evaluate eco-tourism development.

However, India, especially in the northern part, still has great potential for eco-tourism developing. But there are still limitations on sharing experience and scaling up of activities through well-planned collaborative projects - both amongst the Himalayan States of India and with bordering nations of Nepal and Bhutan.

Both Macgregor and Raina support eco-tourism because it supports sustainable development, not only from an environmental point of view but also the human part of the equation, the people should also benefit from it. Haroon (2000) study fully supports the need to involve the local communities. According to the paper, eco-tourism has no meaning without the role of local communities. Therefore, eco-tourism was a blend of controlled activities of the local group of people who had goal or goals of sustainable development in their respective area. Some stated that eco-tourism provides a direct return in term of revenues by the business to the local

people to the communities including the environments. Parr (1998) study also is clear about involving the local community. In a case study: "Sirubari Village Tourism Project" Parr concluded that partnership between the local community and a commercial promotion and marketing agency has successfully established "Sirubari" as the model for future development. R. Singh (2003) in his book "Indian Eco-tourism: Environmental Rules and Regulations" explains that both the public and local community can also share benefits in eco-tourism if activities are held jointly.

Eco-tourism has to be multi-disciplined. Raina (2002) strongly supported the idea that eco-tourism is key to sustainable tourism development. In this article, it explained that eco-tourism as a logical component of sustainable development; that required multi-disciplinary approaches, careful planning, and firm guidelines and regulations. This would guarantee sustainable operation only through inter-sectorial involvement.

However, from a former policymaker Minister of Tourism, Government of Kerala, Thomas (2002), he mentioned that one of the most critical sectors that could make Kerala as the real "God's Own Country" was the eco-tourism. The developments could be done through the improvement and upgrade the qualities of all tourism destinations through the national operations of resources with a focus on integrated development of infrastructure sector, conserving and preserving the heritage and environment. Therefore, the activities should be followed by enhancing productivity, incomes, and creating employment opportunities and alleviating poverty. Another former government official, the former Secretary of Tourism,

Government of Rajasthan, Paul (2001) said in his paper entitled "A Perspective Paper on Tourism Development in Rajasthan" showed the profile of tourism in Rajasthan and highlighted the constraints and prospects of the tourism industry. The paper also pointed out clear perspectives on tourism promotion and the role of the private sector in Rajasthan tourism that they should be working hand in hand to promote the tourism industry as the whole; which working alone would not be able to create big changes. Ranade (2008) in his book "Ecotourism, Perspectives and Experiences" focused on eco-tourism experiences and strategies from various countries, including island nations. It highlights eco-tourism and local economic developments. The book gave some brief conclusion that good cooperation between government and the private sectors as well as the local people are needed to ensure success. Each party needs to gain from this cooperation. Paul is clear on this, the private sector has to be involved, but Ranade added the local people to the equation.

This means not just the private party but also the government and the people too. Singh (2008) made an in-depth study of the different travel attractions and the different motivators of travel. The paper carefully evaluated the governmental and institutional roles in each tourism promotion campaign and tried to pinpoint the problems of development of tourism in India and need to generate awareness among the people and highlights the importance of domestic tourism. However, there are still some drawbacks resulting from bad management – while eco-tourism could be developed as a destination economically, infrastructural and culturally, it could create crime and other social problems, which could be detrimental to the system. In order to achieve sustainable development through eco-tourism, an active partnership among

local people, tourists, government and other sections of the industry are essential. Otherwise eco-tourism the system might be failing. In the book "Sustainable Tourism-A Geographical Perspective", Lew, Hall, and William (1999) describe "Eco-tourism was environmentally friendly and sustainable tourism. Many eco-tourism ventures destroy the very eco-systems they claimed to protect. Because of the poor planning, eco-tourism ends up in environmental degradation. Chandran (2003) 's book "Tourism, Bio-diversity Sustainable Development" held the view that if tourism follows a truly sustainable path, it would require co-operation and partnerships among tourism industry, government, local people and all parties, tourists themselves."

Who are the eco-tourists? Dev (2005) conducted a study in the relationship between demographic characters and preference of eco-tourism activities using the target groups of Indian eco-tourists. This study attempted to explore the relationship between the demographic characteristics of eco-tourists and their preferences for ecotourism activities. This study revealed that the preference of eco-tourism activities of Indian eco-tourists was almost the same, irrespective of their age.

How to make eco-tourism successful? For an eco-tourism example from China, most Chinese realised that to attract foreigners they have to show their artistic side too, offering more traditional singing and dancing and ensuring that houses are built traditionally. Women are now making an income selling their handicrafts to tourists on the way to the nature reserve. Sarngadharan and Raju (2005)'s book "Tourism and Sustainable Economic Development-Indian and Global Perspectives," remarked that eco-tourism could be a high-risk venture. This should not be the sole

source of livelihood for communities. However, it should be essential to view the rural developments in a broader context - taking into the account, issues such as land rights, citizenship status and the impact of modern communications in the "global village". There were urgent needs for improvement and better analysis of eco-tourism issues as part of the eco-tourism planning and development process. Another point is about the "Intelligent tourism management", it could significantly contribute to the protection and development of the physical environment and cultural heritage of mankind as well as the improvement of the quality of human life. It could, therefore, advisable that tourism development and sound environmental management should be integral concerns of national development policies. From Sarngadharan and Raju and other academics who had written on the subject, it is undeniable that successful eco-tourism has to be managed. It is obvious that eco-tourism needs to be managed better in order to work. Murphy (1989)'s book "Tourism Community Approach" it highlighted the different impacts of tourism in connection with the individual entrepreneurs and community. The book further said, "Tourism had managed to become a holy cow". Lakshmi (2007) finding shows that although eco-tourism can bring benefit to the environment. However, if the eco-tourism is managed without proper control and supervision, it could endanger the environment and the tourism industry itself. Therefore, it could say that there are always conflicts between benefits and problems; while preparing/planning for the framing and implementing of eco-tourism. According to this study, there were three main aspects to be emphasised under eco-tourism; which were first: prevention of pollution, secondly: carrying capacity-based tourism and third: tourist environmental policy. Some studies had jumped to the conclusion that it is most likely that industrial tourism (bulk tourism) is

harming the environment. Therefore, the focus should be given more importance to luxury eco-tourism.

Luxury eco-tourism symbolised by new expensive Eco-lodges point out the growing movement in high-end sustainable tourism with an acute sense of environmental responsibility. According to Roberts, this means tourism is a rich man game and has no place for poor people, and I find her elitism conclusion out of place in the 21st Century. However, Roberts is correct in one thing. Many eco-tourists are willing to pay more: Hill and Gale (2009) in their book "Ecotourism and Environmental Sustainability Principles and Practice" observed that tourists were increasingly searching for more experiential types of tourism and eco-tourism; some examples are eco-tourism had been discussed in terms of other modified settings, including artificial reefs, agricultural lands and surface mines and quarries. In the book 'Environment and Tourism' Holden (2003) highlighted that "eco-tourism was big business." Products with eco-labels would be able to command higher prices in the market place. Similarly, there was also substantial funding for eco-tourism proponents by donors and well-meaning agencies, making it a lucrative consultancy-based business as well.

According to Fennell (2003)'s book "Eco-tourism: An Introduction" eco-tourism is the "right" kind of tourism, and this "right" kind tourism is quality tourism, and it is "eco-friendly tourism" and if implemented maximum benefits could be harnessed without affecting and altering physical and social quality. It could be implied that the tourism in India needs to promote more the right way of eco-tourism

in order to preserve the uniqueness of tourist destinations. They also mentioned that the proper promotion campaign should lead to better growth of the eco-tourism in the long term. However, is eco-tourism a "magic bullet" that solves all problems? It seems not. Tourism like any industry has unwanted bi-products that need to be managed. In the book, "Tourism Management-The Socio-Economic and Ecological Perspective", Panda, Mishra, and Parida (2004) remarked that tourism, a multi-layered economic activity, interact with the environment in the framework of a two-way process. On the one hand, environmental resources provide basic ingredients, for the production of the tourism product. On the other hand, tourism produced a variety of unwanted by-products, which were intentionally and unintentionally disposed of and modified the environment (negative environmental externalities). Dhar (2000)'s book "International Tourism Emerging Challenges and Future Prospects" mentioned that the increasing number of tourists alone was responsible for generating massive environmental problems. Among the environmentally sensitive areas that had been most affected by the tourism industry were the high mountains. Eco-tourism with proper planning could rectify this problem. This could also be mentioned as the effects of tourism on other eco-systems, terrestrial, and aquatic. Tourism had to be correlated with the available resources. Barkin and Psilles (1999) review many eco-tourism projects in Mexico and Central America reveal their destructive impacts on local communities when not managed well. So not all eco-tourism project is good. Just because you call your tourism project – "Eco" means you are free from problems. This is confirmed by Bhatt and Liyakhat (2008) in their book of "Eco-tourism Development in India-Communities, Capital and Conservation". They further explained that although eco-tourism, a term used by practitioners all over the world,

the impact carried out in the name of "eco-tourism" can adversely be affected on people and the environment in some areas. However, sustainable eco-tourism - tourism carried out within certain defined norms, could lead to the development of the people. Holden and Sparrowhawk (2002) advised that eco-tourism (also possibly referring to heritage tourism) were the tourist activities that connect/relate to natural resources or sites; which require proper management in order to keep those resources in good condition and sustained. However, there were lots of discussions on how to maintain and sustain those resources and sites.

2.3 Literature Review – Part 3 – Supply Chain Management

In previous section of this chapter, we learnt that tourism is vitally important to a nation. In order to get it right we need to have sustainability, not only in terms of the industry but in environmentally. In the 21st Century, tourism put greater emphasis on the issue of sustainability, which covers environmental, social and legal issues, in addition to sustainable procurement and the closely related concept of corporate social responsibility (CSR) - which evaluates a company's effect on the environment and social well-being, are areas of significant concern for today's companies. In this case, the system needs to be managed. Managing the system is the managed its supply chain

So, what is supply chain management (SCM) all about? According to Rouse (The essential guide to supply chain management best practices 2018), "SCM is the broad range of activities required to plan, control and execute a product's flow, from

acquiring raw materials and production through distribution to the final customer, in the most streamlined and cost-effective way possible". According to Alep.org via Wikipedia (2013), SCM is a management of the flow of goods and services, Harland (1996) would describe it as an interconnected or interlinked network, channels and node businesses combine in the provision of products and services required by end customers in a supply chain.

Supply-chain management has been defined by Cornell Engineering ("Supply Chain - School of Operations Research and Information Engineering) as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally", whereas Kozlenkova, Hult, Lund, Mena, and Kekec (2015) strives for an integrated approach.

In 1982, Keith Oliver, a consultant at Booz Allen Hamilton introduced the term "supply chain management" to the public through in an interview for the Financial Times of London (Handfield, Nichols, & Nichols, 1999). In the mid-1990s, the term "supply chain management" was defined as activities associated with the flow and transformation of goods from raw materials through to the end user, as well as the related information flows. Later SCM was then further defined as the integration of supply chain activities through improved supply-chain relationships to achieve a competitive advantage (Handfield et al., 1999).

Hines (2014) introduce a more customer centric definition what supply chain means: "Supply chain strategies require a whole system view of the links in the chain that work together efficiently to create customer satisfaction at the end point of delivery to the consumer. As a consequence, costs must be lowered throughout the chain by driving out unnecessary expenses, movements, and handling. The main focus is turned to efficiency and added value, or the end user's perception of value. Efficiency must be increased, and bottlenecks removed. The measurement of performance focuses on total system efficiency and the equitable monetary reward distribution to those within the supply chain. The supply-chain system must be responsive to customer requirements".

No matter what, SCM is an expansive, complex undertaking. The success of a well ran supply chain relies on cooperation from each partner, from suppliers to manufacturers and beyond. Because of this, effective supply chain management also requires change management, collaboration and risk management to create alignment and communication between all the entities.

However, how different is SCM to Logistics management?

The terms supply chain management and logistics are often confused or used synonymously. However, logistics is a component of supply chain management. Logistic focuses just on moving a product or material most efficiently. If focus on ensuring the good arrives at the right place at the right time. It also manages activities such as packaging, transportation, distribution, warehousing and delivery. In contrast,

SCM involves a more comprehensive range of activities, such as strategic sourcing, effective and efficient procuring, and coordinating supply chain visibility efforts across the supply chain network of partners etc. (Rouse, 2018).

SCM boost efficiencies through better collaboration and as a result profits lower cost. SCM enables companies to manage inventory better, cut costs but at the same time meet customer demand. SCM can be achieved by using appropriate strategies. Modern tools such as software are essential to managing the increasing complexity of modern supply chains. Raghavendra and Nijaguna (2015) made a study on the impact of SCM on service quality in the hospitality industry, using McDonald Restaurant in Bangalore. The study clearly indicates that there is a significant relationship between the supply chain practices and the service quality of the restaurant. Results from the research suggest that supply chain managers should consider the SCM in their initial strategic planning efforts. However, according to Odoom (2012), The implementation SCM must be broken down into three different levels: from tactical to strategic to operational to make sure the different groups involved in implementation do not see the long-term goals in different ways for the hotel industry to gain a competitive advantage.

The most basic version of a supply chain includes the company, its suppliers and the customers of that company. In this case the supply chain is linear one. A more sophisticated, supply chain will likely include several suppliers and suppliers' suppliers, a number of customers and customers' customers. This will contain third-party providers, financial organizations, vendors and providers. Rather than a direct straight line, the supply map is more web-like (Rouse, 2018).

However, we must remember that SCM was first introduced into the production industry in the 1980s as a managerial tool to increase overall production efficiency (Stadtler, 2004). SCM looks or tries to understand an entire system (processes) of a project/work to create value chains (inter-connection) through a logistic approach (Tan, 2001). In another word, it could say that SCM aims to create a value chain from one end to the other end of all the participants in a specific business group or suppliers (Malin, 2006). Also, SCM could also include involvements within a business unit or a company such as communication or benefits within a department or between departments of a company as well (Burkett, 2006).

2.4 Literature Review – Part 4 -SCM in the Service Industry

However, much of today's SCM research centred on the manufacturing industry. How is SCM applicable to the service sector? Tourism is by definition a service sector industry. How is SCM utilised in this area? According to Chowdhury, Alam and Habib (2017) there is no single definition for industrial SCM and service SCM globally. Researchers from different nations defined the same from their perspective.

Furthermore, Chowdhury, Alam, and Habib (2017) concluded that the use of SCM, generally in business, and especially in the services industry is not mature yet globally. Elgazzar and Elzarka (2017) paint a similar picture. According to Elgazzar and Elzarka (2017), there is a significant lack of understanding of the concept of Service Supply Chain (SSC) and the implementation of its practices; furthermore,

there is a lack of studies that focused on how to model, manage and assess the performance of service supply chain. Elgazzar and Elzarka (2017) found that unlike the manufacturing sector- services cannot be standardised as they vary and lack standard features. Also, the review indicated that the analysis of services quality is unlikely to be quantifiable which makes the assessment of SSC performance rather tricky.

How does the service industry differ from the manufacturing industry from an SCM point of view? According to Keiger (How Supply Chain Works Out for A Service Industry? 2016), the service sector differs in 4 areas:

1. Logistics for the manufacturing industry will involve moving objects from one place to another while in the service industry; the physical movement of goods will be minimal, but instead, the movement is focused on information. The service industry finds ways to upgrade their service deliverer and maximize invested labor and reduce costs. The service industry needs up to date information at any time.

2. In the manufacturing industry, goods need to be stored. Therefore, lots of storage space is required. In the service industry, the service provided will be a completed task or delivered knowhow. Service is by definition intangible and there will be no physical evidence of the transaction but a few papers. When the transactions are completed in either industry, the

goal is to have a satisfied client who is willing to pay for the end product or service.

3. In the manufacturing industry speed of delivery is vital. This is also true for the service industry. While the manufacturing industry delivers physical goods, the service industry will have to compete on its networking capabilities and the information flow. It is getting the right information to the right place at the right time. Bottlenecks can also occur in the service industry, the same as the manufacture industry, but here there will be information bottlenecks caused by too many approvals or unnecessary procedures.

2.5 Literature Review – Part 5 - SCM and the Tourism industry

What makes tourism supply chain differs from other supply chains, even in the service industry is that stakeholders in the tourism industry interact with each other to resolve their different business objectives with different operating scopes (Song, 2012). Song (2012) continues to say: *"Many tourism researchers have used a systematic approach from the marketing perspective to investigate tourism distribution channels, including Buhalis (2000), Middleton and Clarke (2001), Pearce and Schott (2005), Stuart et al. (2005) and Pearce et al. (2007). The supply side of the tourism industry, however, has been largely neglected (Sinclair and Stabler, 1997). Whereas distribution channels involve promotional and marketing activities, supply networks involve inter-firm relationships and product development. The lack of*

attention to supply networks is not unique to tourism. Most service industries also emphasise marketing oversupply (Smith, 1994)".

According to Song (2012), there are seven parts to the tourism supply chain. These can be managed accordingly as an entity on its own or in unison. These issues:

- Demand management,

- Two or multiple-party relationships,

- Supply management

- Inventory management

- Product development

- Tourism supply chain coordination

- Tourism information technology

Echoing Song findings, Zhang, Song, and Huang (2009), confirms that SCM in a tourism setting can be very complicated. Even in a single destination setting a Tourism Supply Chain Management (TSM) map can vary almost spider web-like in complexity.
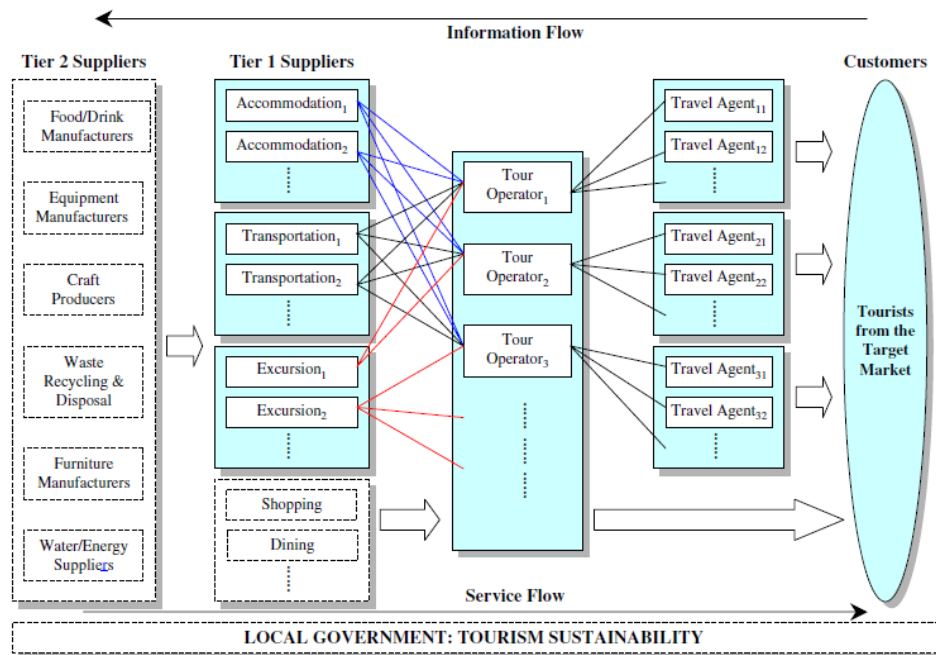
Figure 15 A typical TSM within a Tourist destination
Source: Zhang, Song Huang (2009)

So, what is tourism supply chain? According to Song (2012) tourism supply chain can be defined as a network of tourism organizations supplying different components of tourism products/services such as flights and accommodation for the distribution and marketing of the final tourism products at a specific tourism destination, and involves a wide range of participants in both the private as well as not-for-profit and the public sectors. However, according to Zhang et al. (2009), Tourism Supply Chain as a network of tourism organizations involved in a series of diverse activities, ranging from providing an entire spectrum of components of tourism products/services, such as flights, accommodation at the tourism reception desk, and ending with the sale of tourism products in the tourism region. This network includes a wide range of subjects, both from the private and the public sector that are involved in the creation, sale, and promotion of tourism products. Shaping tourist

supply chains are based on a defined tourist product, which takes the form of the region, the city.

As we move into the third decade of the 21st century, the word sustainability is an increasingly essential byword in business. Sustainability is a code for environmental protection, and SCM has not escaped this trend. Font, Tapper, Schwartz, and Kornilaki (2006) declared that sustainable SCM is particularly essential for tour operators, as the product depends on the activities of suppliers such as accommodation, transport and activities. Therefore, tour operators' contribution to sustainable tourism will be more effective through the definition and implementation of policies that acknowledge responsibility for the impacts of suppliers.

While there is no doubt to the importance of SCM to tourism, but there is still a lack of common understanding as to what constitutes good SCM in tourism sector (Molefe, Tauoatsoala, Sifolo, Manavhela, & Henama, 2018). Furthermore, Molefe et al. (2018) discovered that "developing healthy supplier relationships is a challenge and found that supplier relationships in the public sector are transactional. The lack of a conventional well-accepted means of cooperation operations of companies across multiple tiers of a supply chain cannot work together effectively. Vongsaroj (2013) concur to the above findings. The research results reveal that tour operators in Chiangmai and Phuket provinces have a level of awareness and implementation regarding SCM at a rather high level. However, the SCM implementation level is significantly different from the awareness one. Vongsaroj (2013) further found out

that larger tour operator demonstrates earns a higher profit margin because they implement their SCM with better tourists.

