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A Cluster Initiative to Developing Tourism in India!

INTRODUCTION

Faced with the problems of declining terms of trade for agricultural products and high level of protection against manufacturers, many developing countries have turned to tourism as a possible alternative source of growth (Sinclair, 1998). Tourism has been identified as a critical sector that can be developed to uniquely position any country and also creates a wave of progress for its related sectors. Vellas and Becherel (1995, xxii) go as far as to describe international tourism as 'undeniably one of the most influential phenomena in the economic and social development of our society'. In spite of many authors citing negative consequences of tourism like destruction of environment and traditions of local citizens, the positive consequences are much overwhelming. Travel and tourism are considered an important source of job creation and wealth generation.

Tourism as a phenomenon grew significantly after 1960's. Till then, many nations especially the developed ones focused on agriculture and manufacturing sectors to enhance prosperity. With the overall boom in the services sector during the 1970's and 1980's, tourism gained tremendous importance, such that it was claimed to be the world's largest industry generating more than 10% of GDP and employment according to the WTTC report of 1996 (Crouch and Ritchie, 1999).

TOURISM AND CLUSTERS

Tourism is considered to be a diffused phenomenon since it shares boundaries with a number of industries like airlines, banking, hotels, entertainment (also known as actors) with benefits including foreign exchange earnings, job generation, enforcement of infrastructure development, diminution of spatial disparities, development of rural areas, conservation of biodiversity, financing of protected areas, revival of traditional trade and craftsmanship, restoration and protection of cultural sites (Gosling 2000).

Abstract

The present day tourism, if we take in India with the billion people, with the vast civilizational heritage of the country, from the Himalayas to Kanyakumari, J&K, Central India, North Eastern states, Bihar, Western States, the large coastal line, Andaman Nicobar and Lakshadweep Islands have a lot to attract the tourists. It has sea coast in three sides, it has islands, it has snow covered hill region, it has desert and it has thick forest regions. All of them are of natural evolution. Many centuries old monuments, temples, churches and mosques are spread throughout the country. You will find in many parts of the country all three situated adjacent to each other. It is a treat to watch such type of unity. India, has one of the Seven Wonders of the World, Taj Mahal. Any tourist can see the continuity of the only enriched civilization of billion people of the largest democracy with multiple religions, multiple languages and multiple cultures.

*Extracts from the Address of
President of India at the Inauguration
of the 5th Global Travel & Tourism
Summit in New Delhi on 8th April 2005*

Such strong linkages with related and supporting industries tend to give rise to clusters. These linkages between the tourism enterprises and actors outside the tourism sector are absolutely necessary for satisfying the demands of the customer. Thus Porter says that the success of the tourist firm depends not only on the strategy and positioning, but also on the embeddedness in the environment. That is to say, the stronger the linkages among the various actors of a tourism cluster, the more depth it will have and it will be a more successful tourist destination. The proximity of companies in a cluster also fosters a more innovative environment.

What is a Cluster? Though a unanimous definition of a cluster is difficult to reach however, Porter defines it as –

Clusters are geographic interconnections of companies and institutions in a particular field, linked by commonalities and complementarities.

Though sometimes it is difficult to distinguish between clusters and other forms of co-operation in a network, still the description offered by OECD is helpful in this case:

The cluster concept focuses on the linkages and interdependencies among the actors in the value chain in producing the products and services and innovating. Clusters differ from other forms of networks and co-operation in that the actors involved in a cluster are linked in a value chain. The cluster concept goes beyond a 'simple' horizontal network, in which the firms operating on the same end-product market and belonging to the same industry group co-operate on aspect such as R&D, demonstration programmes, and collective marketing and purchase policies. Clusters are often cross-sectoral (vertical and/or lateral) networks, made up of dissimilar and complementary firms specializing around a specific link or knowledge base in the value chain.

Thus, cluster based economic development gained enormous attention during the last decade after the Porter's work on 'the competitive Advantage of Nations' in 1990; where he showed that the leading industries in any field tend to group together in small geographic areas - that is clusters. Karen Theurmer (2000) states that "by locating in an area where similar companies already exist, newcomers receive the benefits of an established infrastructure as well as an environment that supports and stimulates the latest thinking, attracts highly skilled employees and offers the opportunity to form the relationships with the local resource centers such as universities. Clusters also promote specialized and tightly knit relationships between buyers and their proximate suppliers.

