

## CONTRIBUTION OF PUBLIC PRIVATE PARTNERSHIP OF TOURISM SECTOR IN ECONOMY OF INDIA

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### ABSTRACT

*Tourism sector plays an important role in developing economies of world. Partnership has become a replacement financial model of management strategy to require advantage of obtainable resources from different agents for capital investments. This paper serves the target to seek out the advantages of Public Private Partnership (PPP) and its introduction in Tourism sector in Indian economy with help of obtainable research in past years. Paper aims to specialize in the areas where it's been used as a technique and to the extent it is a successful tool to leverage the available natural and manmade resources for Tourism. The paper discusses cases of agreements between government and therefore the private sector for provisions for public services or infrastructure in Tourism Sector. Government being public sector identifies and provides a framework for developing the economy whereas private sector offers investment, management and workforce. Cases reveal ventures are successful where the participation is a component of policy framework and intense and ventures are failure where both government and personal bodies share proprietary rights. Tourism is characterized as being a sector that stands out together of the business activities with the best potential for worldwide expansion, and as an engine for economical process. If at the national level, the appeal of tourism is critical, on the local level this sector presents itself as an important tool in development, as a way to avoid regional desertification and stagnation, stimulating the potential of more undeveloped regions. In such a competitive sector as tourism, companies should develop synergies and achieve competitive advantage. During this context, public-private partnerships play a crucial role in entire development. The aim of this paper is to present a theoretical context that mixes different concepts and elements to elucidate and understand the public-private partnership phenomenon in tourism.*

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**Keywords:** Partnerships, Public-Private Interface, Development, Conceptual Model, Tourism.

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### Introduction

As the growing numbers of locations and fund in arising global in tourism, has become it right into a key driving force of socio-low-price increase through export revenues, introduction of jobs and enterprises, and infrastructure development. Tourism represent for 09 percentage of global wide GDP in 2015 in step with UNWTO report.

The market place percentage of growing economies have improved from 35% in 1988 to 51% in 2017, and is anticipated to attain 60% via way of means of 2039, equal to over 02 billion global vacationer arrivals. An assessment for overall performance of offerings in GDP of respective international locations from length of 2011- 2020 suggests that growth in percentage of offerings in GDP is largest for India.

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Tourism employability money owed for round 6-9percentageof worldwide employment and five percentages of world wide profits as in line with UNWTO report. It is one in all the most important sectors that are answerable for employment technology where in grill represent for 70% of workforce. Tourism and Services quarter of India has emerge as a distinguished quarter in phrases of its contribution to country wide profits, country profits, exchange flow, Foreign Direct Investment influx and employment as well.

Tourism sports represent a widespread 7.8% of GDP for India. Tourism quarter investments encompass hotel, offerings and enjoyments structures in addition to covers transportation tasks like development and modernization of airports, railroads, seaports, conference center's etc. However, finances constraints of governments and personal marketers typically make huge tourism investments not possible to undertake.

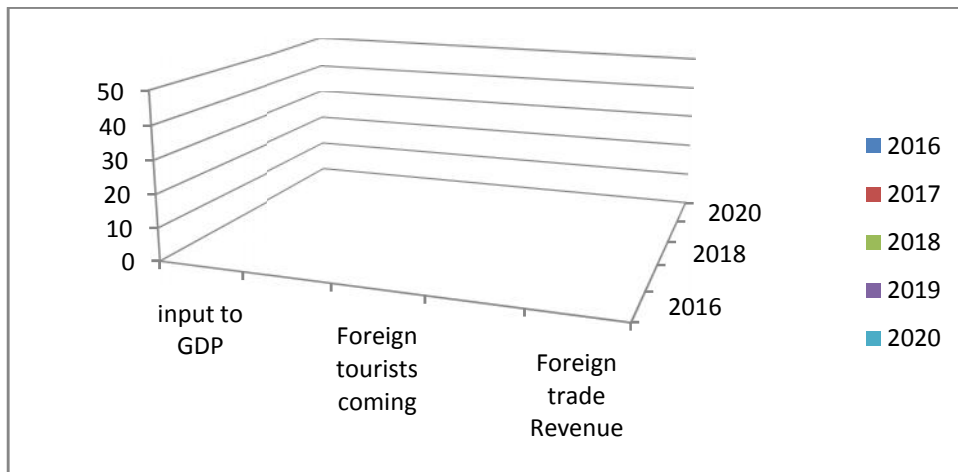
Therefore, new and superior economic fashions are hard to supply tourism investments viable thru cooperation of governments and personal companies. In converting globalized situation combining all sources is maximum favorite requirement. Cross area synergies must be capitalized so as to cause cross-fertilization and innovation in concept in addition to in practice (Laing, J. H. et al2009).