Welford, Ytterhus, and Eligh (1999), SCM concept was firstly partly applied to the tourism industry by a recommendation to the (sic: Indian) government to look at the essential requirements of both demand (tourists' requirements) and supply (operators' demands and supply) sides. In another word, sustainable development strategies must be developed base on a correct understanding of the entire industrial system. The concept is supported by Yilmaz and Bititci (2006) in one of their researches that tourism industry consists of various operators and tourism requirements; which can be met only by joint efforts of the operators and tourists. Therefore, the implementation of SCM should lead to the improvement of performance.

McKercher (2003), using the same principles as SCM, stated that sustainable development strategies must base on necessary information of what products to be and not to be offered? Which market to target and to avoid? Moreover, who should compete and not complete with? In addition to the mentioned questions, both tourism operators and government also have to consider four development pillars which are economical, ecological, cultural, and community sustainability. Lee and Jamal (n.d.) support that environmental consideration will also contribute to the sustainability of tourism.

Also, new concepts, processes and strategies are developed to eliminate the weakness of previous approaches by adding flexibility and clarities through infrastructural standardisation and homogeneity (Gattiker & Goodhue, 2005). Morrison and King (2002) found that small tourism operators start to deploy and adopt those SCM based strategies to their working processes; but still cannot find the proper balance of the strategies and developing partners in the implementation stages due to the lack of SCM knowledge.

According to a case study in Taiwan made by Yang and Chen (2008), by using "exchange theory" to manage the tourism industry, it was apparent that good management would give better returns and benefits to all participants in the process. At the same time, both tour operators and government believe that with good participation and information sharing can create a sound management system; which leads to rules and regulations that benefit the industry as a whole. Another study on the implementation of SCM to small firms in Denmark by Lerberg and Knudsen (2006) showed that it requires lots of initial works to synchronise all the workflows and requirements both within and outside their organisations. However, the outcomes of the hard works in SCM implementation could give positive impacts in terms of efficiency and customer satisfaction at the end.

Base on the new management concepts, Domeisen (2003) had proposed that the responsible organisation, referring to the government in this particular case, had to look at the entire business processes in order to gain a good and clear understanding of the (heritage) tourism industry. It must start from the beginning which must include

looking at the natural resources, operators in the tourism industry from different aspects (such as hotel, transportation, tour guides, and all supporting functions). Therefore, the government would be able to manage them from the aspect of/as one tourism product. By that time, the government would then be able to issue laws and regulations to control effectively, booth, and develop the industry for sustainable growth. This proposal by Domeisen (2003) could be considered as (or matched with) the SCM concept, which is currently widely used by many businesses and manufacturers. Furthermore, Domeisen (2003) said that SCM in tourism would begin with the arranging of an item, recognizing the distinctive segments to be incorporated into the entire tourism systems in every segment of the items.

What Zhang, Chen, and Cao (2010) said is very nearly the same as Domeisen (2003). Zhang et al. (2010) core message is: "tourism supply chain must not be viewed in singularity". To achieve this integration or as Chen (2011) said: "Coordination" requires sophisticated software. Ţigu and Călăreţu (2013)'s study on Romanian hotel chain also concurs that: *"The literature overview shows an intense focus on sourcing activities and on establishing strategic partnerships, in order to benefit from a competitive advantage. However, very few have researched the downstream supply chain management, especially demand management, most research being in theory. We believe the above results are a starting point for future research on tourism supply chain management in order to better understand the importance of reducing the whole systems' deficiencies".*

2.6 Literature Review – Part 6 - SCM and the Hotel industry

According to Sethu (2007) in the past, hotel sees SCM as purely a cost reduction exercise. Buying at the lowest price in disregards to the usage and suitability for the customers was all there to it. Furthermore, the different management systems of the hotel (ownership hotels, franchises, hotels which are run on operating contracts by chains) have different implications on how the SCM is to be executed. To date, many hotels, especially the smaller ones only use computerisation for front office management and reservation systems. The interlinking of front to the back office and purchase process is only found in selected large chain hotels. Akkaranggoon (2010) study on small hotel buying habits (relating to food only) shows that chef centred sourcing strategy is common for small hotels/guesthouses. Group hotels are most likely to use a centralised purchasing system using the enormous purchasing power to squeeze the price down. However, if the level of service is very high, e.g., super luxury hotels, the purchasing strategy can be very flexible even if the hotel operates on a centralised purchasing system.

Ţigu and Călăreţu (2013) pointed out that for the SCM to work, we also need to integrate the supply chain with the demand. The tourism industry is exposed to external factors, especially economic and ecological, so it is necessary to use forecasting tools, or at least use reactive tactics to stay on the market, or at best to conquer a larger market share.

Dubreuil (2014) research into hotel food management in Spain found that direct interaction with the supplier, through modern means such as information sharing can allow the supplier to react to a shortage of any food items faster and recommend new sources or supply on a just in time basis.

2.7 Literature Review – Part 7 - SCM and the Tour Operator

Loux (2014) study of a Dutch tour operator shows that the implementation of Corporate Social Responsibility (CSR) on the supply chain management approach plays a significant role in enhancing sustainability performance. Supply chain management represents only one area through which tour operators can manage sustainability, but it is central to enhancing sustainability on a destination level. As Schwartz, Tapper, and Font (2008) had pointed out the demand for sustainable tourism is now very much a standard rather than option extras for tour operators. The establishment of an EU standard on Sustainable Tourism for Tour Operators' "Travelife" programme, which is a joint initiative from European tour operator associations and sustainability standard-setting stakeholders. The framework has been designed as a series of steps, relevant to the industry, such as engaging the business and setting policies, integrating sustainable SCM into the business, assessing suppliers, setting priorities for actions and evaluating progress. However, according to Baddley and Font (2011), the lack of a standard auditing tool is currently limiting the expansion of the "Travel-life" scheme.

Tapper and Font (2004) pointed out that most of the tourism studies on tour operators focus on 1) Sustainable Tourism – which broadly means environment protection, prevent the degradation of the environment due to tourism; 2) the social impact of tourism. This is mainly focused on the products the tourists buy and use.

Zhao, Hu, and Ren (2011) suggested that tour operator supply chain needed to be divided   into, Service supply chain based on the core of travel agency (in business world this B2B, business to business dealings) and the services supply chain based on the core of independent tourists (in the business world this is classified as B2C, Business to Consumer). Yan and Hong (2011) points out that individual tourist cannot be adequately served by tour agents and therefore need dedicated channels and software.

Mesa, Barranco, and Gómez (2014) study point out the importance of intermediaries in the Spanish Tourism market. Agents can: *"even trebles the income of producers, for example, in the specific case of the hotels."*

2.8 Literature Review – Part 8 – Transportation and tourism

India has an extensive network of roads, and roads are vital to both the movement of goods and people, two essential components of the tourism industry. Indian roads transport 58% of the freight while 35% of freight is moved rail: the remaining 6% waterways and less than 1% by air. Despite the higher cost of road transportation (Cost by Road: Rs. 2.58 / MT / Km, rail Transport: Rs. 1.41/MT/km,

Water Ways: Rs. 1.06/MT/Km) the trend is towards road transport. According to RSM Consulting (2019), India's share of logistics cost to GDP is on the higher side, if compare it with developed economies.

- Share of Logistics cost to GDP: Share of Logistics cost to GDP is 13.5% (7% in Transportation, 6.0% in Inventory, 0.5% in Admin and overheads) in India, whereas in developed economies it ranges between 8% and 10% (5-6% in Transportation, 2-3% in Inventory & 0.5-1.0% in Admin and Overheads).

- Share of Logistics cost to GDP (Considering the final price of the goods): Share of Logistics cost to the final price of the product is 18% in India whereas, in developed economies, it ranges between 9% and 10%.

This illustrates the relative inefficient logistic chain in Indian when compare with developed countries. This is primarily due to the smaller fleet and smaller trucks. Out of the total 5.6 million trucks on the Indian roads, approximately 80% of the truck operators are with less than five trucks. These are usually driven by family members or hired drivers. Moreover, about 75% of the Indian goods vehicles are two axles vehicles with average 9 MT weight capacity, whereas in European countries majority of goods vehicle falls into five axles, with average 40 MT weight capacity. Besides what is listed above, Indian logistic also suffers from poor logistic infrastructure. While many developing countries experience losses of up to 25% of their food, India loses rate is as high as 40% of agricultural production, due to a poorly ran supply chain. In OECD countries, the loss of agricultural products during transportation is on the order of 2% to 3%; High wastage leads to Income loss and inflation of overall

prices for the final consumer. In the U.S., 80–85% of the fresh fruits and vegetables are transported through cold chain logistics, whereas in India, this number is a mere 4%.

Despite being the third largest rail network in the world, Indian Railway is the third largest railway network in the world, transporting 3.04 million tonnes of freight traffic and 23 million passengers every day, the Indian rail system affects not only trade but also the performance of other service sectors such as tourism. According to Ali and Singh (2018), Indian Railways has suffered from chronic and significant underinvestment which resulted in the erosion of the freight and passenger traffic. Ali and Singh (2018) point the blame to railway management. Because of inadequate investment and lethargic management, the customer satisfaction index as determined by Agarwal and Mehrotra (2017) is poor. According to the study, the overall the satisfaction level of customers for all railway services related is roughly 50% which suggests that Indian Railways as a whole is not meeting the expectations of its customers, and consequently it can be inferred that changes are required in several areas.

Another critical component of Indian tourism is the nation's civil aviation. According to Yadav (2017) in 2014, slightly over half (54%) of all overnight visitors travelled to their destination by air. The trend is for air transport to grow at a somewhat faster pace than surface transport, given the size of the country. Accesses to technology, low airfares have given a fillip to online tourism in India. Reports on travel patterns of Indians say that approximately 41% of gross travel bookings in

India are taking place online. About 90% of over 6.5 million tourists arriving in India do so via air travel. Given the importance of air travel to the success of tourism, how is the development of the aviation sector affecting tourism? According to Barman and Nath (2018), evidence suggests that the availability of road and air network and telephone connections has favourable impacts on international tourist arrivals in India. After the Indian Government, open up the economy through a series of reforms (Mainly relating to relaxing previously strict foreign investment rules), the Indian civil aviation sector grew by leaps and bounds. Behera (2016) has already pointed out that the industry is beginning to show signs of problems in aviation finance. High debt burden and liquidity constraints are the two main dangers. Most operators need significant equity infusion to affect a meaningful improvement in the balance sheet. This prediction would saldly come true in 2018/2019.

2.9 Summary

The literature review from Chapter 2 tells us that the key to tourism is first ensuring that the customers is well cared for and the holiday do meet his or her aspiration. From the 1990s onwards there is an increasing trend for tourism to expand into more emotive needs rather than just sights and sounds from exotic place far away. Social, environment, well-being of the locals etc. are increasingly important to modern tourist especially those from developed countries in the West. Tourism is a complex thing and unlike industrial goods, service industry often lacks means to standardise and to get this system right one need to manage the system.

From the above, we can read that the application of SCM in the tourism industry is still in its infancy. So far research on the subject is very limited, but more experiment on the subject is on the way. Because of the complexity of the system, application of SCM is usually restricted to large companies and this is largely still focus on the supply end (the back end) of the equation. To get supplies, one vital element to the success of the tourism industry of India is transportation and this system is bestowed with problems that are holding back further advancement of the tourist industry.
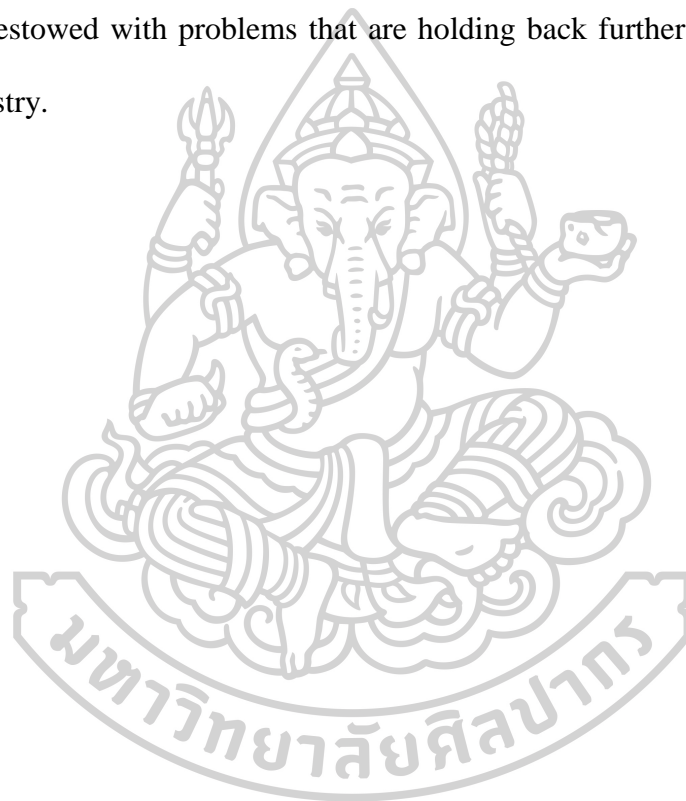
CHAPTER 3

3.1 The current status of the Indian tourism industry

Tourism at present is one of the fastest growing industries in the world. The demand for all types of tourism is increasing day by day. Meetings, Incentives, Conferences and Exhibition tourism (MICE), medical, spiritual and health are just some of the new trends in tourism which are gaining strength in recent years. With the vast cultural and ethnic diversity that defiles the Indian sub-continent, one form of tourism is particularly suitable for Rajasthan, and this is Cultural Heritage Tourism (CHT). Rajasthan benefited from the rich and colorful princely heritage and in the last twenty years or so have developed a unique type of tourism and that successfully milked this tradition. CHT is that particular branch of tourism which is finding favour with a neo-educated class of tourists. It has been attracting the tourists from diverse backgrounds such as sociology, geography and others; as a result, CHT is also a field which has been attracting many researchers. Notably, the culture of India has always been fascinating the people around the world. Though the state of Rajasthan in India especially boasts of a rich, vibrant regal cultural heritage; however, the state still does not attract the number of tourists it deserves.

The tourism industry in India is on a great boom at the moment. India has great potential to be an important tourist destination in the world. However, as of 2017, India is still behind in terms of tourist attraction. See Table 3.0. Tourism is the

second highest foreign exchange earning industry so much so that the Indian
government has now regrouped the travel and tourism industry in the foreign export
exchange earner category. Today, the Indian tour and travel industry is one of the
most profitable industries in the country. During the year 2017, 10.04 million
overseas tourists visited India and spent US$ 27,310 million UNWTO (2018) not to
mentioned in 2017, 23.4 mio Indian today travels overseas, and this figure is expected
to rise. UNWTO (2018).

Table 3 Most visited destinations by international tourist arrivals 2016-2017

Ranking	Country	International Tourist Arrivals 2017 (Mio)	International Tourist Arrivals 2016 (Mio)
1	France	86.9	82.7
2	Spain	81.8	75.3
3	USA	76.9	76.4
4	China	60.7	59.3
5	Italy	58.3	52.4
6	Mexico	39.3	35.1
7	UK	37.7	35.8
8	Turkey	37.6	30.3
9	Germany	37.5	35.6
10	Thailand	35.4	32.6
11	Austria	29.5	28,1
12	Japan	28.7	24.0
13	Hong Kong	27.9	26.6
14	Greece	27.2	24.8
15	Malaysia	26.0	26.8
16	Russia	24.4	24.6
17	Portugal	21.1	18.2
18	Saudi Arabia	18.0	18.0
19	Macau	17.3	15.7
20	India	15.5	14.6

Source: UNWTO 2018

From 2002 to 2004 the Indian inbound tourism numbers are experiencing a remarkable rise despite the problems and constrain set forth by poor planning, uneven implementation and the lack of investment in critical tourism infrastructure.

Figure 16 Foreign Arrivals to Indian1997-2017 (million)
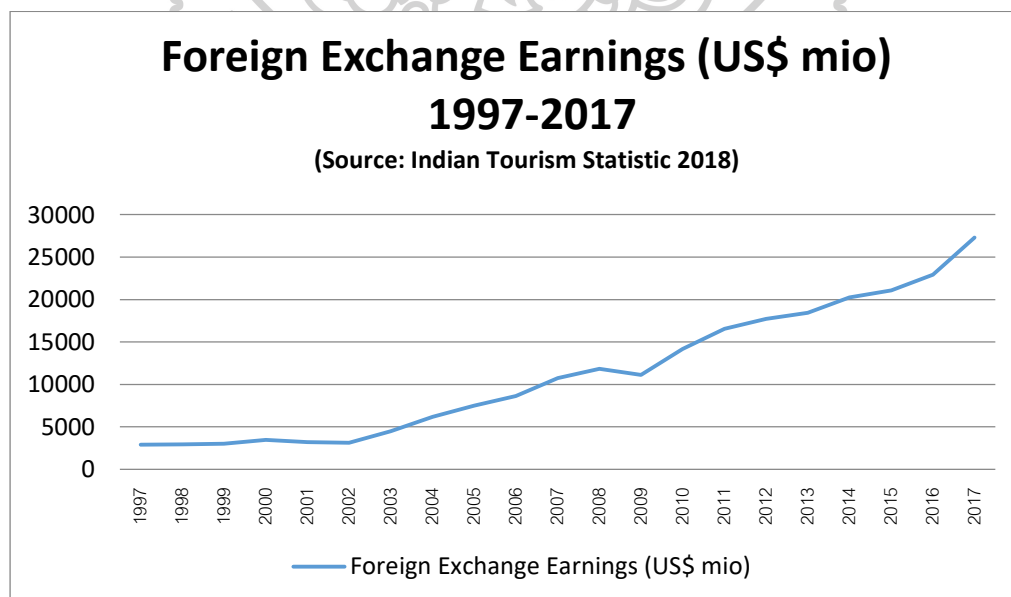
Figure 17 Foreign Exchange Earnings (US$ million) 1997-2017

However, despite the tremendous growth of foreign visitors to India, then the Indian domestic tourism market is much larger and contributes more to the economy than foreign visitors alone. In 2017, there were 1652.49 mio domestic tourists in India compare with just 10.04 mio foreign tourists. The local tourist market is 163 times bigger than foreign tourists!
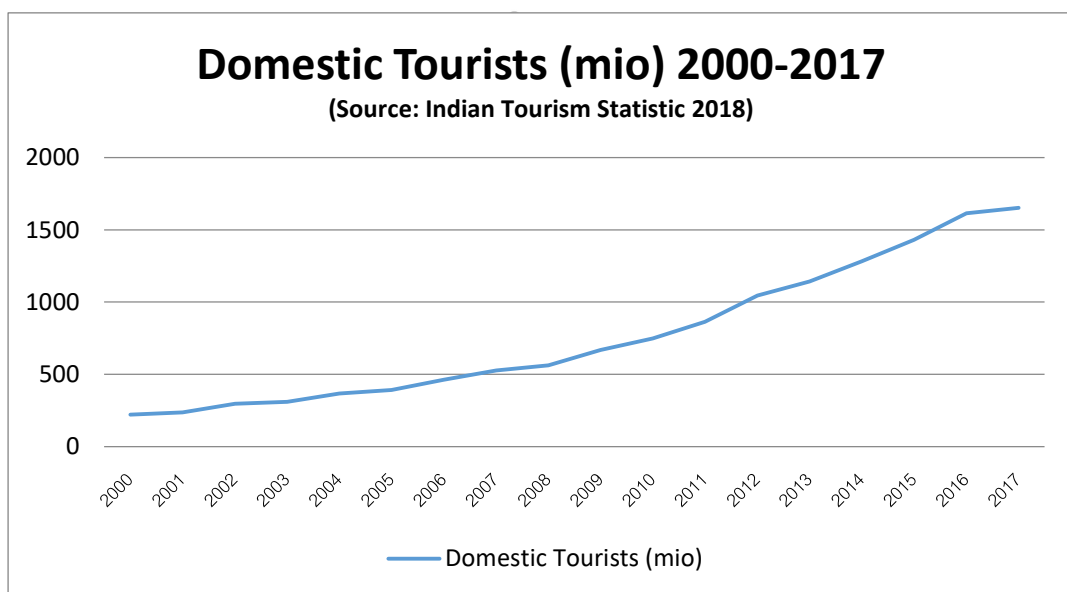
Figure 18 Domestic Tourist (million 2000-2017)

The buoyancy in the Indian tourism industry can be attributed to several factors. Firstly, the tremendous growth in the Indian economy creating a growing middle-class; secondly, the IT sector in the country by which India is famous for attracting people to India for business purposes. Thirdly, the aggressive advertising campaign "Incredible India" by the tourism ministry of India also changes the image of India worldwide. The tourism industry also employs millions of people directly and indirectly in the country. Estimates of 20 million people are directly employed by this sector in the country currently. One of the star attractions of "Incredible India" is