Now in light of above description and the discussion in the beginning of the article, it becomes fairly easier to

understand the nature of tourism sector. Tourism by itself cannot constitute an industry, since it is deeply attached to other sectors like hotels, transportation, restaurants, airlines, travel agencies, shops etc. Porter (1998) in this regard states that, *a host of linkages among the cluster members result in a whole greater than sum of its parts. In a typical tourism cluster for example, the quality of a visitor's experience depends not only on the appeal of primary attraction, but also on the quality and efficiency of the complementary businesses such as hotels, restaurants, shopping outlets, and transportation facilities. Because, the members of a cluster are mutually dependent, good performance by one can boost the success of others.* This directly translates into increased opportunities and revenues for all parties involved in the providing of tourism experience.

Therefore this paper aim is to highlight the interconnectedness of this sector and thereby argue that cluster is an important means to enhance the competitiveness of this sector. It also put forth that tourism cluster exist in India in tourism sector and the recent initiatives taken by the Indian tourism ministry and other private bodies, tourism can be a major revenue earning sector especially for a developing nation like India. Various models are suggested and are used to explore the Indian tourism sector as formation of clusters and finally make an attempt to put forth the 'comfort areas and concern areas' on the basis of this study.

Concept and Structure of Tourism Mill and Morrison (1998), argue that it is hard to describe tourism as an industry given that there is a great deal of complementarity as well as competition between tourism businesses. They place definitions of tourism in context by highlighting the link between travel, tourism, recreation and leisure. However, they describe this link as 'fuzzy' and to make the distinction that all tourism involves travel yet all travel is not tourism:

Tourism is an activity. It is an activity that takes place when, in international terms, people cross borders for leisure or business and stay at least 24 hours but less than a year.

—Mill and Morrison, 1998

The WTO's definition provided at the International Conference on Travel and Tourism Statistics in Ottawa in 1991, is:

The activities of a person outside his or her usual environment for less than a specified period of time and whose main purpose of travel is other than exercise of an activity remunerated from the place visited

—Chadwick, 1994.

The value chain of tourism business starts from the activity of identifying the customer, presenting them the attractiveness of destination in an interactive manner, helping him in travel, accommodation & other reservations, helping in money transfer etc, and actually

Fig. 1: The Travel and Tourism Value Chain

Services on Site	Transportation	Wholesale Packaging	Retail Distribution	Marketing & Sales	Customer Service
<ul style="list-style-type: none"> • Airport Transfers • Selection & Control of third-party Services • Repair & Maintenance • Tours & Attractions • Car & Craft Rentals • Health & Beauty • Sports 	<ul style="list-style-type: none"> • In-Flight Service • Gate Operations • Baggage Handling • Ticketing • Yield Management • Seat Pricing • Schedule Management 	<ul style="list-style-type: none"> • Brochure Production • Brochure Distribution • Commission Negotiations • Package Pricing • Holiday Packaging • Inventory Control • Travel Agency Training • Reservations & Information Handling 	<ul style="list-style-type: none"> • Travel Agency Management • Assortment Strategies • Brochure Display • Information Processing • Reservations, Confirmations • Ticketing 	<ul style="list-style-type: none"> • Customer Advice • Frequently Flyer / Customer Loyalty Programmes • Advertising, PR, Promotions • Marketplace Representation • Sales Aids, Trade Shows • Co-op Advertising • Familiarisation Trips • Sales 	<ul style="list-style-type: none"> • Complaint Management • Direct Mail • Key Account Management • Guest Questionnaires • Client Database Management • Itinerary Development & Management • Vacation Follow-up • Client Advice

PRIMARY ACTIVITIES

PROFIT

Firm Infrastructure	General Management	Planning & Finance	Strategic Alliances	Mergers & Acquisitions	Deregulation Integration	Diagonal	Quality Management
Human Resources Development	Recruitment	Training & Education	Staff Motivation	Salary & Benefits	Staff Turnover	Labour Negotiations	Staff Development
Product Development	New Alliances & Destinations	Yield Management	New Services Facilities	New Markets	New Market Segments	New Routes, Hubs & Spokes	Improved Delivery of Services
Tech. & Systems Development	Computerised Reservations Systems	Research & Development	Research & Development	New Systems & Procedures	Energy Management	Engineering Safety & Security	Telecommunications & Entertainment
Procurement	Equipment & Supplies	Fuel, Food, Beverage	Fuel, Food, Beverage	Contracted Services	Professional Services	Other Services	Real Estate & Buildings

SUPPORT ACTIVITIES

MARGIN

...taking to and entertaining him at the destination site, besides taking care at nodal, transit points. The total money spent by a tourist is the total value created in the tourism business. Income from impulse purchases like specialties, memoirs etc. and all other money spent by him on account of his "pleasure travel" constitute the total value added in the tourism business (Kumar 2003).

Thus, we propose that an initiative to develop tourism in India as a cluster can bring forth desirable and effective results. We shall later on examine this in detail in this paper, with reference to efforts undertaken by the Indian government to promote tourism.

TOURISM SCENARIO – INDIA AND ABROAD

Globally, tourism is now considered an economic activity of immense significance. According to the WTO, tourism is now the largest industry in the world and according to the World Travel and Tourism Council (WTTC), the travel and tourism economy, which includes the industry itself plus indirect activities, contributed 10% to global GDP in 2002 and in 7.8% of global employment, amounting to 198, 668, 000 jobs, or one in every 12.8 jobs. In 2002 there were 702.6 million international tourist arrivals recorded

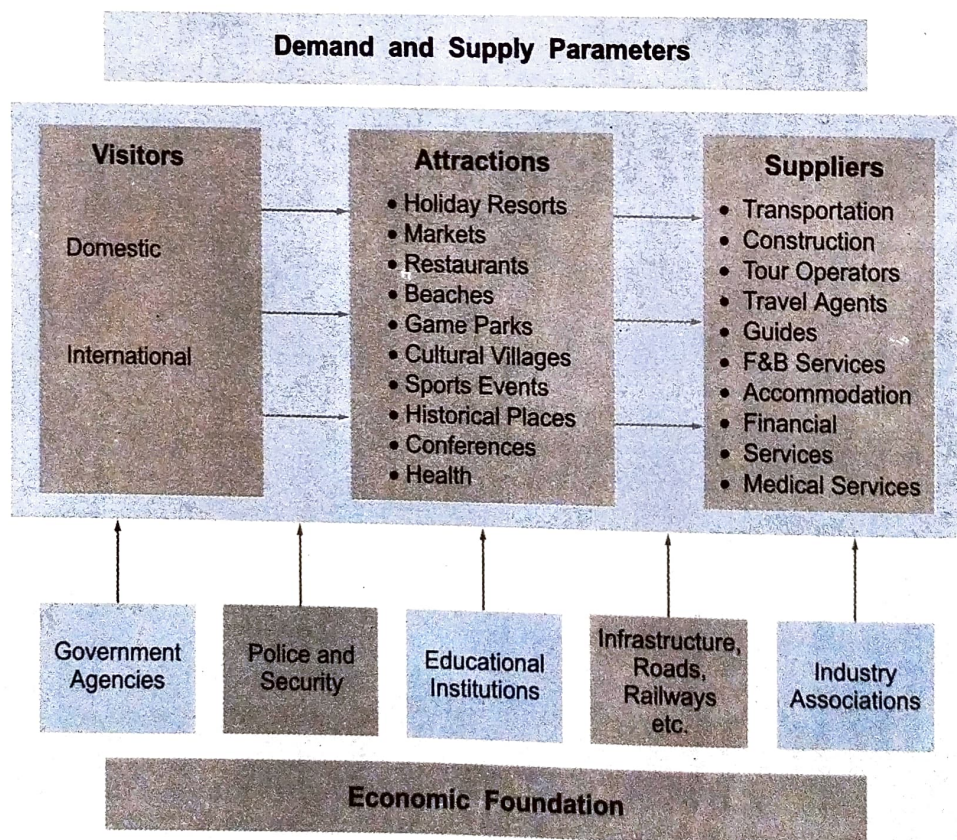
worldwide. In the same year worldwide receipts for international tourism amounted to US\$474 billion. WTO forecasts that international arrivals are expected to reach over 1.56 billion by 2020. Of these, 1.18 billion will be inter-regional and 377 million will be long-haul travelers (www.world-tourism.org). Travel and tourism as a whole (international and domestic) is expected to generate US\$4235.5 billion of economic activity; that is a US\$4.3 trillion industry according to WTTC (2002).

Tourism structure in India Though no tourism cluster exists in India (and no single tourism cluster can be there – the reasons for which are given later in the article), an attempt is being made to create a representation of cluster-based activities commonly identified with tourism.

According to WTTC, the Indian travel and tourism economy is ranked 22nd in absolute size worldwide and 3rd in estimated long-term (10 year) growth (174 countries are estimated by WTTC).

Tourist Attractions India is one of the most attractive tourist destinations in Asia. Bounded by the Himalayan ranges in the north, and surrounded on three sides by water (the Arabian Sea, Bay of Bengal, and the Indian Ocean), with a long history and diverse culture, India offers a wide array of places to see and things to do. In 2004, foreign tourists visiting India spent 15.4 billion USD

Fig. 2: Activities of Tourism Cluster in India



- the ninth highest in the world. India is also ranked among the top 3 adventure tourism destinations. India also has a large variety of protected wildlife. The country's protected wilderness consists of 75 National parks of India and 421 Sanctuaries, of which 19 fall under the purview of Project Tiger. Its climatic and geographic diversity makes it the home of over 350 mammals and 1200 bird species, many of which are unique to the subcontinent. Some well known national wildlife sanctuaries include Corbett, Kanha, Sariska, Periyar, Ranthambore, and Bharatpur. (source: Wikipedia and WTO).