Rajasthan in the north-west of the country. Rajasthan is a popular destination among national and international visitors. The place is inundated with palaces and forts, couple with the unique desert climate and unique tribal culture, this combination makes Rajasthan one of the more popular destinations for foreign tourist visiting India. The top is Maharashtra (18.9%), follow by Tamil Nadu (18.1%), the Uttar Pradesh (13.2%) and Delhi (10.2%). Rajasthan ranked fifth capturing some 6% of foreign tourist arriving in India. In 2015, Rajasthan attracted 35.18 million domestic visitors as well as 1.47 million overseas visitors to the region; this is up from 34.59 million in 2014 and 31.72 million in 2013 (IBEF, 2017). However, while Rajasthan is quite popular with foreigners to India, domestic travellers do not rank Rajasthan very high on the popularity list. Rajasthan ranked a dismal 10th place capturing only 2.8% of domestic tourist.
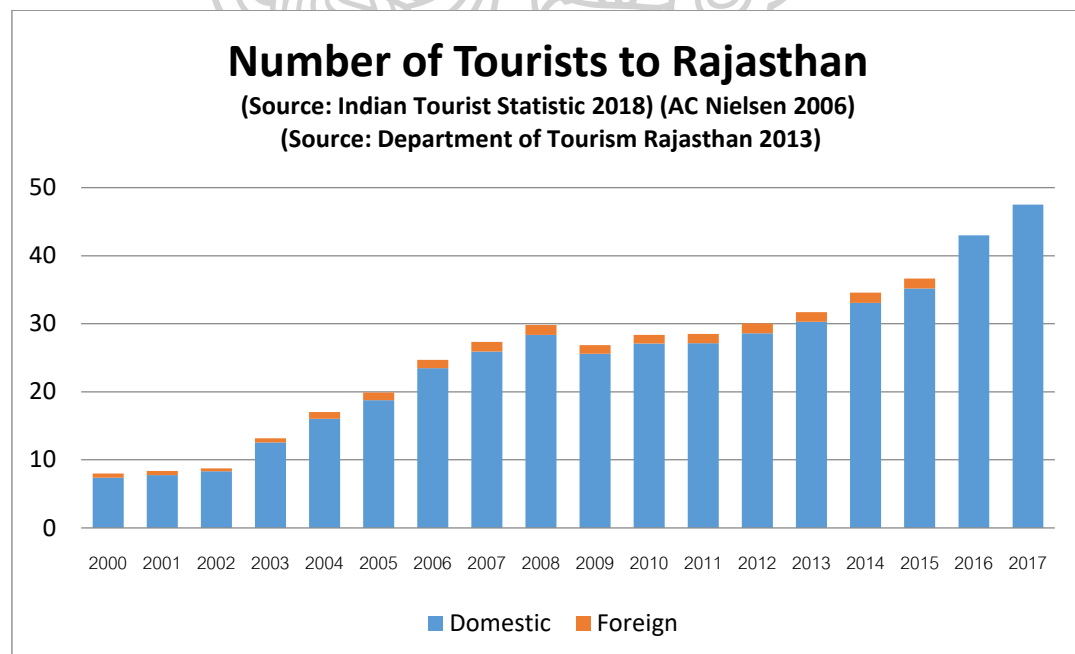
Figure 19 Number of Tourist to Rajasthan 2000-2017 (million)
(Note: No data for foreign arrivals to Rajasthan in 2016, 2017)

However, despite the positive economic data created by this tourism boom, this vibrant industry is also a source of many problems. This ranges from increased environmental burden such as solid waste disposal, liquid wastewater treatment, traffic, air pollution, water pollution etc. to the rapid wear and tear on historical sites as well as uneven income distribution on Rajasthan. According to (IBEF, 2017) there are 68.6 million people in Rajasthan, and if we add another 35 million tourists to the population, at any given time, this equates to 50% increase of population! Given the importance of tourism to Rajasthan, accounting for about 16% of the economy of Rajasthan and the importance of Rajasthan in the whole Indian tourism map (contributes about 11.2% and 3.3% share in India's foreign and domestic tourist arrivals respectively – according to (Department of Tourism Government of Rajasthan, 2016). The fact that Rajasthan is depended to tourism can be seen by the fact on average the whole country 8.6% of the nation's GDP is from tourism. Therefore, it is ludicrous that the State government of Rajasthan allocates a mere US\$ 23.65 million (IBEF, 2017) to the tourism sector according to the 2016-17 state budget. This is equal to assigning only 0.66 US\$ per visitor to Rajasthan! According to the Rajasthan government, 50% of Rajasthan's economy (Tourism is 16% of Rajasthan's GDP, ref page 45) is dependent on the services sector and this services sector provides 47% of the state's population with jobs (compare with 30.5% of the state GDP is from manufacturing and 19.5% from agriculture, agriculture sector employs 44% of the population, and only 8% of the jobs go to the industrial sector). Tourism is by definition a labour intensive industry, and according to RajRAS website (accessed 24th Jan 2019), 7.2% of Rajasthani are directly engaged in tourism. Also, Rajasthan contributes about 11.2% and 3.3% share in India's foreign and

domestic tourist arrivals respectively. This mismatch of attention to the state's cash cow by the authorities illustrates a humongous misallocation of resources by the planners (Rajasthan 2016-2017 budget summary).

Besides the lack of resource, what are the other problems in Indian tourism? Sudheer (1992) studied on "Tourism in Kerala-Problems and Prospects" and highlighted some important limitations of tourism development in Kerala with several various problems confronting the tourism sector – such as government policies and investment initiatives. Punia (1994) in his study on "Problems and Prospects of Tourism in Haryana", the paper had highlighted the importance of elements that had direct effects on the success of tourism development. Some samples of those elements were climate, seasonality, accessibility and attitude of the host population, availabilities of manpower resources, and the planning expertise in tourism development in any area, region, state or country. Batra (1990) in his study on "Tourism in Rajasthan-Problems - Potential and Future Prospects" highlighting various difficulties, obstructions, and barriers in the promoting of tourism in the state of Rajasthan in general – some attraction sites were built in the natural surrounding. He sees that many of the problems were structural age-old rotten social barriers and conventional systems within the state.

3.1.1 Issues with the Indian transportation system

Bearing in mind what we understood of the Indian transportation system (ref: page77-80), given the size of the country, saddle with poor roads and antiquated rail

system, it is; therefore, air travel as a means has to carry on its shoulder the burden of linking India. Travel is also a vital component to the success of the Indian Tourism Industry. Without the means of travel, there will not be a tourism industry. In the past decades, the country has seen considerable growth in tourism, and the civil aviation industry has been able to rise on this and expand at a breakneck speed. However, in the last decade and a half, the growth of Indian carriers has often been profitless (Livemint, 2018). In fact, in the last few months (end of 2018 to the beginning of 2019), 1 in 7 of all aeroplanes in India are grounded (Sridharan, 2019). The blame is the unsustainable business model and ruthless price competition. The grounding of Boeing 737 MAX as a result of the two crashes (Lion Air and Ethiopia Airlines) did not help the situation, but this was not the cause of the real problem which the Indian civil aviation is currently facing. Only 18 of the 638 aeroplanes are the problematic Boeing 737 MAX (Kaushik 17th Mar 2019). From the two months in 2019, domestic passengers dropped from 12.5 million to 11.3 million (Sridharan, 2019). Jet Air, the darling of the airline industry that grew from nothing in 1993 to command of 18% of the domestic business is in danger of declaring bankruptcy (Lee, 2019).

Most of India's aviation experts say that if it is to reverse the current course of the aviation industry, the Indian Government must cut the tax rate on aviation turbine fuel (ATF), the single most significant expenses for the airlines. At present, the tax makes it cheaper for airlines to fly internationally than domestically, on a per litre basis. However, the tax rate is just one of the host of issues industry insider say must be addressed if the sector's short-and long-term health is to be safeguarded. "There are parliamentary committees constituted to look into fare levels, but no such

committees are looking at airport monopolies, competitive dynamics, the lack of adequate financing, inability to use secondary airfields as alternatives and lack of comprehensive transport planning," said Satyendra Pandey, an aviation expert who until recently was the chief strategy of low cost carrier GoAir (Sridharan, 2019).

However, the aircraft industry is the choice of travel for the middle and upper classes, the largest mover of people and goods in India is not the aero plane but the railway as such the Indian Railway plays a vital part in the tourism industry. Not only it carries people from A to B, but it operates special tourist train or coach services on popular tourist circuits in different parts of India. The service offers tour packages inclusive of rail travel, local transportation, accommodation, food and guided tours. Indian Railway also offers various tourist services in this segment including Luxury tourist trains, Semi-luxury trains, special Buddhist trains etc. to cater for all needs.

However, the system is old and poorly maintained such that it is unable to meet the demands of the growing numbers of travellers. Today, Indian Railways carry 15 times more people than their capacity. However, the 'Operating Ratio'[2] of Indian Railways is still at a decadal low of 96.9% (Kashyap, Undated); and if the rail system can be more efficient, the tourist industry can expand much more than it has done. The poorly maintained infrastructure is also the deadliest. According to the Report of High-Level Safety Review Committee of 2012, from 2007 to October 2011 casualties in train accidents accounted for 1,019 deaths and 2,118 injuries. In addition, during

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[2] Operating ratio is a company's operating expenses as a percentage of revenue. This financial ratio is most commonly used for industries which require a large percentage of revenues to maintain operations, such as railroads. In railroading, an operating ratio of 80 or lower is considered desirable.

the same period, 1,600 railway staff were killed and a further 8,700 was injured. The committee estimated that almost 15,000 persons get killed each year by what is called unlawful trespassing (Railway Ministry, 2012). The truth is that the Indian Railways system is also poorly funded and inadequately managed. Indian Railway carries an annual debt of over US$ 2.8 billion. The passenger division lost US$ 4.2 billion in FY 2013–2014, leading to a US¢ 0.32 loss per passenger-km. At the same time, Indian Railway holds a cash surplus of US$ 96 million. If an operatin ratio of 96.9% is not bad enough, according to Lohumi (2016) the Indian Railway's operating ratio has risen to 109% by December 2016. Furthermore, Lohumi (2016), pointed out that Indian Railway's accounting systems are outdated, which means the figure may be far worse than 109%.

Between 2004 and 2014, 99 new rail projects were announced in the annual Rail Budgets without additional funding. One project has been completed; the remaining 98 will require US$ 70 billion, including four projects which were 30 years old. Indian Railway is losing passenger and freight market share to other modes of transport (Lohumi, 2016). There are many reasons for the problems that faced the Indian Railway. Some of these are:

    a) Freight and Passenger are travelling on the same track. This is the leading cause of delays to passenger rail services. The solution is to have dedicated goods and passenger tracks, but India Rail had been unfunded for years (Roy, 2017).

b) Old infrastructure, such as old signalling, old bridges many were made in the 19th century! Old bridges mean that the train must reduce speed and this is another cause of delays on Indian trains (Chand, n.d.).

c) The management system is run not as a company but as a department of the railway ministry from an office in New Delhi. Civil servants run the operation and as such ran the railway with no references to efficiency and effectiveness. Over-centralization without and unable to cater for local needs means that the rail services do not meet local needs and is poorly utilised. The hierarchical decision-making makes even simple decisions take years to resolve (Theevandim, 2017).

d) Indian railways have a huge employee base of 1.3 million, which includes powerful workers' unions. Workers are unproductive, and much of the budget is used to pay salaries and pension leaving little for investment into infrastructure and capacity building.

The last link to the Indian transportation system that is so vital to the health of tourism is the road system. Like the rail and aviation sector, the Indian road system while vast is poorly maintained and is struggling to keep up with the rate of usage. Despite the vastness of the country, Indian has one of the lowest densities of expressway in the world (Mukul & Manchanda, 2017). Currently, India has approximately 1,583.4 km of expressways in operation. One of the barriers of new roads is that greenfield projects or even brownfield project are costly and time-consuming as the land acquisition will drag on for years and market value to be paid would have been high because of real estate development (Mukul & Manchanda,

2017). Next down the list is National Highways. Although the Indian government has vowed to double the highway length from 96,000 to 2,00,000 km (Financial Express, 2016), as of April 2019, the planned construction of 15,000 km of roads has fallen short by 33%. While National Highways constitute 1.8% of Indian roads, they carry 40% of the traffic (National Highways Authority of India, 2016). The majority of existing National Highways are two-lane roads (one lane in each direction), but some are expanded to four-lanes and some to six or more lanes. However, as of March 2016, 20,703 km or 21.6% of National Highways were still single-laned roads; furthermore, only a few National Highways are built with concrete (Financial Express, 2016).

While lack of road building forces the ever-expanding traffic to travel on existing roads, this has created an excessive amount of wear and tear on the existing road that is coming off the seams. The maintenance effort is weak and allegations of corruption by the National Highways Authority of India (NHAI), is the autonomous agency of the Indian government responsible for maintenance and the expansion of the highways adds to the problem. According to (Ukhalkar, 2018), fraudulent contracts and agreements are said to be made with some favored contractors. Many times, the contractors are allegedly thought to be using bad quality materials, old technologies and outdated specifications for the building of roads.

 (Bansel, 2006)

The urban road system is also chaotic. According to the Indian Institute for Human Settlement report (IIHS, 2015), the present levels of urban mobility are

already generating a crisis. These problems include 1) high levels of congestion, 2) environmental pollution, 3) traffic fatalities and 4) further inequity between the haves and have–not. With over a quarter of India's urban population lives below the poverty line, the mobility problems of the poor are of particular concern because unaffordability of private transport or the lack of public transit options forces the urban poor to walk or cycle increasingly long distances for work. As Indian cities continue to spread outward, those residents who are too poor to afford motorized transport will be increasingly put at a disadvantage, by cutting off from employment, recreational, educational, medical and other activity sites which are usually located with the urban areas.

3.2 SWOT analysis of Indian Tourism

From the above, we can see that the Rajasthan government is negligating this valuable sector. If so, what are the indicators of this underinvestment? According to Bansel (2006), (Agrawal, 2016) and (Fitch Solutions, 2019) in a SWOT analysis, the overall India tourist situations are as follows:

Strengths

- Attractive tourism prospects with diverse touristic products. E.g., medical, yoga

- Human resources costs in India are low – good for tourism as it is a labour intensive service industry.

- India is unique.

Weakness

- Security

  - Lack of safety and security of tourists – rape, harassment.

  - Begging and Cheating - Incidents of touting and fake products.

  - Inter-communal strife is common

- Training

- Lack of tourism courses and training.

- Lack of unified languages ways of doing things in the tourist sector.

- Govt.

  - Ineffective Public Private Partnership.

  - Under-developed infrastructure and poor hygiene.

  - Weak banking and financial system.

  - Heavy taxes

- Transportation

  - The inefficiency of the domestic airlines - instances of flights being cancelled or delayed are frequent.

  - Inadequate facilities at the airport. Sometimes it becomes impossible to find a clean toilet in airports.

  - Passenger handling capacity is reaching a breaking point; many of existing airports badly need upgrades.

  - Poor road conditions.

  - Poor railway infrastructure, capacity unable to meet demand.

  - No integration of transports systems – leading to long waiting time and very inefficient.
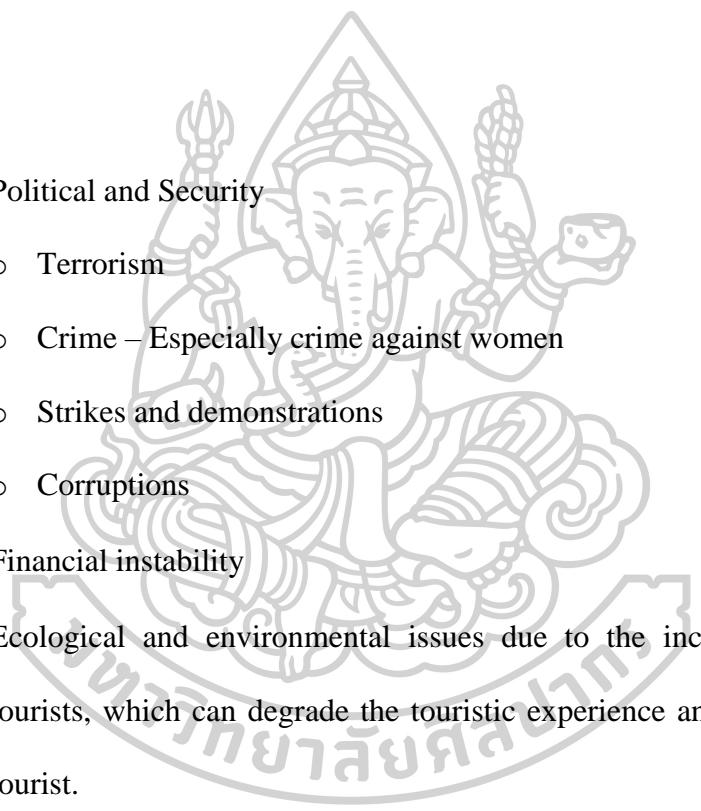
- Hotels:

  o Lack of accommodation, many are of uneven quality. Only 97,000 hotel rooms are available in all of India today, which is less than the Bangkok hotel capacity.

  o The hotel industry in India is heavily staffed thus inefficient. Indian hotel companies have a staff to room ratio of 3:1; this ratio is 1:1 for an international hotel.

  o The high tax structure in the industry makes the industry worse off than its international equivalent. In India, the expenditure tax, luxury tax and sales tax inflate the hotel bill by more than 30%. The effective tax in the South East Asian countries works out to only 4-5%.

- Lack of budget, guesthouse type level accommodation. Lack of mid-class (three stars) hotels.

- Not ready to serve Chinese or other non-Western tourists (except tourist from South Asia)

- While the domestic tourist traffic is big, they tend to concentrate on the low-cost budget level

- Inadequate water and power supplies.

Opportunity

- Online trade and ease of visa restriction (electronic visa)

- New tourism products: Eco, Heritage, Spiritual, health, wellness, film, MCI tourism.

- Increase domestic and non-Anglo-Saxon foreign tourists' arrivals

- Outbound Indian tourists

- Chinese and Asian tourists

- Heritage hotel – a unique experience, only in India

- Cost is relatively low – when compared with others in the region, a large pool of ready labour and underdeveloped real estate.

Threat

- Political and Security

    o Terrorism

    o Crime – Especially crime against women

    o Strikes and demonstrations

    o Corruptions

- Financial instability

- Ecological and environmental issues due to the increasing number of tourists, which can degrade the touristic experience and drive away from tourist.

- Natural and manmade disasters such as flooding and worsening pollution in places like New Delhi

- Disease and sanitation such as Dengue Fever and inadequate toilet facilities

- Progress in Government Reform is slow and political competence varies across the country

If lack of investment by the state is a cause of the problems of tourism in India, then if we look deeper into the question and see where these short all hit the hardest and how money can be spent more effectively and efficiently.

Let us look at how the tourism industry in Rajasthan. Rajasthan's arrival on the consciousness for Westerners as a tourist destination was given a boost partly due to the success of "Octopussy", a 1983 British spy film, starring Roger Moore as the fictional MI6 agent James Bond. From there onwards western tourist began to start coming to Rajasthan.

In Rajasthan, like all the other States and Union Territories, besides making the rules of the game, the State government plays an active role in running the tourism operation, in competition with the private sector. How this came about was partly due to politics, how India soon after independence began to court with the Soviet Union, so much so that by the late 1960s, despite being a parliamentary democracy in the Western matter, India followed the Soviet planned economy approach in managing their economy. The Jha Committee recommended the creation of The ITDC (India Tourism Development Corporation), a State-Owned enterprise (SOE) was set up in 1966 to undertake the significant responsibilities of tourism development in the country. The main objectives of the corporation were to:

- Construction and management of tourist hotels and restaurants.

- Provision of transport facilities to tourists.

- Provision of entertainment facilities for tourists.

- Provision of shopping facilities to tourists.

- Marketing and publicity activities home and aboard.

Due to the socialist style of government, SOE dominates the economic arena, and private enterprises were relegated to small scaled traders. Following the Soviet tradition, the Indian government began to take an active part in operating "business". The Government of Rajasthan also set up a regional SOE, the Rajasthan Tourism Development Corporation (RTDC) in 1st April 1979, thirteen years of the central government effort in creating the ITDC, to develop tourism in the state; better late than never. The function of RTDC was like its elder cousin the ITDC, was to operate restaurants, cafeterias, motels and bars at tourist sites The Corporation also organises package tours, fairs, festivals, entertainment, shopping and transport services. Also, it collaborates with the Indian railways and runs the luxury tourist train Palace on wheels. RTDC owns and operates hotels across Rajasthan, but the RTDC is better known for budget lodgings. However, even though tourism has been one of the highlights to the economy of Rajasthan, the RTDC has not developed any proper mechanism to support the tourism sector byways of loans, land, equity and other incentives. For years, the RTDC held on tight to its crumbling assets without any wishes to improve the operation of its hotels and restaurants through partnerships with the private sector. Because of the high prices and the poor services, they give, RTDC operated restaurants are sometimes jokingly called mid-way robbers (Singh, 1998). However, the Rajasthan Government has changed its spots and embarked on a privatization spree. According to the Government spokesman, chief secretary, tourism, N.C. Goel, the current role for the government, is only that of a facilitator and not to actively participate, competing against the private sector. The state

government has decided to close 15 of its 41 RTDC units and lease two prime properties to private operators on a 30 years contract – a move vehemently opposed by the employees (Rakhee, 2017). While across the board the RTDC is not making a loss, the RTDC hotels, in general, are not faring well. Occupancy rates are dropping the number of tourists who stayed in RTDC hotels and motels in 2005-06 was 211,178. By 2016-17, the number had come down to 133,830. In 2006-07, the room occupancy in RTDC hotels was 41.94% whereas, in 2016-17, it had come down to 22.69%, official records accessed by the employees' union (Rakhee, 2017).

A quick search in popular travel websites like Tripadvisor.com we can see comments by users on their touristic experiences in India. Of the 52 comments concern the RTDC city tour, 52% were of "poor" and "terrible" category (Trip Advisor, n.d.). A comment by a tourist, who chooses to remain nameless, on Ghoomar Hotel made to Tripadvisor.com dated 27th November 2010, elects to head his criticism with the phrase: *"It's [Sic: a] RTDC Hotel - Not to expect much"*. (Trip Advisor, n.d.).

According to Pile (2018) of SCMP, an English language paper from Hong Kong, in some parts of Rajasthan it seems as if every other building is either a hotel or a guest house although many struggles to attract custom. Moreover, despite an increase in the number of international visitors in 2017, thanks in part to the introduction of bureaucracy-busting e-visas, some formerly buoyant sectors are beginning to struggle. The "Palace on Wheels" and "Royal Rajasthan on Wheels" are suffering from a decline in the popularity of luxury train travel. The Indian Railways Corporation push the responsibility to the government by claiming that not enough is

being done at the government level to promote the heritage services. To revive the ailing Luxury train service, the Indian Railway cut prices, hoping that competitive pricing will encourage people to sign up for high-end railway adventures. However, whether reduced fares is the solution remains to be seen as luxury travel are generally not price elastic, and price cutting can be the start of a slippery slope that ends up destroying brand value and reputation.

In the age of liberalism, environment and animal rights can be a touchy subject to Western travellers. Most visitors to the Amber Fort in Jaipur complete the final few hundred meters of their journey on elephant back. According to animal welfare groups and vets, the placid pachyderms are overworked, underfed and endure repeated beatings. Furthermore, Elephants are not native to Rajasthan, and they struggle in the stifling heat. The dunes at Jaisalmer have become a dumping ground for beer and water bottles, plastic packaging and other litter left by tourists, which is then buried under the sand by tour operators. As one TripAdvisor reviewer put it: "The camels are fun, but the place is filthy."

Of course, not all of Rajasthan's problems are unique to the royal state. Rubbish-strewn landscapes, open sewers, persistent touts and the constant soundtrack of shrieking car horns are the norm rather than the exception. The pestering beggars are an issue not just in Rajasthan but throughout India. On the other hand, India as a reputation for sexual harassment (staring, groping, and stalking) continues to deters would-be travellers. Travel forums are filled with female travellers seeking online reassurance and safety tips (dress conservatively, sit next to other women on public

transport. Last October, a Swiss couple was pelted with sticks, stones and cricket bats after refusing to smile for the camera (Pile, 2018).

Despite tremendous growth in visitors' numbers, both domestic and international tourist, as we can see the Indian tourist industry is still besieged with problems. Poor infrastructure development, inadequate financial support, uncoordinated activities, quantity-driven growth rather than quality growth are issues that continued to dominate the Indian tourism industry.
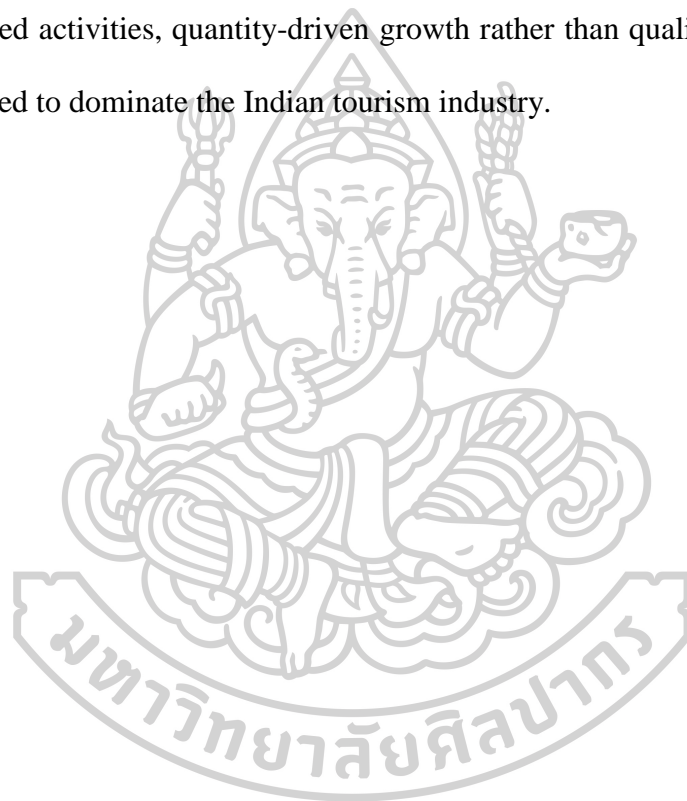
CHAPTER 4

4.1 The Research

4.1.1 Justification of the study

The Indian tourism industry despite the apparent potential for growth, have despite many years of effort by both the State and regional governments have failed to become a beacon in the world tourism stage. Despite the impressive growth in quantity, the Indian tourism industry has failed to grow in quality-wise. Problems besiege the industry, from lack of investment to uncoordinated development, the industry as a whole failed to "sing to the same tune". This study aims to take a microscope to examine the issues and problems of tourism in the State of Rajasthan, with particular emphasis on the heritage hotel/tourism platform. Heritage tourism is one of the key shining lights of tourism in Rajasthan.

This study also examines the use of SCM, a commercially available management strategy, that had been popular in the manufacturing industry and has boasted some success in turning around some poorly managed manufacturing businesses. The application of SCM is now also beginning to be adopted in the Service Industry. The ultimate aim is to see of SCM can be adapted to tourism in India, starting with the heritage hotels and tour operator's industry in Rajasthan.

4.1.2   Aims and Objectives

To assess the viability of applying SCM in heritage tourism industry in Rajasthan, India.

Objectives

1. Evaluate the suitability of SCM as a planning tool in tourism in the state of Rajasthan

2. Assess the current problems of tourism in the state of Rajasthan

3. If the application of SCM can be the solution to the issues in the tourism industry in Rajasthan.

4. To understand the economic impacts of converting heritage building into heritage luxury hotels.

4.1.3   Research Methods and Research Methodology

First: Documentation Study/Search:

This documentation study is to search for general information regarding the site of study focusing on both primary and secondary information. This study would cover all the relevant information of all the heritage sites in the focusing area and also related businesses (stakeholders) and all available relationship and links among those stakeholders.

The documentation study would be expected to give foundation of knowledge, understanding, and also scope of both study and focusing site. The final conclusion of

this process should give some guideline on the list of stakeholders and related businesses in the focusing area – especially in the heritage tourism industry.

Second: Field Study and Observation:

After the first documentation study, giving basic knowledge and understanding of the focusing site, the scope of study would be better identified. The field study and observation is to visit the focusing area to have better pictures and to conduct first talk (general interview) to the local people and some stakeholders; which the expectations to gain more and better understanding of the local people there.

Primary Data Collection: the data was collected via a series of questionnaires, interviews and also in-depth interviews conducted by the author via four separate visits to India carried out between 15th-31st Dec. 2018; 20th-25th Jan. 2019 and 1st-16th Feb. 2019.

We had also briefly interviewed 300 guests who stayed at the leading heritage hotels in Rajasthan as the following details:

Hotel 1:

Rambagh Palace (www.tajhotels.com): Bhawani Singh Road, Jaipur, Rajasthan 302005

Figure 20 Rambagh Palace hotel

Hotel 2:
The Leela Palace Udaipur (theleela.com) Lake Pichola, Udaipur, Rajasthan 313001

Figure 21 Leela Palace Hotel

Hotel 3:

Umaid Bhawan Palace (www.tajhotels.com): Circuit House Rd, Cantt Area, Jodhpur, Rajasthan 342006

Figure 22 Umaid Bhawan Palace Hotel
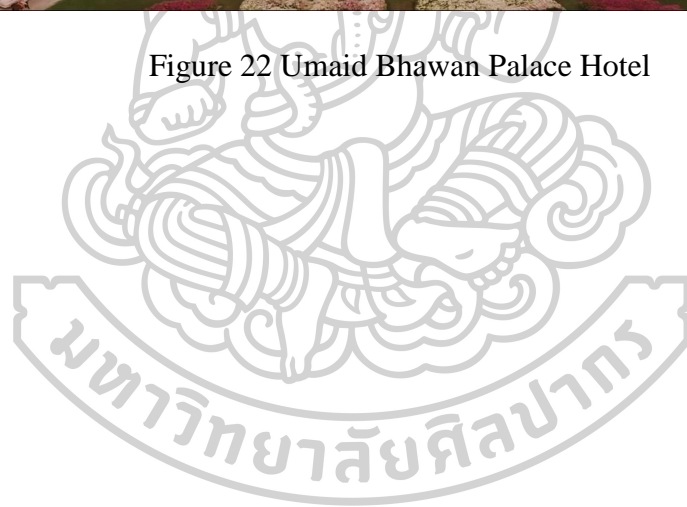
Analysis and Interpretation

Table 4 Age of Respondents

Response	No. of Respondents	Percentage
Up to 25 yrs	24	8%
26 - 35 yrs	62	21%
36 - 50 yrs	90	30%
Above 50 yrs	124	41%
Total	**300**	**100%**
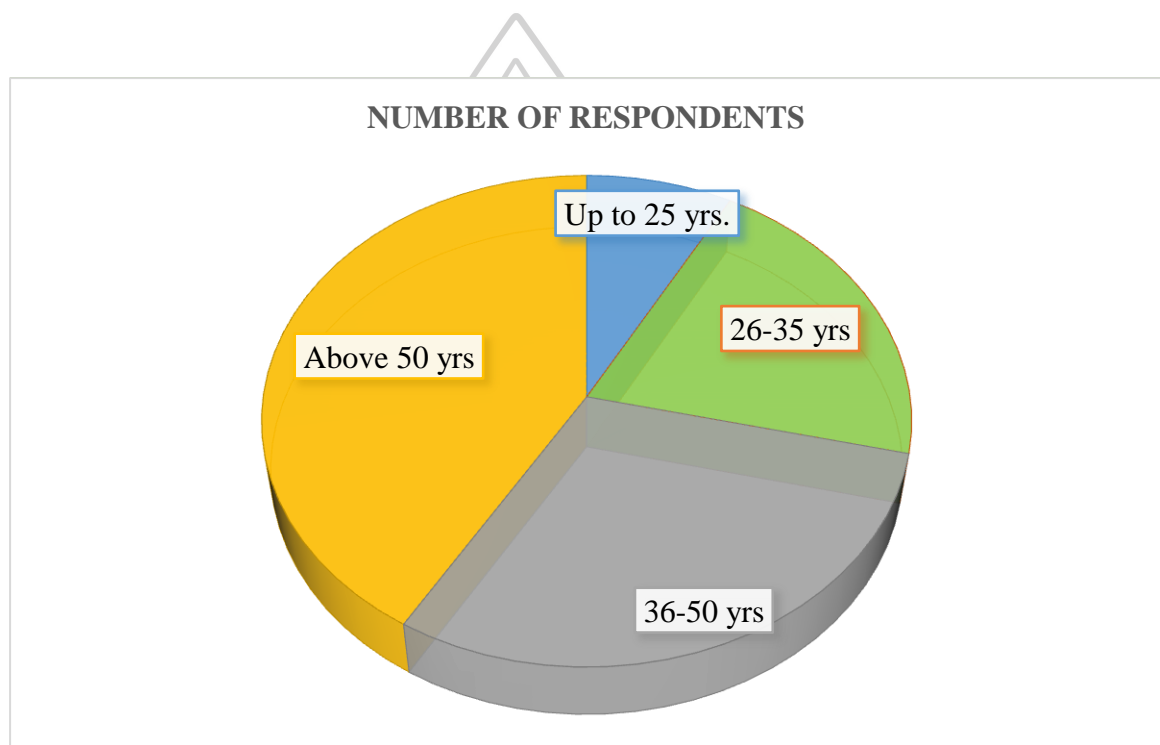
Figure 23 Age of Respondents

The above figures show that most of the guests who stay in the heritage hotel are above 50 years old.

Table 5 Gender of Respondents

Response	No. of Respondents	Percentage
Male	110	37%
Female	128	43%
Non-Binary	62	21%
Total	**300**	**100%**
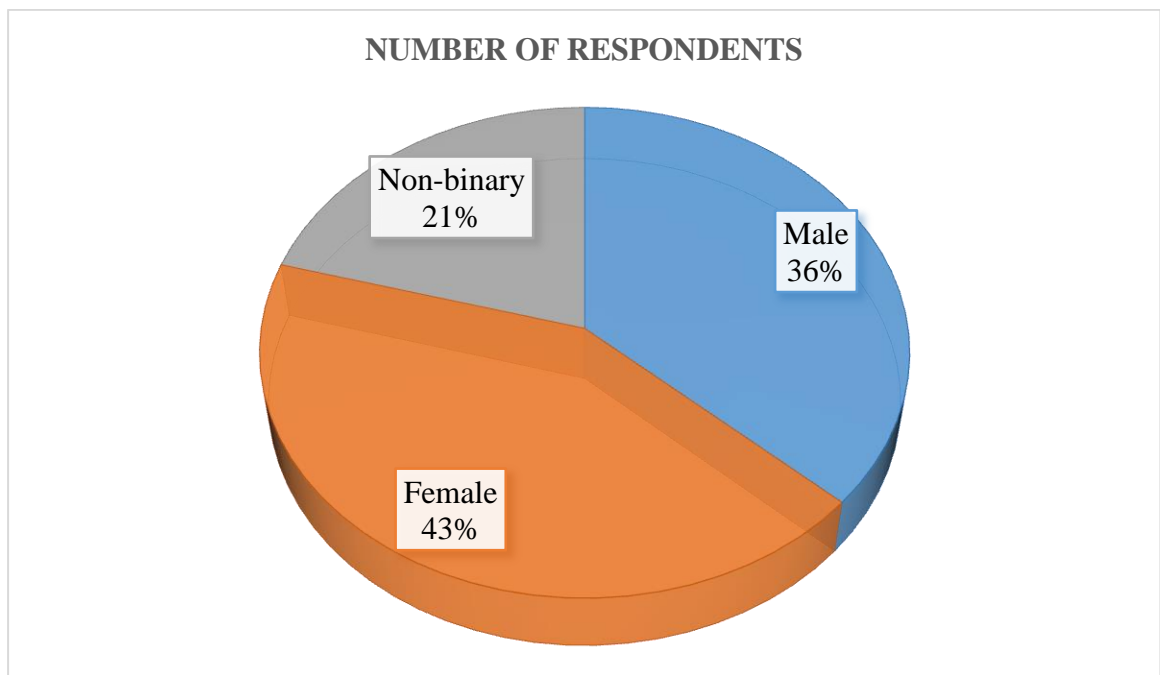
Figure 24 Gender of Respondents

The table 2 shows that the most of the respondents who likely to visit heritage

hotel are female.

Table 6 Occupation of Respondents

Response	No. of Respondents	Percentage
Business	144	48%
Govt. Officer	11	4%
Student	45	15%
Retired	75	25%
Not Mentioned	25	8%
Total	**300**	**100%**
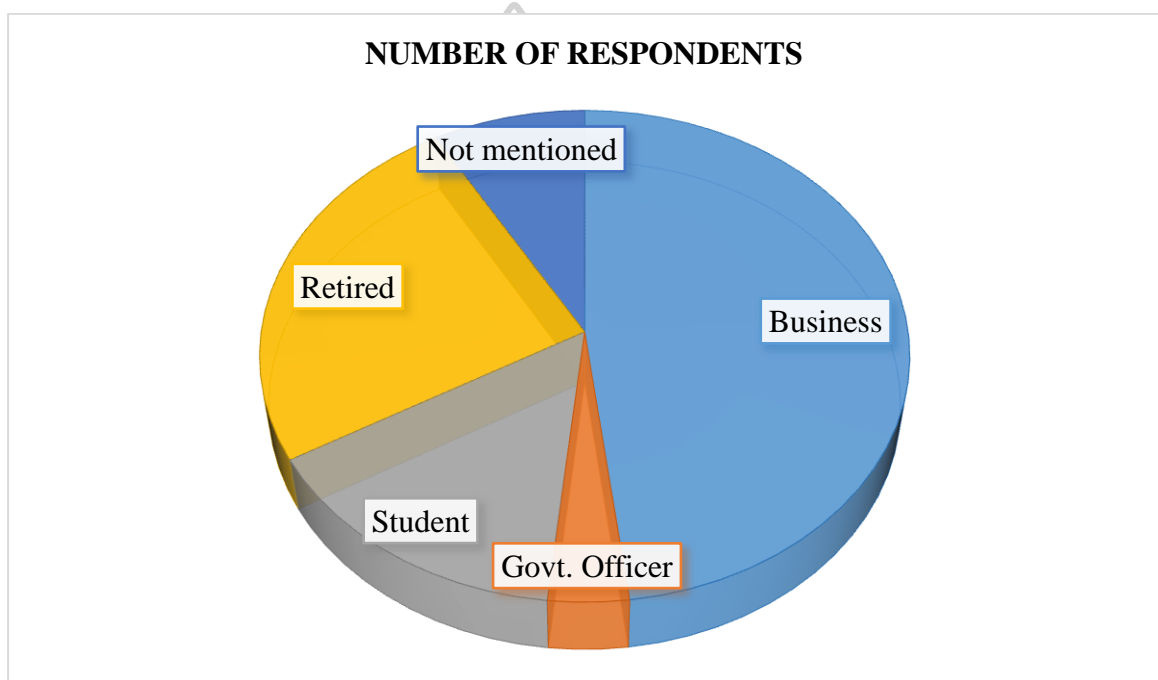
Figure 25 Occupation of Respondents

The table and figures show that the maximum respondents are business people; while the least people are the government officers.

Table 7 Reasons to Visit Heritage Hotels

Response	No. of Respondents	Percentage
New Experiences	40	13%
Historical Stories	88	29%
Luxury Sense	98	33%
Wedding Participants	62	21%
Seminar & Meeting	12	4%
Total	**300**	**100%**
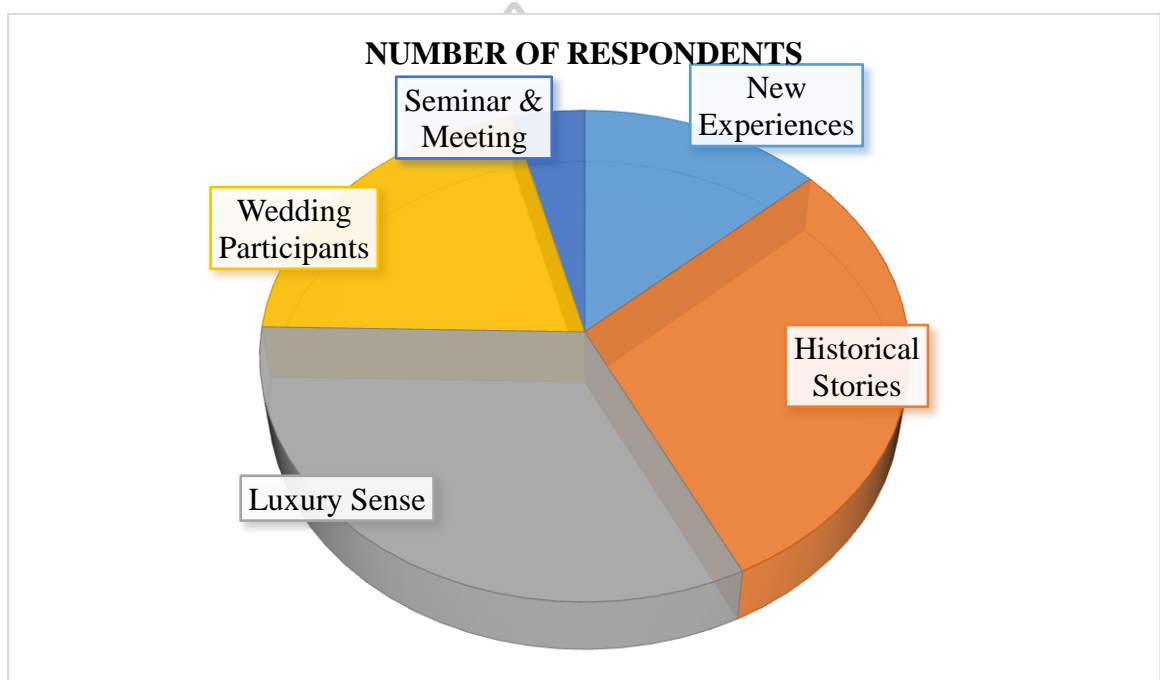
Figure 26 Reasons to Visit Heritage Hotels

The table shows that reasons to stay in the luxury heritage hotel are to have the sense of luxury and also historical stories.

Table 8Duration of Stay in Heritage Hotels

Response	No. of Respondents	Percentage
1 night	46	15%
2 nights	137	46%
3 nights	92	31%
4 nights	20	7%
5 nights and above	5	2%
Total	**300**	**100%**
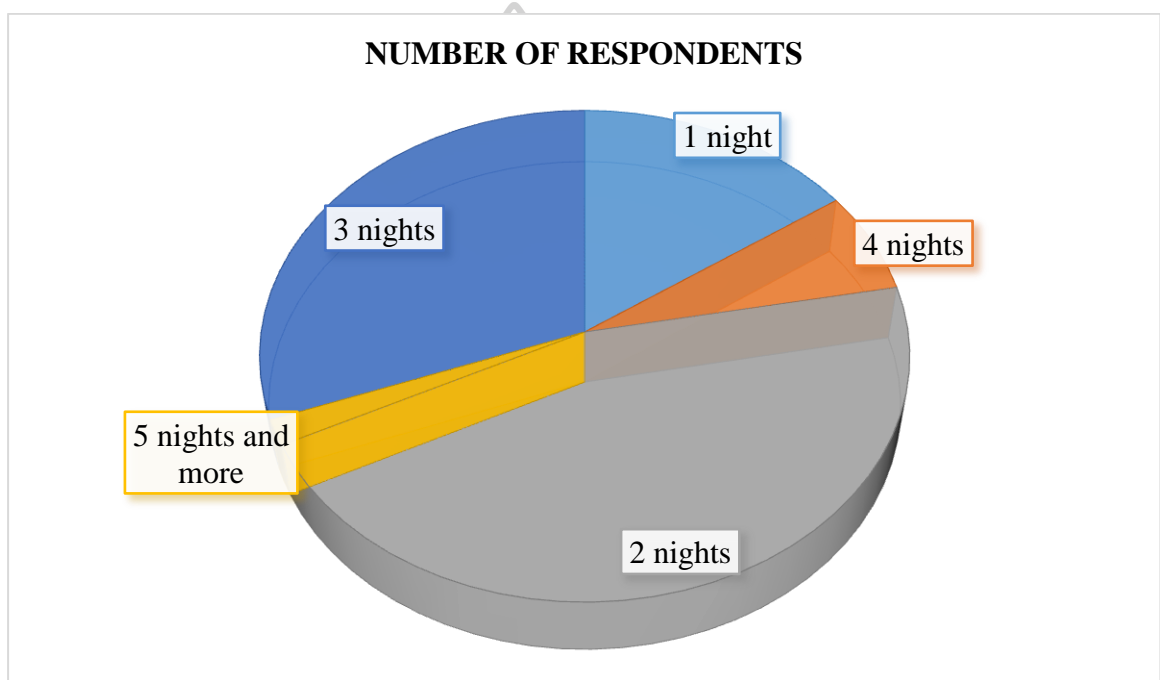
Figure 27 Duration of Stay in Heritage Hotels

Most of the people who respond on this table are mainly stay 2 nights in the heritage hotels.