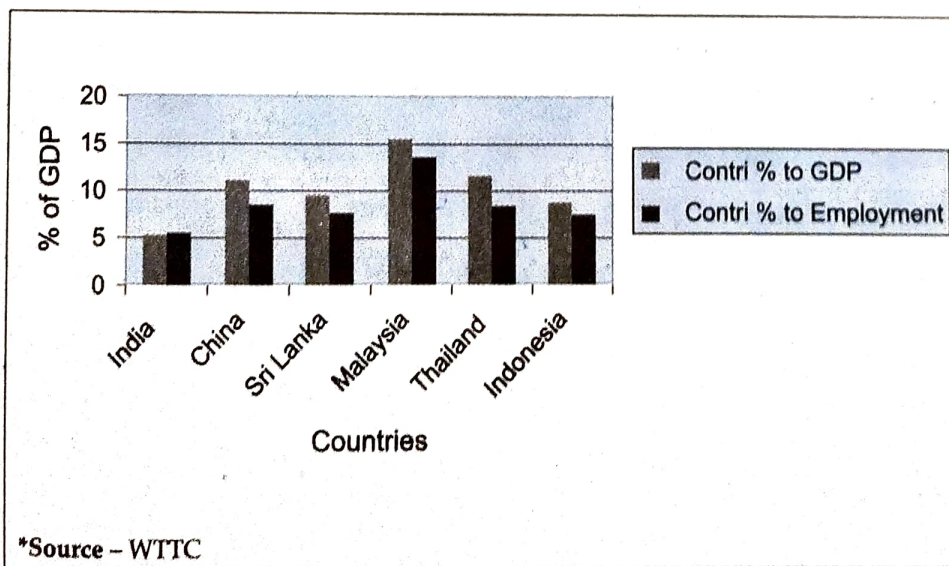
These are known as Unique Selling Points (USP's) which attract foreign and domestic tourists and then create many other USP's in related markets e.g. the historical places in India (USP's like Agra, Jaipur etc) in India attract tourists which in turn has created a market for local handicrafts (another USP). USP's generate a formidable image of India as a unique, exotic, mystical, diversity rich and enchanting destination, of historical and cultural importance.

Tourism Distribution System The tourism distribution system comprises of tour operators, travel agents, consolidators and wholesalers. Majority of the visitors coming to India take care of their own travel arrangements and only very few go through the channel of travel agents and tour promoters; though the trend is reversing in case of domestic tourists than foreign tourists. Tourists who are willing to travel in groups are the ones who adopt the approach of planning their travel and stay through tour operators.

The ministry of tourism has a voluntary scheme of granting recognition to Tour Operators, Travel Agents, Tourist promoters, Adventure Tour Operators with a view to manage quality, standard and service in respective categories to promote tourism (India 2006). The tourism sector in India is flooded with numerous small travel agencies which has resulted in a high degree of competition at the level of domestic tourists; with no real differentiation between the end product they deliver; so they compete primarily on the quality of service they provide. The travel and tour associations that are operational in India are – TAAI, IATO, ITTOA, PATA etc.

Demand for Tourism The tourism sector is one of India's largest net foreign exchange earners (\$4.4 billion in 2004) and employer of manpower. According to the Department of Tourism, at present, the sector employs 42 million people (18 million directly and 24 million indirectly). In addition, for every Rs 1 million invested in the hotels and restaurants sector, 89 new jobs are created, as compared with 13 jobs in the manufacturing sector and 45 jobs in the agriculture sector. Forecasts by WTTC for the year 2005 say that, the travel and tourism industry in India is expected to generate \$44.7 billion worth of economic activity, and contribute 5.3 per cent to the total GDP and 5.5 per cent to the country's total employment. Table 1 below shows the comparative position of 6 South East Asian nations in terms of contribution made by tourism to GDP and employment –

Table 1: Comparative Position of Tourism in East Asian Nation in Terms of Contribution to GDP



It is interesting to note that, as compared to its counterpart in the region, the contribution made by tourism to India's GDP and employment is meager, even much lesser than its small neighboring state of Sri Lanka. However on the positive side, in the year 2004, India attracted 3.38 million

international tourists who stayed on an average of 3 days. This figure is 35% higher as compared to previous year's arrivals and the foreign exchange earnings showed a growth of about 38% with net receipts of US\$ 4810 million.