Table 9 Satisfaction Level regarding to the Services and Facilities

Response	No. of Respondents	Percentage
Level 5	256	85%
Level 4	34	11%
Level 3	8	3%
Level 2	2	1%
Level 1	0	0%
Total	**300**	**100%**

Satisfaction Rating 1 (Less) – 5 (Strong)
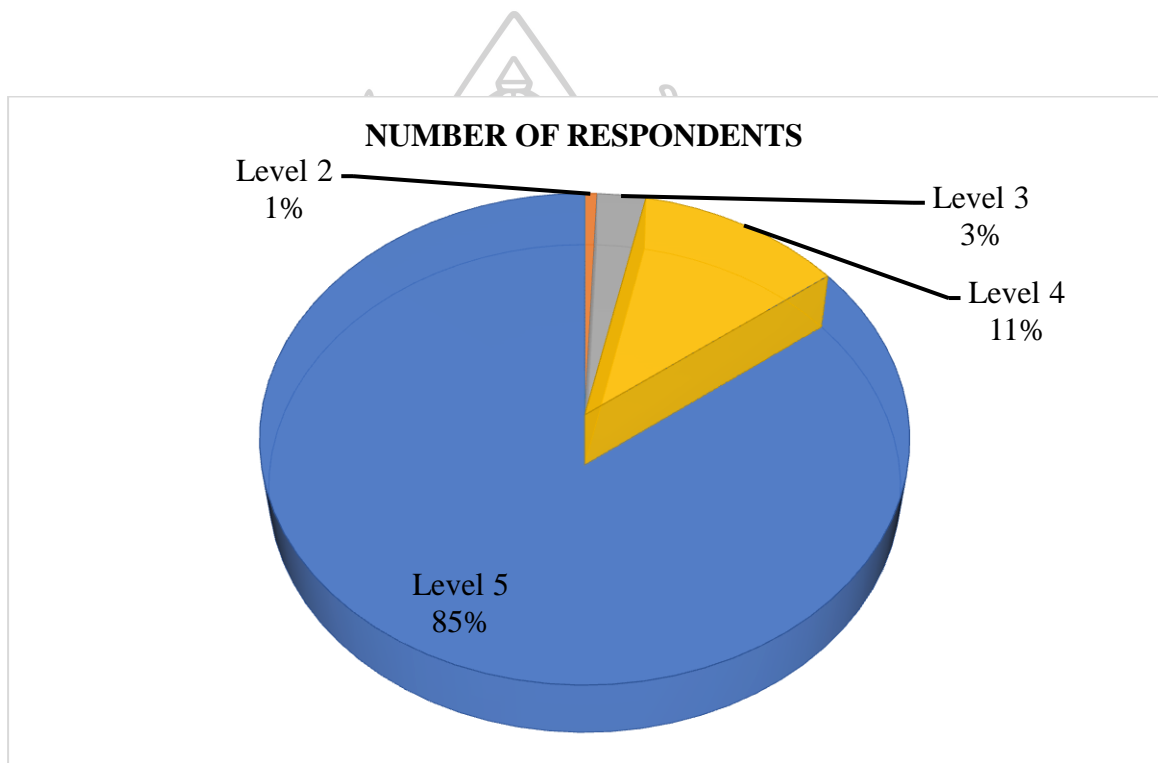
Figure 28 Satisfaction Level regarding to the Services and Facilities

The table shows that most of the people are very satisfy with the services and facilities

Table 10 Type of Reservation Preferable

Response	No. of Respondents	Percentage
Agent	143	48%
Online	142	47%
Walk-in	15	5%
Total	**300**	**100%**
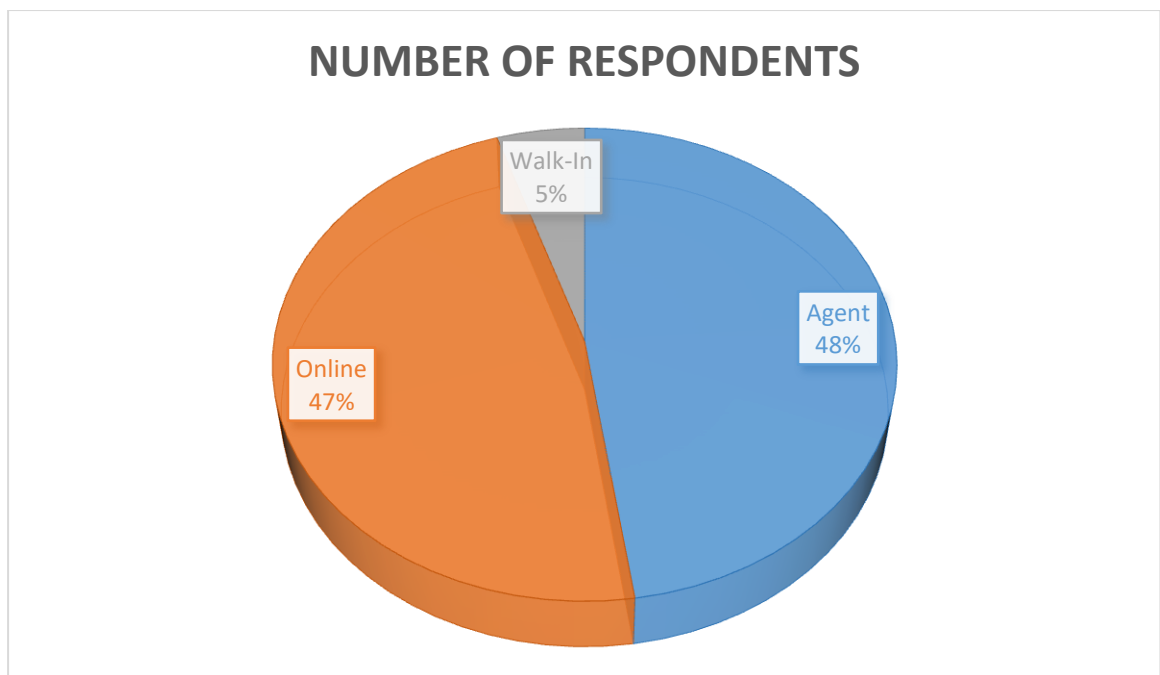
Figure 29 Type of Reservation Preferable

The table shows that most of the respondents booked the hotel through either agents or online.

Table 11 Value for Money (Worth of Staying in Luxury Heritage Hotel

Response	No. of Respondents	Percentage
Level 5	272	91%
Level 4	27	9%
Level 3	1	0%
Level 2	0	0%
Level 1	0	0%
Total	**300**	**100%**

Satisfaction Rating 1 (Less) – 5 (Strong)
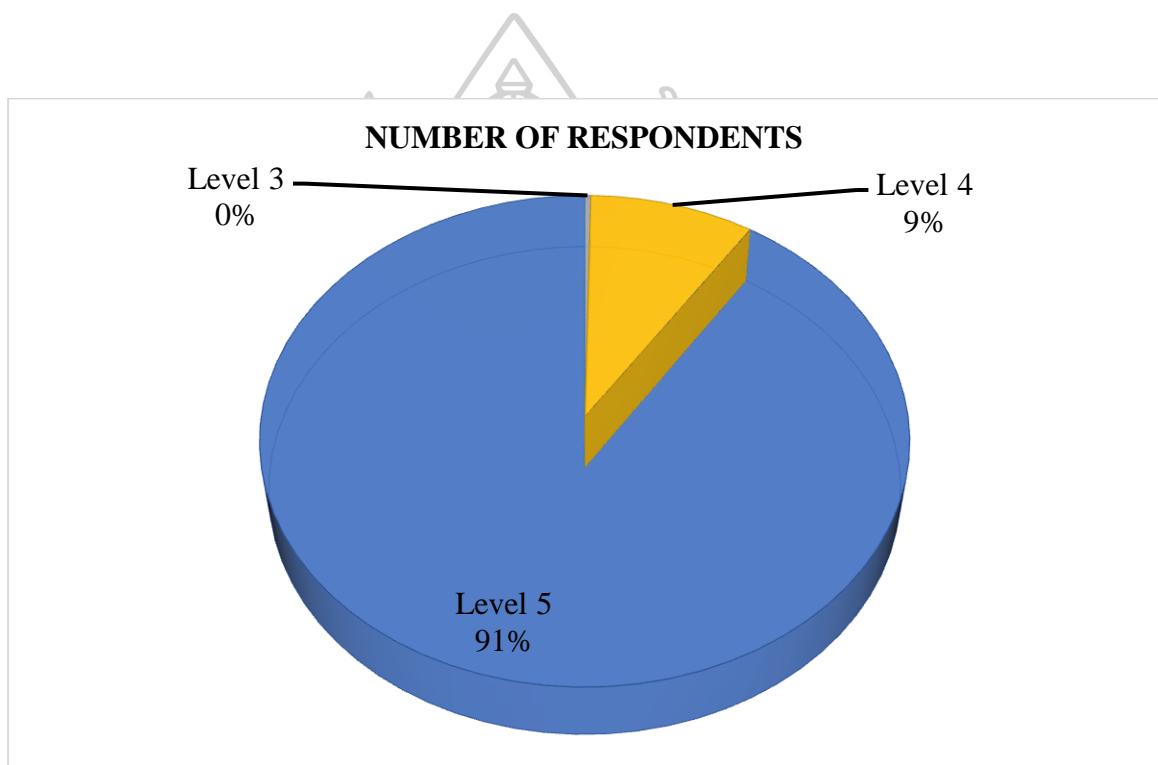
Figure 30 Value for Money (Worth of Staying in Luxury Heritage Hotel

The table shows that most of the people believe that it is worth for money to stay at these luxury heritage hotels.

The above questionnaires and also brief interviews of those 300 participants could be summarized that most of the people who visited these 3 luxury heritage hotels were as follows:

1. Were in the group of High-End people.

2. Came in the sense of family vacations of visits.

3. Were very satisfied with the services and facilities.

However, we could see the trend that the online booking is getting higher and could be about the same ratio as booking through agent.

These in-depth interviews were carried out on a face-to-face basis. In all circumstances, these interviews were carried out with the assistance of Mr. Rajesh Mahala, who took notices and provide a translation if needed.

The in-depth interviews were focused on 1) Heritage hotels in Rajasthan and 2) Tour Operators in Rajasthan. Restaurant operators, gift shops operators, artists were also included in my interview list. The interviews took a semi-structured approach, necessary to reflect the unique experiences of each company. Themes were based on analysis of SCM theories in the existing literature and explored included company attitudes towards sustainability, actions and procedures taken to implement SCM initiatives, and perceived benefits and challenges. Exploratory research was conducted amongst Indian tour operators in India and some overseas tour operator whose primary business in sending tour groups to India. These researches aimed to determine evidence (if any) of good practice in SCM. The sample was identified

through reviewing the Indian tourism Association membership of organizations that encourage sustainable tourism organizations among members including the Indian Association of Tour Operators (IATO), Travel Agents Association of India (TAAI), the IATA Agents Association of India and the Association of Tourism Trade Organizations India (ATTOA). Specific associations such as the Association of Domestic Tour Operators of India (ADTOI) and the Ecotourism Society of India (ETSI) were also consulted.

Due to the distance involved some of these interviewees could only be reached via telephone (including WhatsApp and Skype) and some only responded by emails, and may be because of this the respond rate was not good. Only a small percentage replied to the request for interview. In addition to the interviews, a wide range of documentary information (company reports, websites and industry literature) was reviewed. This provided vital information on good practices used through the supply chain, and interviews were especially insightful since tour operators and hoteliers could also provide the perspective of supplier activities.

CHAPTER 5

5.1 Gathering of Data

The interview processes were taken place in both face-to-face interview and also chat application (WhatsApp).

5.2 Interviews:

A number of interviews were conducted and categorized in different groups.

5.2.1 Hotel Category: Radisson Blu

Figure 31 Radisson Blu, Jaipur City Centre.

Interview Candidate: Mr. Ashish Kaul, General Manager of Radisson Blu City Centre, Jaipur, Rajasthan. Radisson Blu is a (formerly Radisson SAS) is an upscale international mid-level business hotels chain Since 2016, the parent company

Radisson Hotel Group has been majority owned by China's HNA Group, but as of 2018 that stake is being resold to a consortium led by Jin Jiang Group of Shanghai. There are two Radisson Blu in Jaipur, one at the Airport (about 25 minutes' drive from City Centre) and the other one, this one, is in the city Centre within easy reach of the railway station, metro and tourist attractions like the Hawa Mahal.

Tourism in India is a growing fast, and the future looks bright as the demand is still exceeding supply. Our hotel is focused on business traveller and mid-upper level tourist. Not long ago, the hotel supply in Rajasthan has only two categories, the low end and the very high end. There is nothing of the middle end. Many people cannot accept the quality of budget hotel but were unwilling to spend the level of money needed for super deluxe hotel. This has been the biggest constraint to tourism as well as business travel in India.

At this moment, the market is changing; there are more and more hotels coming to the Indian market. The best prospect is the middle-class hotels as they are the level of accommodation that is getting the most significant level of growth. Aside from the traditional tourist that comes to India, the South Asian countries (e.g., Bangladesh, Sri-Lanka, Nepal, Pakistan) we are seeing more and more Chinese people and other Asian tourist coming to India – this is the group that has the highest disposable income.

One of the most significant constraints that we are facing is that there is a lack of qualified staff. Staff with hotel experience are lacking, and we have to train them

from the bottom, which means we have to invest in quite a bit of training before these newly hired staff can perform to an adequate level. There is a total lack of awareness for quality and service that is necessary for an international hotel such as ourselves. Often staff cut corners and carry out their work in a wishy-washy way. The local people in Rajasthan have a poor sense of timing; this part could have been explained by that fact for years Rajasthan had been the backwater of India. Rajasthan is mostly a desert zone that depends on agriculture and nomadic trades. Therefore, keeping to a schedule and work to a plan is difficult for many local hires. As a result, we see many of our projects and plans fall behind schedule.

Being an international hotel, we see SCM as a vital part of our hotel operation. SCM is installed the hotel right from the beginning even during the building of the hotel building. We work with a number of suppliers, and ensure we have dual sources for everything. We work on Just-in-Time (JIT) basis as much as possible and try to source locally as much as possible. We help our suppliers to improve the quality and also keep the cost down as much as possible. We wholeheartedly believe in the SCM, an indispensable tool in the modern hospitality business. However, despite the apparent advantages that SCM can bring, we so far do not see SCM being practice amongst many of the smaller local business in Rajasthan. While big local companies like the Oberoi Group have no problem understanding the necessity of SCM, the penetration of this idea to mid-level business is still very low. Many local businesses do not have a long-term view business and do not see why they should partner with each other. They see all players in the market as just plain old competitor. Trust in business is weak and cheating is common.

As far as the future is a concern, we will continue to invest in training, not only for our local hire hotel staff but also the opportunity for job rotation to widen the level of experience. At the same time, we will continue to develop a partnership relationship with our suppliers. We will also work upstream with tour agents and travel companies to make Radisson Blu their top choice for accommodation when in Jaipur. However, the Government need to work on the infrastructure of the city. The potholes are more extensive than ever, and key tourist sites can do with a new lick of paints. Despite my complaint, compared with just five years ago, things have improved a lot. Our revenue is increasing, and our staff are getting better every day. Things are looking positive.

5.2.2 Hotel Category: Rambagh Palace

Figure 32 Rambagh Palace – Very palatial and very grand

Interview Candidate: Mr. Ashok Rathore, General Manager of Rambagh Palace, Jaipur, Rajasthan. Rambagh Palace in Jaipur, Rajasthan is the former residence of the Maharaja of Jaipur is now a heritage hotel. The hotel is located 8.0 km outside the walls of the city of Jaipur on Bhawani Singh Road. Rambagh Palace was the residence of the Maharaja Sawai Man Singh II and Maharani Gayatri Devi. In

the year 1957 Maharaja Sawai Man Singh II decided to convert it into the upscale hotel and in 1972, Taj Hotels was given the responsibility to manage Rambagh Palace. Today, the Taj Group is part of the Indian Hotels Company Limited (IHCL) a listed company in India.

The Taj, which the Rambagh Palace belongs to is a subsidiary of IHCL and Taj group is the premier hotel brand in the IHTC group of companies that focus on the luxury hotel category. Taj Hotels Resorts and Palaces are one of Asia's largest hotel groups, comprising over 119 hotels in 61 locations across India with an additional 17 international hotels in the Maldives, Malaysia, UK, USA, Bhutan, Sri Lanka, Africa and the Middle East. Incorporated in 1899, IHCL has over a hundred years of experience in managing top class hotels. In addition to the Taj, IHCL also operates SeleQtions, Vivanta and Ginger brands. Rambagh Palace offers 78 luxury rooms and suites. Of the 2209 ratings received by www.tripadviors.com, 2125 or 96% of all respondents were of Excellent or Good category. Only 1.63% were of "Poor or Terrible" category. These were mainly of mediocre food or having to wait a long time for service.

Rambagh Palace is one of the top heritage hotels in India. Like another heritage hotel, it faces the same problem that other heritage hotel experience. The first and foremost issue is the high cost needed for restoration and top sustain its day to day operation. The restoration of Taj Rambagh Palace, a building, built in 1835, took 17 years. Furthermore, Ashok Rathore, the General Manager of Rambagh says: *"The heritage structure posed issues in upgrading to new technologies, so founding ways to*

upgrade the facilities without destroying the heritage takes more imagination and of course money to accomplish". The original palace boasted 104 rooms, but after renovation, only 78 luxury suites was left. The effort and costs involved in the renovation were much more than what is needed if the Rambagh Palace were a new building. One of the main problems is that these 19th-century buildings were not built for modern facilities such as air-conditioning, and the difficulties involved in fixing things such as electricals and plumbing, makes outfitting these and that too without ruining the place, an expensive and painstaking affair. All so, creating an exact copy of the interiors involves a huge expense. "We have to do our mathematics and projections meticulously," says Rathore.

Therefore, return on investment (ROI) for heritage hotels is a long-term process, much longer for regular newly built hotels. According to Rathore, the thumb rule is that the ROI for conventional hotels is about 15-18 months while heritage hotels take at least double this time. "The operational expenses are much higher, and rooms are less".

Another issue is that many heritage properties see a dramatic fall in occupancy during the off-season. WelcomHeritage properties, a rival to the Taj Group claimed some 80% occupancy during the peak season and some smaller heritage hotels in the WelcomHeritage Group even report zero occupancies during the off-season. To alleviate this problem, WelcomHeritage hotels will shut down these underperforming hotels during the low seasons. According to Rathore, this makes it hard for a heritage palace hotel to get decent ROI, even though tariffs the tariffs of these heritage hotels are very high. However, luckily, hotel occupancy, at least for the more prominent

players like Taj is not a problem. According to the Group annual report, the overall occupancy at Taj's heritage hotels is more than 60%, if your hotel can command high prestige like Rambagh Palace. Otherwise, the only way to keep the balance sheet healthy is to keep the hotel inventory small.

Who are the clienteles of Rambagh Palace? According to Rathore, the General Manager, the vast majority of the clients who stay at Rambagh Palace were high net-worth westerners. In Rambagh Palace, many celebrities had stayed in the past like British India's Last Viceroy Lord Louis Mountbatten and Lady Edwina Mountbatten, Former American First Lady Jacqueline Kennedy, Queen Elizabeth and Duke of Edinburgh Prince Philip, Prince Charles and Lady Diana. Movie stars such as Kate Winslet, Pop Icon like Michael Jackson, "Rolling Stones" frontman Mick Jagger came with his daughter Jade to Jaipur and made Rambagh Palace their home away from home while visiting Rajasthan. Non-western tourists are beginning to come, but much smaller numbers. We are now seeing more Chinese visitors, but numbers are still small. Tourists who would like to experience this kind of heritage hotel must 1) have money and also 2) interested in heritage things – therefore; the numbers of customers are limited. However, as the numbers of rooms (supply side) in our hotel are limited also, therefore, the supply and demand equation still work out OK. As a result, our hotel rates fluctuate little between high and low season.

The Taj group has been operating SCM in her hotel chains since 2010. According to Rathore, no hotel chain can afford not to implement SCM if they want to survive. The rise of budget hotels and new business models, like that of Airbnb, have thoroughly

disrupted how the sector seeks to attract new customers, whether it be through cost-effective pricing, adrenaline focused activities or the guarantee of timeless experiences. The Taj Hotel Group has a dedicated team to manage the Group's supply chain. The Supply Chain Director oversees and managed the Group supply chain, while each hotel has her supply chain manager to tackle local issues relating to the hotel which he or she works.

One of the advantages of using SCM is that by centralised purchasing, leveraging on the enormous purchasing power of the group helps to squeeze down prices. This enables SCM teams in charge of purchasing at specific regions to source the best prices within a particular region; the team works to negotiate the excellent deals with regards to corporate items. For example, by adopting a standard linen specification, the Group can standardise the bed and bath linen at an agreeable price. "There are also other groups of items that we negotiate under a centralised tender said Rathore. For example, umbrellas, slippers, types of papers to be used for our printings etc. However, we also buy selected items on a decentralised basis. Not all items need to be the same across the Group. The Taj Group tries to combine both decentralised and centralised purchasing to the best advantage.

One key aspect to make SCM work is to leverage the power of new technologies. Without the application of new technology such as RFID and barcoding, an adequate supply chain cannot be made to work. It helps to drive down inventory and keep control of escalating cost. Rathore added: to take advantage of this new technology we must have the right people; the focus cannot be on just on machinery.

Harnessing new software can also enable Taj Group to utilise multiple foreign currencies, cloud technology and blockchain, also helps bring the highest degree of accountability to the business. This will help to eliminate missed transactions, human or machine errors, or even an exchange that was not done with the consent of the parties involved due to the use of blockchain," Rathore adds.

In the process of implementing the new IT purchasing system, a study was done on their purchase order strategy to evaluate the step. It takes to more than 2500 Rs. (36 US$) to generate a single purchase order. The purchasing process was immediately revised to cut down on these processes which lead to a few drops and fewer invoices and paperwork. This new procurement process has also helped the Taj Group to consolidate purchasing that has led to more substantial discounts and improved service from suppliers, increased speed in the flow of relevant information, and reduced the time necessary for ordering. After the implementation of the new IT purchasing system, Rathore also saw improvements in the company's relationship with vendors and an increase in the accuracy of orders.

Dealing directly with suppliers in both local and international markets, the Taj Group has partnered with two renowned forwarders in the importation and exportation of various goods. At each location, the business has also appointed a number of local suppliers to deliver goods to its hotels. These freight forwarders, corporate suppliers can be considered a strategic partner to the Taj Group.

Green or ecotourism is big on the agenda of today's discerning tourist. This is especially so for a deluxe-five-star hotel like Rambagh Palace. For example, Rambagh Palace used to source power through the State Electricity Board, but now Rambagh Palace installed solar panels as well as a 2.1 MW wind turbine generator at a wind farm at Kaladongar in Jaisalmer, which currently supplies 70% of the annual electricity requirements of the hotel. The efforts have not resulted in reduced carbon footprint but also enabled better cash flow management during the lean summer months by reducing the energy cost. Also, Rambagh also has zero wastewater discharge and treat all wastewater before discharging.

5.2.3 Hotel Category: OYO Rooms

Figure 33 OYO clean, no trills modern affordable hotels for mass tourism

Interview Candidate: Mr. Ajay Parate, Deputy CEO, OYO Rooms. Head Office Mumbai, commonly known as OYO, OYO is India's largest operator of budget hotels. Founded in 2013 it has since grown to over 12,000 hotels in 337 cities in India,

Malaysia, United Arab Emirates, Nepal, China and Indonesia. Ritesh Agarwal, the founder, is a university dropped out cut in the same mode as Bill Gates (Microsoft), Michael Dell (Dell Computers) and Mark Zuckerberg (Facebook). What makes OYO is that unusual is that it does not own the hotel building nor managed the hotel in the same way that Taj or other hotel management groups like Hilton and but offer a marketing platform which hoteliers can join OYO's rooms. Starting at $25 a night and the company earns a 25% commission from hotel owners for the bookings done on its platform. Initially, OYO's business model is just an accommodation aggregator, the way Uber is for rides. Hoteliers joining OYO must conform to the standard of hospitality and décor. This model is similar to the Chinese HomeInn hotel group who started the trend in China some 15 years ago for affordable hotels. However, from late 2017 OYO changed its business model from being a hotel aggregator into franchises. The shift was mainly to reduce operational costs and improve serviceability said Parate. All hotels that were part of the hotel aggregation model have now been converted into the franchise. The key to OYO's success is its IT platform. OYO has made hotel booking very easy and hassles free. With the help of a dedicated app, a user can book a room in just three clicks, and within 5 seconds the customer can secure accommodation for the night.

Figure 34 The billionaire entrepreneur - Ritesh Agarwal, still only 24

Is OYO practising SCM? Yes and No. Yes, like all hotels, OYO needs to have off its franchisee conformed to a particular standard. The same way you get the same décor and outlook at all Starbucks and McDonalds around the world. Kunja Bihari Joshi who sits in Delhi is our head of supply chain runs the OYO supply chain for India. OYO is a rapidly growing company, and in order to expand at the rate we need, we have to outsource a lot of our SCM work to the third party. One such company is *Indutus* who is the leading logistics supplier for OYO. One factor which OYO makes great emphasis is that the supply-chain must have a failsafe factor built-in. Risks of supply-chain breakdown, from the 2001 great earthquake in Gujarat to floods in 2005

which as Mumbai came to a standstill must be influence the way how your supply-chain is built. Disaster can influence your supply-chain even when they happen in the distance.

Another side of the OYO's SCM that differs from standard hotels is that fact that to grow, OYO needs a steady flow of willing franchisees signing on to OYO's platform. On top of that OYO is expanding overseas and as such, we need to build a separate supply-chain in each of the countries we operate.

5.2.4 Hotel Category: Orchid Tents and Tranquility

Figure 35 Orchard Tents & Tranquillity has a safari feel to their accommodation.

Mr. Harpal Singh, Resort Manager of Orchard Tents & Tranquillity (OTT) located in Pushkar, Rajasthan. Pushkar is a small sleepy town in the heart of Rajasthan and is famous for two reasons, Asia's largest camel fair is held here annually and a particularly notable 'Brahma temple'. According to Hindu mythology,

Lord Brahma is the creator of the universe. OTT is a standalone luxury hotel that is independent and not part of any hotel group like Taj or Hilton. Like heritage hotel, OTT has a limited number of rooms, all of which, fifteen are luxury tents suite with a private bathroom and a private veranda. The rates are reasonable, just over 150 US$ a night (twin share) including breakfast. Tripadvisor received 245 comments 98.8% were favourable comments. With a limited client base, how does such a hotel run its supply-chain? According to Singh, while it is not possible to use large purchasing volume to our advantage, we minimised cost through local sourcing as much as possible. Instead of bespoke design towels and sheets, we buy standard items that are widely available from the market. We have the advantage of outsourcing much of standard services, such as laundry and waste disposal, the fact that we have a low upkeep cost – we have tents vs brick and mortars in regular hotels means that we have a much lower cost base.

5.2.5 Hotel Category: Kesar Bhawan Palace at Mount Abu
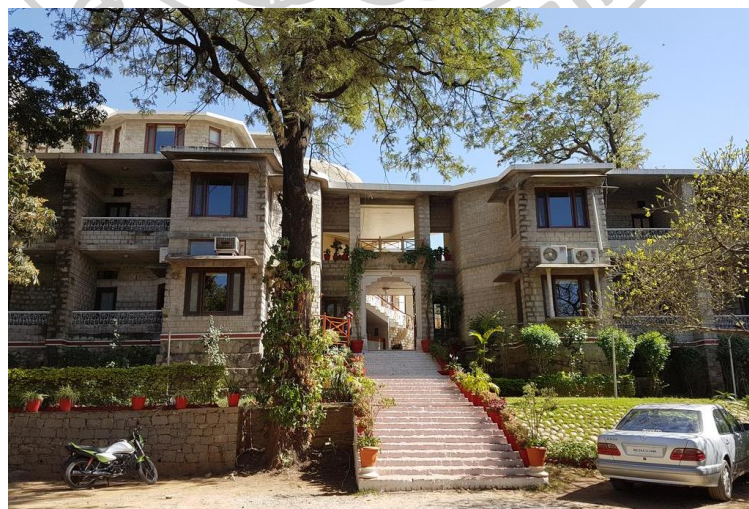
Figure 36 Hotel Kesar Bhawan Palace at Mount Abu, Bhawan Heritage Hotel

General Manager Abhijeet Singh Rathore. Hotel Kesar Bhawan Palace at Mount Abu, Rajasthan is a mid-price heritage hotel. Tariff ranges from 100 US $ to 200 US$ a night. Of the 93 reviews recorded at tripadvisors.com, 89% were positive. This hotel was converted from a large country estate owned previously by His Highness Maharajadhiraj Maharao Umed Singhji of Sirohi. It is not a palace, but a Bhawan (Indian Word: a large house or building) and therefore cannot be compared to Rambagh Palace of Jaipur. Kesar Bhawan is a standalone hotel not belongs to any hotel chain. Due to its remote location, the supply-chain issue is extraordinarily complicated. Transportation cost is high, and also due to its hilltop location, the hotel needs to carry higher than a usual inventory of stock. With only 25 rooms the number of the customer at any given time is limited. To reduce cost, the hotel uses standard supplies such as soap, sheets and non-branded cutlery. To reduce headcount the hotel outsourcing much of standard services. To keep our food fresh, we buy our food daily, and the head chef takes charges of the menu. So, we tailor our menu to what we can source on the day. Our SCM is basic – buy at the lowest price available.

5.2.6 Tour Operator Category: Voyage Ventures

Mr. Vunesg Kumar Manager of Voyage Ventures Tour, Heerapura, Jaipur Rajasthan. Voyage Ventures is a travel and tour organization that caters for both inbound, and outbound travels both business and leisure travels. Besides offering hotel and ticketing services, car rental, visas, Voyages Ventures also provides standard or bespoke tours as well as conferences and business, incentive tours and conferences/ meeting packages.

Because the traditional inbound tourism to India mostly come from western countries. Tour operators like Voyage Ventures cater their local tours to the needs of their clients. As western clients are increasingly environmentally conscious, their choices of suppliers – hotels, transport, food, shopping etc. need to reflect these changing attitudes. This is a must if Voyages Venture wants to keep these clients. However, the trend is changing. More and more non-western travellers are coming to India. The rise of China and Asian countries and states (Japan, Korea, Singapore etc.) give rise to another type of customers' need. Environmental issues are no longer about intangible issues like "The Good Earth", but more practical issues like cleanliness are more relevant to Asian tourist. Other issues such as like social impact on tourism, fair trade issues are not currently crucial on the Asian tourist agenda and Voyages Venture must cater to the needs of these clients.

More than half of Voyages Venture's business comes from local (domestic) travellers and also outbound travels by the increasingly affluent Indian populations. Voyages Venture needs to adjust to the needs of these tourists. Indian tourists do not see things in the same light as western tourists. Pilgrimage tours – on the trails of Hinduism or Buddhism are not tours that attract westerners. The supply-chain management is different from the needs of tours that mainly focus on western tourist. Indian and Asian tourist are more cost conscious and therefore cost control is a vital issue.

Voyage Venture is not a big company like Thomas Cook said, Kumar. We have limited resources and need to be careful about how we spend. Every expenditure

we made need to be practical and must see a return in the near future. Wishy-washy cloud-in-the-air scheme is not for us.

5.2.7 Tour Operator Category: Curio Tour & Travel Company

Figure 37 Ms. Kantikarn Intasorn and the Author

Kantikarn Intasorn, Managing Director, Curio Tour & Travel Company, Bangkok Thailand. Specialised in outbound tours from Thailand to India. Kantikarn Intasorn studied in India when she was young and thus can speak Urdu. As a result of the language advantage, Ms Intasorn has lots of connections with India. According to Ms. Intasorn, the issue facing her from the Thai perspective are:

a) Thailand is experiencing an economic crisis; people have less disposable income and thus not willing to spend on luxuries such as travel.

b) Most Thais are Buddhist and thus have a natural tendency to go on the Buddhist trail. Therefore, popular destinations are places in India that has a Buddhist theme. These include Gaya and Varanasri.

c) Rajasthan is desert and expensive old hotels. This is NOT the focus of Thai tourist. Newly developed countries people like to focus on new and luxury items. They were once poor, and sights of an old wooden chair and historic building remind them of the old days. If they do go to a heritage hotel, it will just for lunch or high tea and some pictures of each other amongst the palatial surrounding. Anyway, 500 US$ plus a night is far too expensive to ordinary white-collar tourist.

d) In recent years, we see a more and more Thai hotel groups like Dusit Thani, Minor International (e.g., Anantara) operating in India and this would be a popular choice for Thai tour groups who sees local brands a sign of confidence and reputation. We will expect more business going to Thai hotels in the future.

e) Only a limited number of Thai tourists can afford to stay inexpensive hotel, but the trend is changing. The new generations of young Thais, western education with an international outlook are taking an interest in cultural and historical issues. Whereas staying in a 500 US$ a night hotel is beyond the means of most people, they will at least visit the sight, unlike their parents.

f) More bloggers and website started to write about heritage hotel and heritage site in India. Internet surfacing is the thing for the young, and thus naturally this will attract the young to heritage tourism. Young people still

early in their career have limited disposal income, so staying in expensive heritage hotel is mostly beyond their means.

Point of view from Indian side:

a) Massive improvement in India all around, compared to just a few years ago. All the facilities are gradually getting better. Better road, shops, airport etc. There are more activities to do at night, more shopping and more sites to visits. The upkeep of the tourist sites is improving, but dual pricing (local vs foreign) are still irritating. Why India choose to maintain such an antiquated system that that China has abandoned long ago, is beyond comprehension.

b) However, the service quality of the people in the tourism trade is still weak, and need of much more education and training Many management problems come from human error and often the Indian people in the tourism trade over promises and often under deliver. Some just never do it!

c) Many of the heritage hotels are converted old buildings. There is always some problem with the rooms and supplies within the hotel. The rooms are small (except super deluxe heritage hotel like the Rambagh Palace) and often they modern conveniences. Therefore, many Thai people do not like staying in a heritage hotel.

In general, things are looking up. More and more people now take an interest in learning more from their travel aboard. Now, more people want to learn more

things from the places they visit. In the past, the tourists go to the site and take pictures. The rest of the day is just eating and shopping. Nevertheless, tourists no matter if they are from Thailand or India when they travel, they still expect all the comforts from home.

As far as SCM is a concern, Ms. Intasorn, do not see SCM as a practical tool she needs for her business at the moment. Her business is small, and things she does have to be practical and bear results fast. Environment and social concerns in tourism are too remote to her. Her concern is on the financial side of her business, buying cheaply and sell high.

5.2.8 Tour Operator Category: Eastbound Group

Nitin Batra / Manager of Eastbound Group of Gurgaon, Haryana. Eastbound Group is a large Indian tour operator. While Eastbound tours HQ is based in Gurgaon near New Delhi, the company has nevertheless a sizeable operation in Rajasthan.

According to Batra, business is good at the moment and is growing very fast, but competition is heating up fast as many more small tour operators are entering the market. One particularly buoyant sector is the MICE (Meetings, Incentive, Conferences and Exhibitions) sector. We are seeing more and more people coming to India for the above. This, of course, must include Indian companies who are increasingly willing to spend monies on hosting conferences and trade shows. Staff incentive trips cum meetings are also popular. Because no MICE tours are the same,

this gives us tour operator rooms to conduct a bespoke operation for each client. This, in turn, gives us more profit.

For the general tourist, those who are educated tend to go for tourism with a cultural platform. They are also willing to spend more and have interaction with local people and sample local life. On the bottom end of the scale, are the backpackers, young but unwilling to spend money. We do not cater to them, and increasingly more and more tour operators are going away from this sector. Backpacker is young people who tend to be tech-savvy and in this, IT and app-dominated world they can make their bookings online. We, like many other big tour companies, tend to focus on B2B (business to business) operation and we get our business from trade fairs rather than piece-meal B2C (Business to Consumer) operation.

On the subject of SCM, most big companies understand and practice to some degree SCM. They understand that in the long run working with your supplier as a partner will be beneficial to them and improve services that we can deliver. Big companies try hard to cultivate good connections with local suppliers and working as a partner allow them to improve their product and services, gain more from Just-in-Time (JIT) stock management to reduce inventory. Working in partnership allow us to work together to create new products and services. In the end, SCM means to work together, and all things are connected. In the end, excellent services to our clients will give a good impact to the business to both parties creating a win-win situation. Lastly, the advantage of working with local people is that local people know most about the area they called home. Local knowledge always wins. Second is that local people are

here to stay and they do not want to or cannot afford to cut off livelihood by having a bust-up with local clients. Bad reputation travels fast, and soon they will be out of work. In most cases, local people will try to ensure that the service qualities are the best they can deliver. Repeat business is always welcomed.

Business has changed over the years, and we need to move with the times. There is no more one size fits all to have one travel product that can hope to meet the needs of all customers. We need more and more to cater to the different needs of the different customer segment. One of the increasing popular tour packages is the home-stay concept. You can interact with the locals and see the world from a local perspective. Heritage hotel with history is increasingly popular. However high prices are holding back some potential business opportunities. Lower priced Bhawan is also getting popular. It has some history but priced much more reasonably. To date, most who enjoy the heritage dimension are still predominantly people from the west. The colonial heritage is popular with the Brits, but the Asian who by enlarge was a victim of colonialism does not see these "royal heritage" as a thing that should be admired except the Japanese who were once colonisers themselves. However, we do see young well-educated Asians taking up the heritage package. We are also seeing more and more Chinese clients. To tell you the truth, we (I mean India as a whole) is not prepared for this change in style. They the Chinese demands different product from Western tourists, they have different dietary needs and language is also a problem. Young educated adventurous Chinese are turning up in India. Some come for the Yoga while some come for unique cultural exoticism.

One new product is getting increasingly popular. Old aristocratic families are also getting into the game. Besides renting their "palaces" out as a hotel, some hold "dinner with the royals" as a product to those who are willing to spend and have the unique experienced being up-gunned against the rest. They will be given the full treatment and be pampered by the blue-blooded host!

5.2.9 Tour Guide Category: Avino Ashe and Helena Ashe

Figure 38 Ms. Avino Ashe and the Author

Ms. Avino Ashe and Ms. Helena Ashe from Udaipur, Rajasthan are sisters that work as independent self-employed tour guides and translators. The Ashe sisters work as freelancers and also on a short-term contract basis to a number of tour agents around India. They also get referrals from hotels concierge to act for private tours. According to the Ashe sisters, India is changing and changing very fast. In the past, India has lots of limitations. These shortfalls occur in many areas including transportation, foods, gift shop, tour services, and lack of good hotels. However,

things are improving, thanks to the effort made by the government in improving tourist infrastructure facilities such as road and toilet. The overall pictures are better today.

In the past, the tourist trade seems to be free for all contests with little rules. Everyone seems to be trying to get on the game by selling "things" to the tourists all day. It was a nuisance. Unlicensed tour guide, unlicensed taxi, unregulated tariffs, police that are close to incompetent…these were things that hold back tourism in India. Now it is much better. A new generation of tourist guides that had come through the system is now taking the helm. They behave better; have better manners and generally much more professional. Language skills have improved, especially on the level of English but tour guide that has other languages skills, like Japanese, Chinese, Arabic are still lacking which is hindering the growth of tourism from these fast-expanding countries. This is especially so for the increasing number of Chinese who are now coming to India. However, India is still short of trained people in the tourism industry; the industry has expanded far too fast to allow for trained staff to fill the jobs. One of the main complaints by tourist is that often the tourist products do not match what they say in the brochure. Promised made were often broken. As such untrained staffs, "cowboys" have dominated the scene and this is to the detriment to the whole India tourism industry.

However, prices for services can still vary a lot; much depends on your bargaining skills. Often items have no price label, and the salesman makes up the

price according to the level he feels that potential customer can fork out. This makes the tourist very upset, once they knew that have been cheated.

On the issue of SCM, both the Ashe's sisters are unaware of this term. Once this was explained to them, they commented that it was necessary for India to have this but to implement this, the government must take the lead and step in. The Indian private sector cannot do this alone, and it will end up a big mess, much like in the past.

5.2.10 Tour Guide Category: Rajesh Mahala

Rajesh Mahala, independent tour guide. A native of Jaipur Rajasthan, specialised in Agra (Taj Mahal) and Jaipur. According to Mahala, things are getting better in India. The roads are better so are the foods (the restaurant) and standard of hotel. Today there are things to do at night. In the past Jaipur after sunset is like a "city of the dead". Today we have bars and restaurants that have cabarets, singing and dancing to entertain the tourist. However, as things have improved, we also see more competitions. These competitions come from both within India and also from overseas investment.

However, these competitions are often unhealthy competition. The oversupply is causing a cut-throat price war and to survive many of these new entries have to resort to cut promises in order to make ends meet. Therefore, the victim of this unfair competition is the tourist who feels that they are cheated. Therefore, we see more

complains from tourists who could not get what they had paid for. This is also happening to the hotel scene. Some unethical hotel will accept the booking anyhow even though they could not accept the guest. After accepting the payment, guests were moved to another hotel, often smaller and cheaper hotel than the one they booked. These sorts of amateurish behaviour are killing off the tourist trade to Rajasthan, and give India a bad name.

Despite the tourist trade, Rajasthan is still a poor state. The tourist trade came to Rajasthan relatively late, in the early 1980s. Then only a trickle of the more adventurous tourist would come this way. However, things are improving, and the tourist is helping Rajasthan; therefore, these "cowboys" who jeopardise the entire industry by their selfish behaviour needs to be stamped out fast. Unfortunately, the government does not seem to be taking any notices. In the past, Rajasthan can only cater for only two classes of tourist, the budget tourist and the super-rich luxury tourist. There was nothing in the middle. There is a deluxe five-star hotel like the Rambagh Palace and on the other end of the scale backpacker dormitories or guesthouses. However, lately, we see more international chains of hotels groups like JW Marriott, Raddison Blu, Ramada and Golden Tulip, to name a few entering the market. These international hotel groups bring with them international standards and are helping to train a generation of Rajasthani on how to improve their hospitality services. To survive, the Indian hotel chain needs to up the gun in order to survive. On the long run, this is a healthy competition that India needs like yesterday. The influxes of these international hotels offer more business opportunities for local business. Local business can now sell things to international hotels, but in order to succeed

these local suppliers need to up their standard in order to meet the requirements of these international hotels and be able to be suppliers. In a way, these international hotel chains are helping to establish the SCM concept into the Rajasthan hotel industry. In the long run, this is good for the Rajasthan.