Table 2: Comparison among Regions and India for International Tourist Arrivals

Region	1999	2000	2001	2002	2003	2004
WORLD						
Arrivals (in millions)	652	687	684	703	688.8	762.5
% Annual change	4.1	5.4	-0.5	2.7	-1.5	10.7
AFRICA						
Arrivals (in millions)	26.2	27.4	28.3	29.1	30.6	33.2
% Annual change	5.2	4.6	3.3	2.8	3.9	8.2
AMERICANS						
Arrivals	122	128	120	115	113.1	125.7
% Annual change	2.3	4.7	-6.1	-4.4	-3.1	11.1
ASIA PACIFIC						
Arrivals	103	115	121.1	131	119.6	152.9
% Annual change	10.1	12.4	5	8.4	-8.8	27.8
EUROPE						
Arrivals	381	393	391	400	395.9	415.2
% Annual change	1.8	3.2	-0.5	2.3	-0.6	4.9
MIDDLE EAST						
Arrivals	20.5	24	23.6	27.6	29.6	35.6
% Annual change	35.8	17.1	-1.7	16.9	3.2	20.5
INDIA						
Arrivals	2.5	2.6	2.5	2.4	2.7	3.4
% Annual change	5.2	6.7	-4.2	-6.0	14.3	23.5
Share of India	0.38	0.39	0.37	0.34	0.39	0.44

Source: CRIS-INFAC Report 2004

Table 3: Top Ten International Markets for India in 2004

Country	Number of arrivals	% share
USA	468340	13.9
UK	459206	13.6
Sri Lanka	130979	3.9
France	129044	3.8
Canada	118070	3.5
Germany	96970	2.9
Japan	96920	2.9
Malaysia	71622	2.1
Australia	68944	2.0
Italy	60992	1.8
Others	1666893	49.0
Total	3367980	100

Source: CRIS-INFAC report 2004

Table 4: Domestic Tourists Visits in India (in millions)

Years	No. of Visits (in millions)	% change
1991	66.7	-
1992	81.5	22.2
1993	105.8	29.8
1994	127.1	20.1
1995	136.6	7.5
1996	140.1	2.6
1997	159.9	14.1
1998	168.2	5.2
1999	190.7	13.4
2000	220.1	15.4
2001	236.5	7.5
2002	269.6	14.0
2003	309	14.6
2004	367.6	19.0

Source: CRIS-INFAC report 2004

The above mentioned discussion highlights the fact that tourism is an important sector for India in terms of contribution it is making to the developing economy. However, given the geographical, cultural, structural and social diversity of India; it needs to be promoted aggressively as a favorable tourist destination. The discussion below shall bring forth the efforts being undertaken by the government in this direction. However, simultaneously the need arises to assess whether adequate measures are being taken to promote and develop the supporting sectors as well, that is whether the initiative is to develop a cluster of tourism. Before analyzing the situation of tourism in India further, let us understand the concept of a cluster.

Tourism Suppliers The leading suppliers to the tourism sector include accommodations, transport, and banking and finance. Each of these supplier sectors is capable to generating significant wealth and value-addition for various destinations in India, by focusing on the needs of international tourists but simultaneously catering to the growing domestic market as well.

Accommodation The Department of Tourism has classified Indian hotels into 7 categories: heritage hotels, 5-star deluxe (5-D), 5-star, 4-star, 3-star, 2-star, and 1-star. Heritage hotels include old palaces and havelis, which have been converted into hotels. The Department of Tourism reclassifies hotels every 3 years and is responsible for the classification of 5-D, 5-star and 4-star hotels while the state governments are responsible for the classification of 1-star, 2-star and 3-star hotels. Classification ensures the suitability of hotels for tourists. Classified hotels are

also entitled to benefits such as interest subsidies, income tax benefits, imports, and easy availability of telephone and LPG connections. In order to classify hotels, the DoT, along with representatives from the central government, the travel and tourism industry, the hotel industry and various catering institutes, has set up a Hotels and Restaurants Approvals and Classifications Committee (HRACC). Due to the lengthy process involved in classification, a significant percentage of rooms remain unclassified. In addition, some owners have shown lack of interest and unwillingness to seek classification. However, during the 1999 to 2004 period, the number of unclassified rooms declined by 43 per cent.

Most of the budget hotels in India are independently owned and not branded. According to industry sources, internationally, 80-85 per cent of hotels in the budget segment are branded, while in India, only 15 per cent of budget hotels are branded. In the medium to long term, the number of hotels and rooms in the budget segment is expected to increase due to the need for low-priced accommodation (as a result of a reduction in corporate travel budgets). On an average, hotels in the budget segment charge Rs 1,200-3,000 per room, per day. With an estimated 26,000 rooms in the branded hotel segment, the size of the hotel industry continues to represent an abysmal figure for India's size and growth prospects. Based on the forecasted growth in demand it is expected that another 100,000 to 125,000 rooms will need to be added, in the next five to seven years, to be able to meet the increase in demand. Till then time room rates are expected to rise further.

Table 5: Classification by Segment

Segment	Location	Category	Target	Rates
Premium	Around 50 per cent of these hotels are concentrated in the four metros.	5-D, 5-star	Foreign business and leisure travellers, senior business executives and top government officials.	Highest ARR's due to highest levels of service quality.
Budget	Located in major cities as well as small cities and tourist destinations	3-star, 4-star	Middle level business executive and leisure travellers	Offer few facilities and charge lower than the premium segment.
Economy	Located in major cities as well as small cities and tourist destinations	1-star, 2-star	Largely targeted at domestic tourists	Minimum facilities. Charges are lower than that of the budget segment.
Heritage	Heritage hotels comprise old palaces, havelias, castles, forts and residences, constructed prior to 1950, converted into hotels largely located in leisure tourist destinations like Jaipur.	Heritage grand Heritage Classic	Foreign leisure travellers	ARR's are lower than that of hotels in the premium segment

Transportation Overall, the transportation services have also increased, not only because of the increase in foreign tourists arrivals but also because of the increase in the movements of domestic travelers for many reasons other than tourism. There has been increased growth in airlines, railways and bus services. Other transportation services such as the taxis, car hires and deluxe coaches have shown an improvement in the quantities, quality and level of services.

ECONOMIC FOUNDATION

This represents the hard and soft infrastructure provided by government, educational, and private institutions to support tourism sector and also provide an enabling environment for a tourism cluster. The competitiveness of a tourism cluster depends to a great extent on the responsiveness of these institutions to meet the needs of tourism business for a positive business climate, safety and security, skilled manpower, access to finance, access to technology, and robust physical infrastructure.

Physical Infrastructure A well-maintained physical infrastructure is crucial to the development of tourism industry. It incorporates air, surface transport, seaports, telecommunications, tourist information centers, signage, institutional facilities and amenities. The Airports Authority of India (AAI) formed on April 1, 1995 is currently managing 126 airports including, 11 international, 86 domestic airports and 29 civil enclaves at defense airports.

Total air passenger traffic surged by 35.7 per cent to 68.2 lakhs passengers in February 2006 against a modest increase of 11 per cent a year ago. Fuelled by a rise in domestic air traffic, total air passenger traffic scaled up by 22.3 per cent to 661.5 lakhs passengers during April–February 2005–06 against 21.9 per cent increase witnessed a year ago. Domestic air passenger traffic grew at a robust rate of 45.8 per cent in February 2006 to 48.5 lakhs passengers as against 12.5 per cent increase recorded a year ago. With low cost airlines making air travel attractive and the increased number of international tourists on domestic routes, high growth in domestic air passenger traffic is expected to sustain. International air passenger traffic also went up by 15.9 per cent in February 2006 to 19.6 lakhs passengers as against 8.3 per cent increase witnessed a year ago (CMIE Report 2006). However, IATA though believing good growth for India cautions that Indian airports would need an investment of \$30 billions while airlines would require \$60 billion; since, it is estimating the passenger increase from 30 million to 300 million by 2030. According to IATA's Chief Economist Brian Pearce, "India's aviation infrastructure is straining at seams, and infrastructure is the key to realizing the aviation potential." Presently, the government has approved the restructuring of 2 international airports –

Delhi and Mumbai through the joint venture route; and 2 other international airports are being built through the public private partnership at Bangalore and Hyderabad. India has the 2nd largest roads network in the world, a total of 3,319,644 kms; and the 3rd largest railway network in the world – 108,486 kms.

Human Resources As far as the skilled human resources are concerned, it is estimated that the tourism sector requires a minimum of 28,000 trained personnel yearly (Sharma 1996). Now that the number of tourists is going up dramatically, this figure should be at least double if not more. Institutes to train candidates for the middle management and craft levels were formed under the Ministry of Tourism, Government of India Today, there are 21 Hotel Management Institutes and 15 Food Craft Institutes to the country's credit.

Government Initiatives India currently has 26 properties identified as World Heritage sites by the World Heritage Centre, UNESCO.