While the concept of SCM is good, I feel it is only the domain of the large companies and nothing to do with small business. For small businesses, the vital issue is day-to-day survival. As I had mentioned before, competition is heating up; there are more restaurants, more bus companies and more of everything, but just not the number of tourists to sustain this supply of services. As a result, it is a classic case of supply over demand and will cause price deflation through a price war. People need to fight and get the customers, and the concern for the big picture is something for the big guys, the minister not for people like me. The government need to intervene time and again to ratify the problems of the tourist trade if there seems the trade is taking off into an unhealthy direction. At the end of the day, the Government must step in and do the work. Someone has to kick start first and when the concepts and systems are all in place, we the people will follow. We the people will not be the first one to start this process. At this moment, we small business tried to gain the edge by continually improving our standard of service to gain the customers and income. SCM if apply correctly is right, and the industry needs to go in one direction under the leadership of a leader. However, who is this leader?

5.2.11 Government Category: The Honorable Mr. Nienu Kuzholuzo

Figure 39 The Honorable Mr. Nienu Kuzholuzo MLA

The Hon'ble Mr. Nienu Kuzholuzo, Party leader of Naga People's Front (NPF), Member of Legislative Assembly (MLA) of Nagaland and Minister of State for Home affairs Nagaland.

The overall aim of the objective of the Government of India is to improve the quality of life in all areas of the Republic of India. Therefore, the Government is looking for all kinds of opportunities that could encourage and improve the living standard for its people. This is mainly in the forms that further the generation of incomes for the people. The tourism industry is one of the fast-growing industries that brings money from abroad to India through both expenditures by tourists and as well as investment into the tourism sector. We in Nagaland like all states in India all welcomes companies to invest in our area. We welcome those investors that not only bring in money but also knowledge and skills that could help the local people to improve service standard that could have a positive impact on the state as well as the country as a whole. Being on the peripheral of India (NE of India, bordering Myanmar to the

east) our basic infrastructure is weak when compared to other areas of India. The railway network in the state is minimal. Broad gauge lines run only 12.84 kilometers, and although we are well served by a network of roads, they are in general not satisfactorily maintained given the weather damage. Dimapur Airport is 7 kilometers from Dimapur, and 70 kilometers from Kohima, is the sole airport in Nagaland. Our priorities so far are to improve the infrastructure and basic facilities and try to give support to the local to develop their own service and properties. The Government focus now is on improving the infrastructures, especially on roads as well as better safety to tourists. This is due to the enduring ethnic conflict (since 1954) in NE India, which include Nagaland and the lifting of the Protected Area Regime under the Foreigners (Protected Areas) Order 1958 has for the first time open up Nagaland for tourism.

Figure 40 A Nagaland hill tribe in traditional clothing

Later, the Government plan is to shift the focus to incomes generation and to improve the quality of life of all the local people. At this moment, there is still a problem with the standard of living of the local people. Being hilly and isolated, many people still survived on subsistence living. However, lowly educated people often lack the integrity and honesty that is necessary to sustain long term income. Looking for the quick buck is still the main focus and as such tourists are driven away by the lack of honesty; keeping the promise and service standard is so important. We the Government need to do more on training to improve the quality of tourism in Nagaland. Nagaland is the home of tribes; we have sixteen tribes, lots of exotic its fauna and wildlife. Hornbill is the bird that attracts visitor to Nagaland, and we have a large festival – the Hornbill festival which is our key tourist attraction.

Figure 41 The Great Hornbill bird, the symbol of Nagaland

The Nagaland Government understands the SCM concepts and believes that the concept will help India to move forward the positive direction. However, the primary products in the tourism industry are the history of the place and the story of

the people. Therefore, we must not lose sight of the past when we move forward. Development may have some impact on the products and culture of the land. We the Government is trying to create a support network that supports the local communities to help themselves – as the Government cannot do all the work. The local people need to do their own work and apply the local resources to create their own products and services. Being a self-governing state, the Nagaland Government has limited resources to inject capital to projects. The local people and the Government need to work together, so to make tourism work for Nagaland. The Central Government has assigned local government to work on these concepts and hope I could show some results soon.

As far as the future, in both the short and long term, the Government needs to attract foreign investment that could bring not only money but knowledge to Nagaland. Greater interaction with foreigners can only help the local people to improve themselves and adapt to the new world. We in Nagaland need to improve the English and other foreign language skill of the local people so that we better communicate with the tourists. At this moment, the central Government is focusing on the public image of India and try to promote the nation as a tourist destination internationally, in the meantime, we in the regional government will work on the promotion of the local products to the nation as well as internationally.

Figure 42 The Hon'ble Mr. Nienu Kuzholuzo, Minister of Home Affairs,
Nagaland and the Author

5.2.12 Government Category: Mr. Tharadol Thongruang

Mr. Tharadol Thongruang, Commercial Attaché/ Minister-Counsellor, Embassy of Thailand, Trade Commissioner, New Delhi, India.

According to Thongruang, the Indian tourism business has been developing and growing very fast during the past decades. Tourism to India is increasing, and Indians travelling out of India are also surging ahead. Many international hotel chains including Thailand (Eg: Dusit Thani Hotel) and international chains (Eg: Hilton) are

moving to India and have invested in many areas of India including Rajasthan. These hotels investment is in both the luxury and business hotels category. The market for hotel is big and still, have lots of opportunities for all investors. The supply the basic hotel facilities are still not meeting the demand, and the gap is still growing despite the recent wave of investment.

Those who come to India are predominantly people from other countries of South Asia, such as Bhutani, Bangladeshis, Pakistani and, SriLankan. Also, we are seeing a surge of Africa people coming to India. Citizens of South Asian Association for Regional Cooperation (SAARC - Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan and Sri Lanka.) do NOT need to pay for entrance fees to tourist sites, and they are excepted from many other charges when travelling in other's member state.

We in the Thai embassy here in India is trying to promote Thai food as well as holidays to Thailand. We have inaugurated a quality mark known as "Thai SELECT" to the Thai restaurant that meets the Thai government standard. Thai SELECT will be as a sign of Thai food quality. We host trade fairs around the country to promote Thai products and holidays regularly.

As the Thai Trade commissioner to India – my work focuses on the trade between Thailand and India and it is not appropriate for me to be involved in local matters. This is the affair of the Indian Government. However, as an observer living in India, I can give the following comments.

- India Government has known about the SCM concepts for quite some time.

- India Government is trying to develop the whole tourist industry focusing on the economic viability of all the members in the value chain. At this moment, the central Indian Government is trying to link the various components of the tourist value chain together and not focus on only one or two parts within the system. The urgent focus is on hotel infrastructure, and other is on transport infrastructure and tourism amenities like restaurant, clean toilets and tourist safety. The recent cases of rape and harassment on female foreign tourist on the international media have set back the Indian tourism agenda by a few notches.
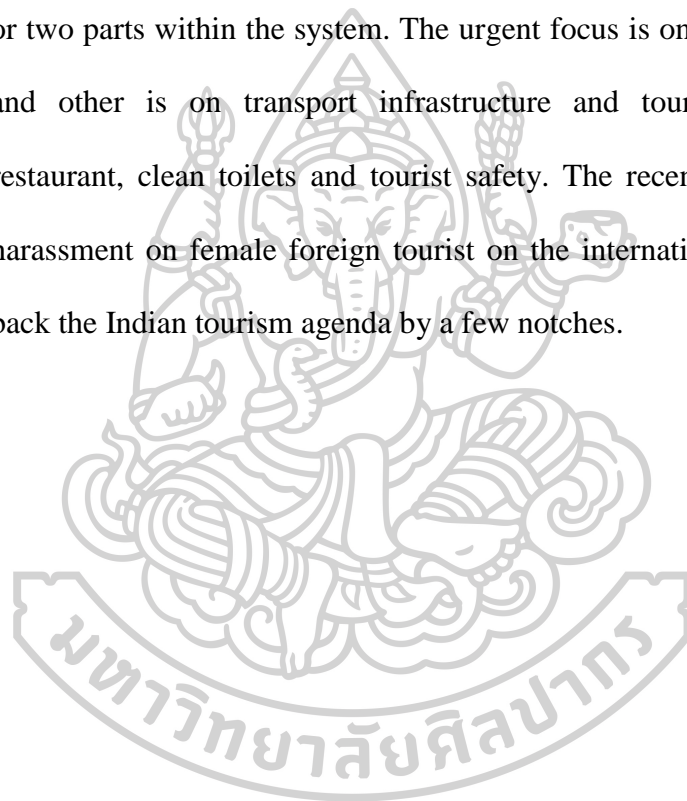
CHAPTER 6

6.1 Analysis of Interviews

The interviews were grouped into three groups. The primary focus was on hotels and tour operators, two of the key players in the tourism industry in any country. These interviews can be subdivided into various types. They are all private business, either from large multinationals or small family business as well as entrepreneur startups. In either case, a wide range of interviewees was included. The second cohort is individuals, like translators or tour guides who work as freelancers attached themselves to one or two tour companies or local hotels. The third cohorts are the voices of authority, senior government official and politician.

6.1.1 The Hotels

The overwhelming feeling from the three interviews is that SCM although is not a new concept, is only being practiced by large organizations. Corporations such as the Taj Hotels Groups, Oberoi Groups, OYO Hotels, Radisson Group etc. need no preaching as to the advantage that a structured approached is needed dealing with one's supply-chain can bring. Large companies such as the one mentioned can use its considerable buying power not only for low prices but gain the upper hand in the vis-à-vis supplier-buyer relationship. Purchasing agents from large hotel groups can also work with branches within the group and consolidating the needs of the hotel chain

into one or two suppliers, reducing the stock-keeping-units (SKUs) and thus inventories which eventually all contributes to reducing cost.

However, as we move down the economic chain into smaller, single unit hotels, because of the lack of buying power, these hotels are less aware of the importance of SCM. Their fundamental understanding of SCM is still at an elementary level. It involves just buying at the lowest price and does not and cannot put SCM to a higher level where suppliers and buyers are working as one to solved problems and managed supplies so that problems are eliminated before it occurs. Supplier and buyer loyalty are often fickle based more on a case by case deals rather than a long-term supplier-buyer relationship.

Larger hotel groups, like the Taj, because of their more considerable financial muscle can spend time on "luxuries" such as CSR and other programs which although are essential tools for business, are exercise that can only bring yields in the futures. Small business did not have the luxuries to plan so far in the future; many live on hand-to-mouth, month-to-month existences where every action is geared towards short term results. They do not have the luxuries to commit resources that could not bring results in the near future.

However, in the interview, not one, of the three interviewees mentioned anything about SCM other than from the supplier/logistic angle. SCM is seen mainly as a logistic and buying issue. While this is true, SCM not only takes care of the

supply of goods and services, the back end of the business but also the need to integrate with the front end of the business, the customer side of the operation.

Heritage hotels like the Rambagh, grand as it is, caters for the top 1% of tourist because of the exorbitant prices it charges. For most people, the only means to savour these luxuries is through its food and beverages, by sampling their high-tea tiffin or luncheon. Rambagh is a unique hotel, once in a lifetime experience for the lucky few. For most people who what to sample the unique Indian regal heritage, the only option is to aim at more affordable heritage hotels like Kesar Bhawan Palace at Mount Abu. Kesar Bhawan, despite being priced at a must more reasonable rate, never-the-less is still part of the Rajasthan heritage scene. However, like many heritage hotels, the common denominator is that these hotels are housed in old, sometimes over a century-old building that needs lots of maintenance to sustain. Couple with the fact that these buildings were built firstly as a family minor and not as a hotel, they often lack the rooms that to sustain large groups. The scale of business is low and coupled with the high cost, the only way to recover the return on investment can only be through driving up the margins through quality and luxuries. Heritage hotels can never be part of the mass tourism scene and to survive must go for the luxury segment.

6.1.2 Tour Operators

Tour operators tend to be privately owned family business. Usually, they are mid to small size companies that form a part of the "eco-system" of the hotel

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business. Although there are large tour operators such as Thomas Cook, but in general it is not that common. Tour operators feed customers to hotels and for some hotels like the Radisson Group and Thailand's Dusit Thani who relies on tour operators to bring them business, courting tour groups, especially Thai Tour groups like Curio Tour & Travel Company of Bangkok for business. Because of their size, small companies by enlarge do not practice SCM and this is confirmed by studies made by Morroson et al. (2002). However what these small and medium size companies does is that while they are not part of the supply chain, of the hotels, they are part of the distribution channels of the hotels and one way or another they are already part of the Distribution Channel Management system (DSM) of these hotels which they feed business to (Also ref: Distribution Channel DS in section 7.2.1).

However, because of the way which Rajasthan position itself as a heritage tourist destination, this is not main attractions for most Asian, and this includes the Thais, who like many middle classes, from developing countries, not with a bit of spare cash in hand after years of hard work, forms the core of Asian who took the tourist bug. These groups by enlarging prefer to see "new" and "modern" things that can awe them not "old" things that they have grown up with. Different tourist groups have different taste, and the tourism industry must first know who forms their core customer group and how to cater to their needs.

6.1.3 Tour Guides / Translators

Prior to being interviewed, the three tour guides/translators have never heard

of the world Supply-Chain or SCM. Entrepreneurs like Rajesh Mahala and the Ashe sisters operate within the tourist industry chain as sub-suppliers. They work for Tour Operators like Curio Tours of Bangkok and also local Indian tours operator's like Eastbound Group, often on a project-by-project basis. Sometimes they work comes from local hotels, from the concierge or the front desk who tie them up with hotel guests who need bespoke services or services with an individual touch.

They form the lowest part of the tourist supply-chain (In reality they are the hotel's distribution channel (DC) and not supply chain (SC)), and because of the fact that they work as individuals and not part of a group or corporations, they lack the clout, both financially and in buying power to drive the supplier-buyer relationship. In fact, they are being driven and jumps to the demands of the buyer. However, despite the fact both these tour guides feel that they are out of the SCM loop, in fact, they are in the DC system (ref: section 7.2.1) , and they were not aware of. Both the Ashe Sisters and Mahala have been working with Curio Tours for many years, and this relationship was sustainable proves that Curio Tours had been managing the relationships of these tours guides successfully. There are a supplier and buyer relationship that is being sustained, a partnership relationship which ultimately is what SCM preaches, long term supplier and buyer relationship to the mutual benefits of both parties.

6.1.4 Government / Politician

The final cohort of interviewees is from the government. First is The Hon'ble Mr. Nienu Kuzholuzo, the Minister of Home Affairs of a self-governing state of Nagaland in NE India. Kuzholuzo brings to the table the point of view of the government. Nagaland is on the peripheral of India; in fact, Nagaland was in the past part of British Burma rather than British India. The culture and racial strait are more akin to Asians rather than mainline India. Nagaland had been inaccessible to tourism for many years due to the insurrection that had been going on since the founding of the Indian Republic. It was only recently that peace had been achieved and Nagaland is open to foreign tourists. As such it lacks the transport infrastructure that sustains tourism, also hotels are in short supply, and the local tourist industry can only be described as rudimentary and basic.

The government understands and knows that the development of tourism SCM is vital to the development of Nagaland. However, the lack of resources means the government can only do one thing at a time. Road links are on the top of the list, and the government is also putting income generations on high priority. The income of the local people is still low compared to many parts of India. Therefore any means which allows them to earn more, through tourism is most welcomed. The current tourism focus of Nagaland is on its wildlife and fora. The diverse ethnicity, the tribal culture is also a draw. However, due to the poorish tourism infrastructure, Nagaland can only attract those tourists who can "brave" it and settle for the lack of luxuries compare with more established tourism destination like Rajasthan and Agra (Taj Mahal).

The second interview of this cohort is somewhat unusual. Instead of a local government official or politician, the interviewee is a foreigner, a Thai residing in India. Mr. Tharadol Thongruang works as the commercial consular of Thailand, based in New Delhi; he is responsible for "selling" Thailand to Indians. From this unique perspective, Mr. Thongruang sees the Indian tourism industry as an observer rather than as a participant. The Government of India is not unaware of the SCM concept, the diverse nature of the country and the decentralised nature of the administration means that implementation can be challenging at times. Tourism in India is growing fast, and the big driver is not foreign tourists from the west, but local Indians travelling within their own country. The needs of this customer group are very different from that of needs by foreigners and the supply chain to serve this need also to reflect the taste of the clientele. The second driver of tourism in India comes from her neighbours, tourists from Nepal, Pakistan, Bangladesh and Sri-Lanka being the core group. India also sees an increasing number of Africans. The Chinese who has made so much impact on tourism in many countries, including Thailand, while still minuscule in quantity at the moment can explode any time, replacing European/American as one of the top visitors to India. Therefore, the Indian tourism supply chain needs to adjust itself and cater to these customers groups and NOT to traditional tourist groups from the West.

For example, Indian need to work on training workers for the new client groups, such as supply of tour guides that speaks Chinese instead of just traditional Europeans languages (English, French, Germans etc.), in additional to building its "broken" infrastructure like overburden railway, potholes roads but also facilitating

investment in badly needed hotels to serve its growing tourism market. Poor unhygienic toilets, lack of securities especially for female tourists are also pressing problems that needed to be solved by the Government.

Heritage tourism, while it is a unique attraction on its own, especially for Rajasthan can only serve the needs of one particular group of visitors. This sort of tourism can never serve the masses and cannot give the numbers that are necessary for India as a whole. The vastness of the country and its diversity should be a selling tool for India to attract visitors; each state should sell itself on a different platform, e.g., heritage for Rajasthan, wildlife of Punjab, religion (Buddha) in Maharashtra etc.
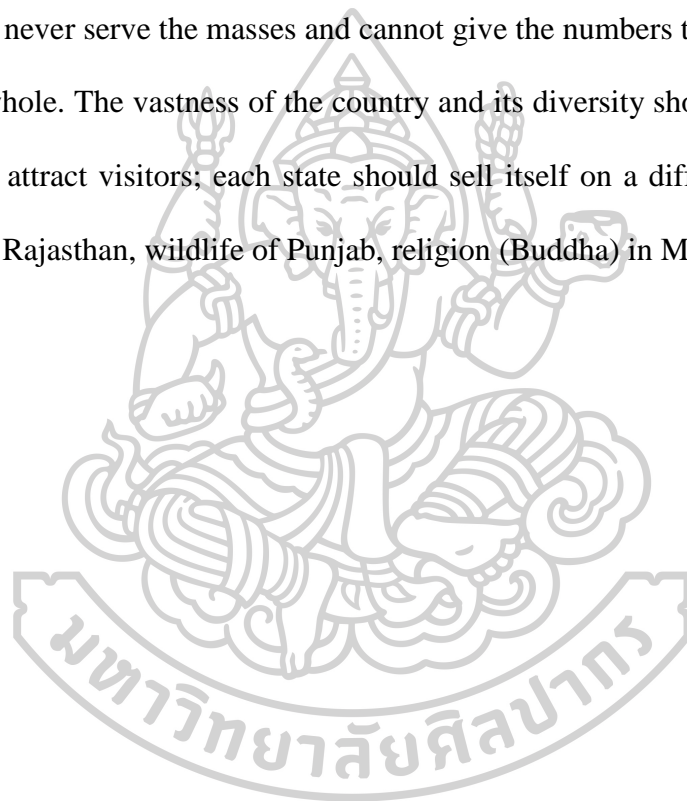
CHAPTER 7

7.1 Conclusion

7.1.1 The Future of Tourism in India

According to (Fitch Solutions, 2019), the forecast for India's tourism in the next five year is bright.

Table 12 Key Forecasts India Tourism to 2023

Indicator	2019	2020	2021	2022	2023
Total Arr. 000	11860.32	12799.50	13754.45	14688.74	15587.94
Total Arr. increase % y-o-y	8.6	7.9	7.5	6.8	6.1
Int. Tourist Receipt US$ billion	33.7	36.6	39.4	42.1	44.6
Int. Tourist Receipt US$ increase y-o-y	9.5	8.6	7.8	6.8	5.9
Number of Hotels 000	2.02	2.12	2.22	2.30	2.38
Total overnight stay (nights)	3.0	2.9	2.9	3.0	2.9
Number of rooms 000	108.87	117.94	127.46	135.43	143.94

Source: Fitch Solution (2019)

The growth of the Indian Tourism market stems partly from the relaxation of visa rules and with the introduction of e-visa in 2014. In terms of numbers, the most substantial arrivals are from Bangladesh, owing to the geographic proximity as well as cultural and ethnic ties. Americans are the second largest group, followed by the British. China is expected to grow to number four overtaking Australia, Canada and Malaysian. While all these are positive, India remains weak in the area of hygiene and

security, despite investment into the hotel and transportation, the rate of growth is still unable to match the market demand.