The first ever Tourism Policy was announced by the Government of India in November 1982. The *National Action Plan for Tourism* was announced in May 1992, now 15 States and 3 Union Territories had declared tourism as an industry. Four States had declared hotels as an industry.

The Seventh Plan advocated a two-pronged thrust in the area of development of tourism, viz., to vigorously promote domestic tourism and to diversify overseas tourism in India. While laying stress on creation of beach resorts, conducting of conventions, conferences, winter sports and trekking, the overall intention was to diversify options available for foreign tourists. With a view to reach this destination, the following measures were suggested by the Policy:

1. To take full advantage of the national heritage in arriving at a popular campaign for attracting tourists;
2. To promote tourist resorts and make India a destination of holiday resorts;
3. To grant the status of an export industry to tourism;
4. To adopt a selective approach to develop few tourist circuits; and,
5. To invite private sector participation into the sector.

In 2001, the Department of Tourism launched 'Incredible India' campaign, which aimed at promoting Indian destinations and attracting more tourists. Through this campaign, each state was asked to identify potential destinations and promote them vigorously. Apart from the destinations, other segments for attracting tourists were also promoted like, yoga, meditation, herbal health centers, spas, foods of India, different cultural diversities of each state and the like. An effort was made to cater to different religious segments all over the world by showcasing the religious diversity especially the Buddhist

followers. The impact was seen over the next few years in terms of increasing tourists and growing revenues – almost 23% more tourists came to India last year and there was an increase of 36% in foreign revenues on a year-to-year basis. The government also earmarked an enhanced \$48.16 million for the campaign in the Union Budget for 2005-06.

Then in the year 2004, another initiative was undertaken by the Department of Tourism aimed at supplementing the 'Incredible India' Campaign – 'Atithi Devo Bhava - ADB (Guest is God)' Program. The aim of this nationwide campaign was to sensitize the key stakeholders towards tourists, through the process of training and

orientation. It also aims at creating awareness about the effects of tourism and sensitizing people about preservation of India's rich heritage & culture, cleanliness and warm hospitality. It also re-instills a sense of responsibility towards tourists and re-enforces the confidence of foreign tourist towards India as a preferred holiday destination (www.incredibleindia.org).

Business strategy, structure and competition It talks about a local context that encourages investment and sustained upgrading, and an open vigorous competition among locally based rivals. In an environment of intense local competition, companies feel pressured to innovate and constantly improve.

Structure and Rivalry Conditions	India's Conditions
Competition among local players	<ul style="list-style-type: none"> • Many of them are not registered, so they do not follow standards and procedures; hence service is poor or average. • Cater mainly to the domestic tourists. • Local companies compete for good employees, prestige, good service and higher market share.
Large players	<ul style="list-style-type: none"> • Very few large players especially in hotels, tour operators – quite a good number of large players. • Mainly cater to foreign tourists and group travelers. • Competition is high among large players also.
Government initiatives	<ul style="list-style-type: none"> • Government has opened up hotel sector. • Government is also investing heavily in infrastructure • Many players are entering thus increasing rivalry further.

Over the last decade or so, India has aggressively tried to market and promote the destinations. This has really helped in building up a favorable image in the minds of the tourists. The Ministry of Tourism is also encouraging Private partnerships in 'Large revenue generating' projects like Tourist trains, Cruise vessels, Cruise Terminals, Convention Centers, Golf Courses, Theme Park, Convention Centre, etc.

Related and Support Industries Shopping facilities, health care, police, construction industry, taxi drivers, travel agents, tourism guides, banks, cleaners, schools, a fashion and food industry, cultural entertainment, sports facilities, parking and access to destination through road, air, train or sea (Vanhove 2002) are actors with whom there is a closer collaboration, better communication, mutual pressures, and constant learning. They provide cluster members with custom-made-high-quality inputs, and components and services often at lower prices. This means that success and competitiveness is made possible

because of a well-developed and efficient network (Nordin 2003).

Though all or many of these are more or less present in majority of 'big' Indian tourist destinations, but they are sub-standard quality, haphazardly organized and fragmented. As a result of which, they do not try to upgrade themselves and usually end up fighting among themselves for meager shares and do not try to tap the full potential of the site or tourist segments. The related sectors are very fragmented and characterized by stiff price competition that hampers communication and activity coordination among different sector participants. Quality has been sacrificed in the face of cost-cutting pressures. On the other hand, some places which are small and obscure (but rich in providing a fulfilling experience) do not have many of these suppliers – like guides, food industry, cultural entertainment, easy access, etc. These destinations are only frequented by domestic travelers.