Tourism like any industry is a matter of supply and demand. What made tourism different to other industry is that "Tourism" is a system of components linked together in an intimate and interdependent relationship (Gunn & Var, 2002). No one part of the tourism, such a hotel or a tour agent has the control of its own destiny. On the macro side, the matching of supply and demand is the job of the government. The demand is created by the PR programme such as *Incredible India!* an international effort by the central government of India to promote India as a tourist destination. Large festivals, trade shows, events such as sporting (e.g., Cricket or golf) or international events such as The Asian Games in 1982 attract a considerable number of visitors to India. On the supply side are traditionally a basket of services such as transportation, travel agencies, accommodation, food, entertainment etc. made up the essential parts which the tourism industry can be sustained. The fundamental of these services – such as good roads, tourist coach and bus services, adequate airports to receive the number of passengers and the aviation facilities such as runways long enough to carry the large passenger aeroplanes such as the Airbus A380. The government, both state and central failed to invest enough into these fundamentals which to allow the tourism sector to grow. Instead, because of the lack of investment, the tourist industry's growth is held back by poor tourism infrastructure. Aside from the hardware aspect of the infrastructures such as road and airports, the soft side of the tourism infrastructure is also lacking. Poor tourist security and poor hygiene are two

major deterrents for many foreign visitors to India. This is especially true for female tourists.

According to Duhs (1998) in 1996, the British EIU's India's Country report stated that India tends to make the right noise, but in practical actions remains only modest. Progress on reforms remains slow, even though reforms enjoys near-universal consent. Twenty years later, this comment about India remains true. While the Indian Government do make an effort to promote tourism, the execution of such policy remains slows and uneven. Political and government competency varies from place to place which leads to developmental gaps across the tourism supply chain.

On the operation side of the coin, because of the socialist heritage, the Indian Government through the ITDC and regional agencies such as the RDTC also operates touristic enterprises such as the largest hotel chain in India, ITDC offered tourism-related facilities like transport, duty free shopping, entertainment are famous for their poor services and inefficiency. According to Sukyanya (2015), the average room occupancy in ITDC hotels last year ranged from 25 to 35 %, against the national band of 45 to 50 %. According to the Umang Narula the managing director of ITDC, in order to alleviate many of these loss-making enterprises, the ITDC is to sell a number of these loss-making hotels properties in the shortest time (times of India 4th Apr 2019).

While the government makes a great effort in managing the tourism supply chain, these efforts were not matched by the result and often gaps in the supply chain,

resulted in poor services and mismatching of the demand of tourism and the supply of services and facilities. What are the sources of the above problems?

- Overcomplicated management structure, overlapping responsibilities, unclear jurisdiction.

- Plans are made without reference to the bigger picture, such that it merely addresses issues in one part of the tourism value chain. Tourism differs to other industry is that "Tourism" is a system of components linked together in an intimate and interdependent relationship. No one part of the tourism, such a hotel or a tour agent has the control of its own destiny (Gunn & Var, 2002).

- Planners favoured dramatic short-term fixes rather than plans that yield sustainable long-term rewards.

7.2 Suppliers Network – rearwards integration

From the literature reviews as well as the interviews conducted, it has shown without doubt that the role of SCM is vital to the modern hospitality business. In today's changing hotel environment and with the complex nature of logistics and SCM steps need to be implemented to improve product quality and service to attain a competitive advantage. SCM is essential for hotels in two key areas:

1. Cost reduction, not only from a per unit cost basis, but also benefiting on JIT delivery that reduces inventory and monies tied up.

2. SCM can lead to a reduction in order errors. This is done mainly through the use of electronic devices with internet applications that can improve

the speed of orders through data exchanged with other members of the supply chain.

Large hotels chains such as the Taj, Radisson etc. with the benefit of large purchasing orders have been using SCM to run their supply network. However, this is not so with many smaller or stand-alone hotels. Logistic and purchasing are still run separately, and sourcing is usually based only on price as the sole criteria for buying. Even with all the benefits stated above, smaller hotels need to be proactive by combining the different logistics, supply chain practices (including sourcing and purchasing) into a cohesive link between vendors, logistics, procurement, and transportation. This will make hotel companies dominate players in the market while they save money.

In today's competitive environment there is an increased interest in logistics and SCM practices. Not only greater efficiency and better customer satisfaction but more importantly greater improvements on return on investment and most importantly higher profitability. Even though the logistics and supply chain is considered an operations management issue in the hotel and other tourism-related industries, they can use these strategies to help add value to their company and brands.

For SCM to work, the collaboration between the buyers and vendor is a must. Orders cycle and order fluctuation such as seasonal fluctuation should be able to be predicted and if the buyer and vendor can work out the supply schedule based on a planned delivery schedule, then both parties can win – less un-predicted orders can on

doubt save cost. If we add more dimension into this collaboration by putting logistics into the above vendor and buyer equation can help by synchronizing each other working schedule, for greater efficiency and eventually help to lower cost since there are better flexibility and improved utilization of resources. However, if the above integration can be put into practice, a trusting long-term relationship needs to be established. Short-termism in SCM cannot bring long term partnership. Without partnership, SCM cannot be realised. The long-term partnership helps the organization and its suppliers solve problems through long term planning and create new solutions through the introduction of new products. The testing of new products can be only done through a partnership arrangement, and when this new product (s) can give a competitive edge over the other competitors, and then it makes the whole corporation so much more worthwhile.

In order to achieve the above hotels, companies must be willing to share information with its vendor. This has to do with how information is communicated between the different partners and what information can be accessed and what cannot need to be worked out ideally through a common software platform. The level of information shared is used as a basis of competitive advantage, since together they understand the needs of the final customer better and can respond quickly to changes.

With the widespread usage of 4G technology through mobile APP, it is possible for a large hotel group to develop a vendor APP that can be shared between the buyers and vendor for faster communication. The coming of 5G will make this communication even faster. It will be the age of "Internet of Things (IOT)" where things, items of machinery can communicate with each other and automate the system

without human administration. Today 4G technology still requires human initiation, the initiation of a task through the touch of an APP on your mobile phone, but with 5G, this process will be eliminated, and your future store shelves can give not only real-time inventory list but also make order, issue invoices and payment automatically when the stock falls below a critical level.

These strategic relationships allow hotels to work with a selected number of vital suppliers who are prepared to coordinate activities and to share accountability for common success of their respective business by working together to reduce inefficiency.

7.2.1 Customers network – Forward Integration

While integration with suppliers and vendors are essential, integration with your customers is equally if not more important. In some business literature, the channels that go towards the customers are called distribution channels. The definition of a tourism distribution channel is an organized service system that consists of tourism product/service suppliers, intermediaries and customers. However, according to Song (2012, p.146), the directions of the two networks differ: when looking at the upstream suppliers from the lower stream we see a supply chain; when looking at the downstream buyers and customers from the upstream, we see a Distribution Channel. SCM is not just about keeping the back-room spic and span but also locking in your customers through better hotel-client relationships. While some may call uses different terminology to differ the two, essentially, they are the same thing. In this

paper I would use the word "supply chain" to signify the former (looking at upstream from lower stream or looking at you logistic supply end, the rear end of the business) and distribution channel (DS) to identify the latter (looking at the downstream buyers and customers from the upstream, or the forward end of the business, the end which connects with customers). These relationships can be divided into two parts; B2B (Business to business) and B2C (Business to consumer) relationship.

The way to realized integration of the DS, or in other word the putting "SCM" into the DS, is through Customer Relationship Management (CRM). How CRM differs from a traditional marketing approach can be sum up in the following table:

Table 13 Traditional Marketing vs CRM Approach

Traditional Marketing	CRM
Transactional Focus	Customer Focus
Short-Term Focus	Lifetime focus
One Transaction	Multiple Transaction
Broadcast Approach	Sniper approach
One-way, one-time communication	Two-way Continuous Communication
Segment of many	Segment of one

Source: Özgener and İraz 2006 via Song 2012

CRM is a customer-oriented, multi-faceted, and dynamic process relative to the traditional marketing approach. Its goal is to construct a bond between tourism businesses and their customers. To establish this bond, tourism firms need to identify who their customers are, how to reach preferred customers and what services are required to meet those customers' needs. To do this one, need to keep detailed information of the customer, its buying habits, frequency, buying preference etc. In additional the personal needs and preference of the manager of the customer, so as to

build a "relationship" that transcends pure business relationship but to have also a personal rapport. It is this "extra" in the relationship that often gives the edge over the competition. To manage the CRM, we have today sophisticated software that maps and record every transactions and meeting, and this can be integrated with the SCM system so that the needs of the DS can be reflected the on the supply chain.

First on the subject of B2C. Relationships are used to improve customer satisfaction and prevent individual customers from going to the competitor hotel next door. Today many hotels groups have a loyalty scheme where clients can exchange benefits such as upgrades or better discounts with loyalty points. However, how many of this loyalty scheme is inter-connected with backroom suppliers' system and with hotel operation system. With changes to customisation and personalised service for customers, building 1:1 relationship has become essential for corporate survival. The relationships allow hotels who practice distribution channel management to differentiate themselves from competitors, maintain loyalty, and in turn pass off value to its customers. Clients' preference in food, bedding, dietary, even tax invoice issuing (for corporate business travellers to claim expenses) can be built into the loyalty scheme. For example, it will save the client having to line-up on Monday morning to check out and have the tax invoice printed out. All who have travelled on business will know what I mean. This is especially important if you have a plane to catch. Tax invoices can be pre-printed or even sent electronically to his/her email or company accountant. Bills settled and payment made all without "lining up at the checkout desk".

7.3 Summary

At the end of Chapter 1, a question was posed: *Can the SCM (Supply Chain Management), a commercial management tool be more successful in creating harmony in the development of the Indian tourism industry? This thesis aims to ascertain if this management tool can be implemented successfully in the Indian tourism industry.* The answer to this question must be divided into two levels. On the macro level, SCM as a concept is known to the government planners. Although they may not call it SCM, but what they do, to match supply and demand for the tourism industry is essentially the same as SCM. However, the shortfall at the macro level is the implementation of the plan and the fact that plans were made without considering the overall bigger picture, such that plans may solve one problem, but it creates problems in another area. The failure of SCM no matter if it is at the macro or micro level, is the lack of coordination between the different elements which makes up tourism. Ghaderi, Hatamifar, and Khalilzadeh (2018) study of a leading Iranian tourist spot, Isfanhan points out that despite the having adequate tourist infrastructure, the Isfanhan failed to satisfied the international tourists who were there. According to Ghaderi et al. (2018) it seems tourism failure in Isfahan is the lack of integration across the heterogeneous sector. One of the excuses given by hoteliers for not building more hotels was that Indian tourism is highly seasonal. If members of the tourism value chain can work in greater collaboration such as demand forecasting, the hoteliers can be forewarned of peaks and troughs. For example, the hotels in a given destination may be very interested in the passenger number forecasts produced by

airlines, as they can help them to generate their own occupancy predictions. This sort of collaborative forecasting is recommended by Song (2012, p. 28).

However, collaboration between entities along the tourism supply chain is easier said than done. A conflict of objectives amongst TSC members indicates that each member is trying to optimise its own objectives, but in so doing may fail to consider the negative impacts of its self-interested actions on other TSC members or indeed the entire chain. If this happens, then the total TSC profit tends to be less than could have been achieved by optimising the global TSC objectives, (Song, 2009 as cited in Song, 2012) This is because each entity in the supply chain has very different objectives and motivations. However key players in the tourism supply chain such Hong Kong Disneyland, as example quoted by Song (2012, p. 63) shows that when Hong Kong Disney and tour operators "fought" the end result is the reduction of overall profit of the tourist supply chain. The lack of coordination dissuaded tourists from purchasing package holidays from the tour operator. However, on occasion when Hong Kong Disney work with the tour operators, to coordinate their discount promotion, the end result is that all parties along the Disney supply chain win. Mesa et al. (2014) also conclude similarly: *"Profits generated when working together and the damages that cause operating in isolation or individually."* Zhang et al. (2009) empirical study found that tour operator prefers the quantity competition to the price competition because despite the price competition might bring more tourists to the sector as a whole, the profit margins of individual tour operators are reduced due to the possible price war. Even in medical tourism as Lee and Fernando (2015) found out, cooperation mutual dependency has the most potent effect of the antecedent

variables; and that medical tourism supply chain coordination and medical tourism supply chain information sharing has a direct effect on organizational performance.

The fact that India is a multi-cultural society is a significant plus touristically. These cultural divisions are further divided along ethnic and religious lines with geographical and political sub-divisions. This matrix of interest is further reinforced by a system of government that panders on the interest of small groups and as a result when anything needed to be implemented, especially on large scale project where many citizen groups are affected, ineffably the demands of all these special interest groups have to be negotiated. The result is that often responsibilities are over divided and the results are that often in India the result is that any projects come to grief because *Too many cooks spoil the broth.*

At the micro level, however, SCM is now being implemented by large corporations involved in the tourism industry. Large hotel groups do use their buying muscle to manage their supply lines. Middle and small hotels, due to the lack of scale, do not practice SCM. Instead, they focus on the buying price of the item.

Having mentioned in 7.2 and 7.2.1, SCM to be genuinely effective needs to integrate not only with the suppliers, rearwards, but should also be integrated forward towards the customer end of the supply chain. The use of customer buying habits, big data from bookings, loyalty scheme etc. and link with the supply and logistics chain can allow the managers to better managed the resources so that it cannot only give

bespoke services to discerning clients but also better managed the supply of services and facilities to demands. Essentially it is JIT resources management.

The Indian tourist sector not only suffers from poor infrastructure – transport, hotel, security, hygiene but what they have, were poorly integrated and utilised. This gives rise to the seemingly chaotic Indian tourism structure, and a critical problem is the flow of information that is necessary to allow the bureaucrats to plan for the future. The national tourism body of India, the Ministry of Tourism, does not and cannot have up-to-date information from the many state tourism entities it supposed to oversee. Compare with the Chinese government-run "China National Tourism Administration (CNTA)" who operated its own computer network system, which focuses on accounting, compiling statistics and publishing tourism-related information, since 1992. Local tourism boards have also been established at both the provincial and municipal levels under the leadership of the CNTA and local governments. Since 1993, the CNTA's computer system has been linked with those of local tourism boards to collect statistics on a monthly basis. Indian tourism has still a long way to go.

7.4 Recommendations

The author of this paper recommends that no matter how big or small the business is SCM should be implemented. SCM is more than just purchasing, buying product or services at the lowest possible price, in fact SCM is about working with your supplier, preferably on a long- term basis to resolved issues about not only price,

payment terms, but stock, inventory, SKU (Stock keeping unit), quality and other issues. If the business relationship is a long term one, the supplier will be interested in partnering with the buyer to create a win-win relationship, such as a recommendation for new products that give added benefits and advantages.

On the macro level, on the policy front, there is very little that can be added. The government knows full well what is needed to resolved the problems brought about by decades of the shortfall in investment on infrastructures. Anyone who has been to India knows that the Indian government, no matter if it is at the central government or regional level, the system of administration is already highly bureaucratic and inefficient. Petty corruptions in some areas further degrade bureaucratic inefficiency. Cutting red tapes with speed up implementation immensely, but if the reform can be couple with overhauling the administration that allows both line responsibility (Such as the railway, civil aviation) and those responsible for sectoral interest (Such as Tourism) will no doubt narrow the development currently seen in the tourism sector.

Finally, the emerging literature on Tourism supply chain has mostly concentrated on tourism distribution channels (DS), with a particular focus on the roles of intermediaries (Song, 2012) rather than on the whole tourism value chain, which consists of not only intermediaries but also various service providers including governments, tourists and the natural environment. Articles on tourism supply chain and distribution chain from an integrated perspective are currently very limited. Although the rigorous development of total tourism supply chain research is sorely

needed, it is evident that more in-depth analysis is required. Further examination of the issues such as:

- Demand planning forecasting

- Coordination between entities within the supply chain and distribution chain as well as coordination between different supply chains and distribution chains

- Integrated supply chain and distribution chain design

- Use of IT in SCM and DS management.

Those are critical to the entire tourism supply chain (with distribution channel DS) is necessary. However, some issues could be brought up here to summarize all the issues that could be developed and also implemented either by the government or private sectors or both.

For both the government and private sectors:

1. They should try to discovers their own strengths and opportunities of cultural heritage; which could be focused and further developed through strategies by setting clear short and long-term goals.

2. At the same time, it is important to draw up such as document in cooperation with specialists in culture and preservation of heritage, the monitoring of results is also important.

3. Both should joint together to develop and also encourage personal skills in heritage of arctician from generation to generation by funding budget

management and work with multiple resources in order to develop uniqueness of local products.

For the central government:

1. Create a transparent financing supports and systems to communities in order to strengthen all tangible resources.

2. Create senses of identities and awareness of the local heritage and cultural sites and also the natural ways of life (live heritage).

3. Preservation of national heritage and environment: both government and private sectors should work together in order to preserve several places which are of historically important by declaring them as heritage sites.

4. Promoting peace and stabilities – it is believed that tourism could contribute to the trust and relationship. Therefore, the government should also consider the tourism as one of the tools to promote the peace and stabilities to the country and also local communities.

5. Virtually absent strategic planning that would ensure that sector's developments

For the local government:

1. Should create and develop de-centralize system for the protection of cultural heritage and also delegating some functions and responsibilities to local institutions and communities.

2. Develop the knowledge and promote policies via the digital medias, marketing, and communications.

3. Promote and provide the local meetings among different communities within Rajasthan in order to exchange and develop the knowledge.

4. Develop infrastructure – Tourism requires development of multiple of infrastructures that would benefit to the host communities. These could include road, transportation, health care, sport center, and so on.

For private sector:

1. Raising funds from private sectors in order to preserve the local heritage both in term of tangible and intangible.

2. Develop of digital archives of cultural heritage.

However, there are still limitations for the development that could be listed as follows:

1. The local government has limited funding including that of restoration and preservation of architectural monuments and museum collections.

2. The local people still facing lack of skill and understanding of how to obtain support beyond the confines of public funding.

Therefore, if both the governments (central and local) together with private sectors could be in cooperation work to solve and further development the above issues, the SCM and also tourism industry could be further developed and grow faster; which would benefit to all the members in all levels.

7.5 Limitations

The limitation of this thesis, if any, rests with the narrow interview base. Getting people willing to speak at depth to strangers who asked in-depth and social searching questions is not easy. Despite the limitation, this research allows the author to get a good insight to, and how SCM is being implemented or not in the Indian tourism industry.

SCM in tourism is a relatively new topic. Books and papers on the subject are few and far between; this increases the difficulties in framing the research. Many people have a limited understanding of what is SCM, and any answers they gave are often over generalised and unable to pin down the core issues.

7.6 Future Researches

Although the service sector has become increasingly important as the main driving force of the structures of today's economies, the literature review and researches revealed the absence of an integrated, comprehensive framework of SCM.

This paper proposed a performance measurement framework to identify the critical processes involved in the tourism sector as well as their corresponding key performance indicators (KPI). The framework was then used for evaluating the performance of supply-chain in selected cases studies from the hotel and tours operator sector. In order to test the applicability of the proposed SCM framework and

identify patterns across the tourism sector, this paper proposes in order to provide a further understanding of how SCM can be implemented in the tourism sector, greater understanding is needed as to the barriers which prevent inhibit the broader penetration of this management tool in the tourism sector.

The findings should reveal the applicability of the proposed framework in all cases. The implementation of the proposed framework has been found to be a practical tool, which is qualifiable for managing to implement SCM. From the research, it became evident that SCM can help service-based companies, especially in the tourism sector in managing the effectiveness and efficiency of the supply chain. Through this exercise we hope to trace areas that need improvement through evaluating, monitoring and controlling supply chain processes' performance across the supply chain. However, the research has limitations in terms of over generalization of the framework to all supply chain. Future researcher can consider further empirical studies of the proposed framework by addressing more significant and more diverse cases. A couple of research ideas do warrant greater investigations:

A trial implementation of SCM in a couple of organizations that are involved in the tourism sector. These can be divided into the following category:

- Large/medium hotel groups with multiple sites.
- Small hotels/budget hotels
- Tour Operators

Areas for investigations include but not limited to:

- Information Flow Management

- Customer Relationship Management

- Supplier Relationship Management

- Demand Management

- Service Delivery Management

- Cash Flow Management

- Capacity and Skills Management

- Knowledge Management

- Risk Management
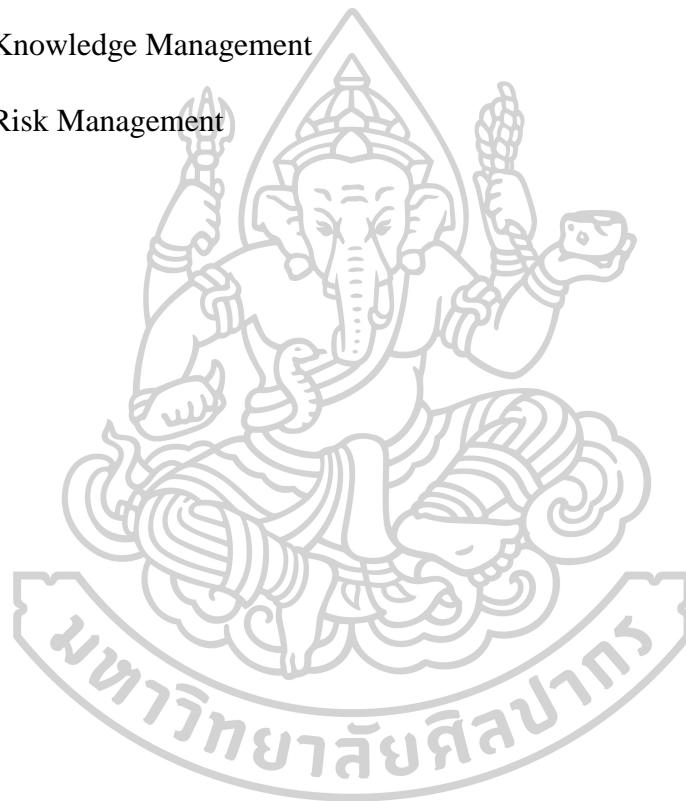
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