Related and Supporting Industries Conditions	India's Conditions
Accommodation, transportation, restaurants, entertainment, travel agencies and tour operators etc.	<ul style="list-style-type: none"> • Government encouraging investment in hotels and restaurants. • Deregulation of airline industry has pushed up growth and reduced fares. • Increased investment in infrastructure by government. • Special effort to train, benchmark, and certify tour operators, agents and guides. • Niche markets such as culture tourism, the Great Indian Temple circuit, health tourism, adventure tourism is being promoted.
Other supporting clusters	<ul style="list-style-type: none"> • Other supporting clusters are lacking as of now. • Government can help develop and organize supporting activities like handicrafts, etc.

CONCLUSION

What really distinguishes a dynamic, adaptive cluster from a mere collection of industries is its depth, diversity, and above all, the *quality of linkages*. These linkages are important not only among private companies, but also between the private sector and the public sector, which provides the economic foundations for the cluster. *The more linkages that exist and the more responsive economic foundation providers are to the specific needs of the cluster, the more competitive it can become.* The process of co-operation within an existing cluster in order to strengthen its competitive capability, or the process of speeding up economic development through the intensive support of a cluster that is just beginning, is called "clustering". This process is essentially a trust and relationship building exercise, which seeks to develop linkages, innovations, and efficiencies in the cluster through the sharing of information, the developing of shared visions, and collaborative efforts and investments to create a more competitive enabling environment. Certain resources are shared, and relationships improved in order to build stronger trust amongst the players. The clustering process helps the cluster itself to speed-up its move to competitiveness and supports and accelerates growth. This growth can be especially dramatic when supported by public/private sector co-operation.

Overall, India's tourism cluster is developing well; however, the degree and quality of linkages between the attractions, component suppliers, tourist distribution system, various sub-sectors, related industries, and the underlying economic foundations (or factors) remain weak. The main reason for this is that still the government is not trying to look at the tourism sector as a cluster. Therefore the agglomeration effect is missing in the entire process unlike the countries, which have successful experience of building tourism clusters. The prominent

examples from which the Indian government can learn are the – Singapore, Thailand, Malaysia and South Africa tourism clusters.

What is interesting to note is that India till recently had been a factor driven economy, and therefore it has abundance of natural resources, and low cost labor which means good factor conditions. Now it has started moving towards the investment driven economy, which means that the country is investing heavily in infrastructure and improving its regulations to compete in the world markets for greater value-added products and services. However, being a huge nation having diverse cultures, myriad of regulations, and extreme form of bureaucracy is proving to be difficult to be tackled. Nevertheless, situation is more optimistic in case of tourism than any other sector, since the benefits accruing to the economy are so apparent. Therefore, government is making all efforts to deal with regulations, frame supportive policies, earmark a larger portion of budget and market the tourism programs vigorously. The results have also showed a significant improvement. However, without quite tackling the problems of investment driven stage, India has suddenly jumped to the innovation driven stage, whereby it has started promoting innovative and upbeat tourism ideas like – ecotourism, health and spa tourism, MICE etc. but it does not have the adequate soft and hard infrastructure to support that for a long time. The overall result of this phenomenon is that no consolidated and focused effort is visible; rather it looks to be that government is lost in a big jigsaw puzzle of Indian tourism, where it is discovering one piece at a time and putting it. The result is a sketchy and patchy picture, which may give a glimpse of 'desired state of affairs', but the actual 'experience of the overall' is missing.

The second reality that one needs to appreciate is that in case of India, no one tourism cluster can justify the diversity and uniqueness of the situation. Therefore, the

government needs to chalk out cluster initiatives on the basis of states or regions. The 'Incredible India' has already generated much desired awareness and curiosity among the travelers; it needs to be maintained and improvised if need be. Also the trade associations and the Ministry of Tourism should design market research programs which can provide a deeper understanding of the tourists, destinations, and requirements; so that it is easy to segment the tourists, target them and position the destinations accordingly. This would also help in generating innovative ideas for providing 'a meaningful and worthwhile experience' and help improve the quality and service.

Thus we see that though the government has taken quite a number of initiatives to promote tourism in India, still the effort is lacking much desired vigor. The reason behind this is – the government did not plan out the initiative on cluster basis. It is trying to focus on one aspect of the tourism industry at one point of time; rather than chalking out an integrative plan and then developing it. The end result is that there would be too many loose ends which shall be difficult to tie once an initiative comes to an end. If various hubs or destinations are promoted as clusters, then it could limit redundancy in many areas and lead to increased competitiveness. Through smart thinking, the government identifies key demand opportunities, plans development of support industries and then implements effectively. The result is a young and vibrant cluster, which is capable of innovating and facing the challenge of global competitiveness.

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