The nice of enjoy felt with the aid of using a traveler who's supplied with the aid of using tourism zone relies upon the numerous methods on which the control agency works. It relies upon the add extent of anticipated plus augmented offerings and the atmosphere where in they're being supplied. At one hand wherein tourism locations may also at once consist of subject matter parks, conservation forests, town centers, buying centers, network centers, however it is usually transportation facility, clinical facility, infrastructure, establishments indirectly.

Within any tourism economic system there are, naturally, effective forces the Public Sector and the Private Sector. Collectively those forces have the capacity to obtain greatness. The Private Sector, efficiently the enterprise network, stocks the choice for destiny increase and improvement of the nation, but with a specific set of goals, metrics, expectancies and cease accountabilities. It has ended up famous in tourism control circles to emphasize the significance of forging partnerships to perform collective and organizational goals (Gunn 1994 as mentioned in Chavez. D., Saline. 1995) from the desk we will recognize approximately the contribution of tourism zone to GDP, overseas vacationer's arrival and Fore income of India.

**Direct Contribution of Tourism Sector to GDP**

Years	2016	2017	2018	2019	2020
input to GDP	37 Billion	39 Billion	41 Billion	43 Billion	45 Billion
Foreign tourists coming	6.8 Million	7.2 Million	7.5 Million	7.8 Million	8.1 Million
Foreign trade Revenue	18.1 Billion	18.7 Billion	19.6 Billion	21.8 Billion	22.8 Billion



**Objective of the Paper**

To study the Contribution of Public and Private Partnership in Tourism sector of Indian economy and their input in economic transformation.

- **Potential of Partnership**

“A partnership among the private and non-private quarter with clean settlement on shared goals for the shipping of public infrastructure and/or public offerings.” It is a platform in which forces comes collectively, running synergistically for improvement of the tourism financial system in a manner which certainly leverages their respective regions of enjoy and knowledge and the fee might be exponential. Fortunately there may be a manner to make this happen: it's approximately the strength of PPPs. The modern-day paper tries to outline the significance of Partnership in tourism and offerings enterprise among authorities and personal tourism investors. Recognizing the significance and innate common sense of bringing authorities and personal organization collectively, but the instinctive demanding situations of same, a car turned into created via way of means of authorities to carry collectively those entities for the success of shared goals.

PPPs – Public Private Partnerships – have come to be a globally applied time period and template for the status quo and execution of tasks which name upon cooperation among authorities and personal business. Importantly, partnerships are activated while precise demanding situations want to be addressed, or possibilities want to be unlocked, which sincerely require the assist of a couple of party. The PPP tightly outlines the basics of an initiative in order that each companion are capable of supply towards set expectancies as together understood, together agreed, and together invested.

- **Public Private Partnership Model in Economy of India**

In India PPPs has visible 3 stages given that nineteenth century. At gift we're speak me approximately the 0.33 section of PPP which commenced in 2006. At gift we discover Karnataka, Andhra Pradesh and Madhya Pradesh are the main kingdom in phrases of PPP funding (FICCI-E & Y 2012). So some distance there may be version in definition of PPP given via way of means of distinctive groups consequently we do not forget the definition given via way of means of DEA.

The Department of Economic Affairs (DEA) defines PPPs as Public Private Partnership manner an association among a authorities / statutory entity / authorities owned entity on one aspect and a non-public zone entity at the other, for the availability of public belongings and/or public services, via investments being made and/or control being undertaken via way of means of the non-public zone entity, for a targeted duration of time, wherein there may be nicely described allocation of hazard among the non-public zone and the general public entity and the non-public entity gets overall performance connected bills that conform or are benchmarked to targeted and pre-decided overall performance standards, measurable via way of means of the general public entity or its representative (DEA, 2012). In literature it's far discovered that PPP version of Indian Economy displays 3 principal characteristics:

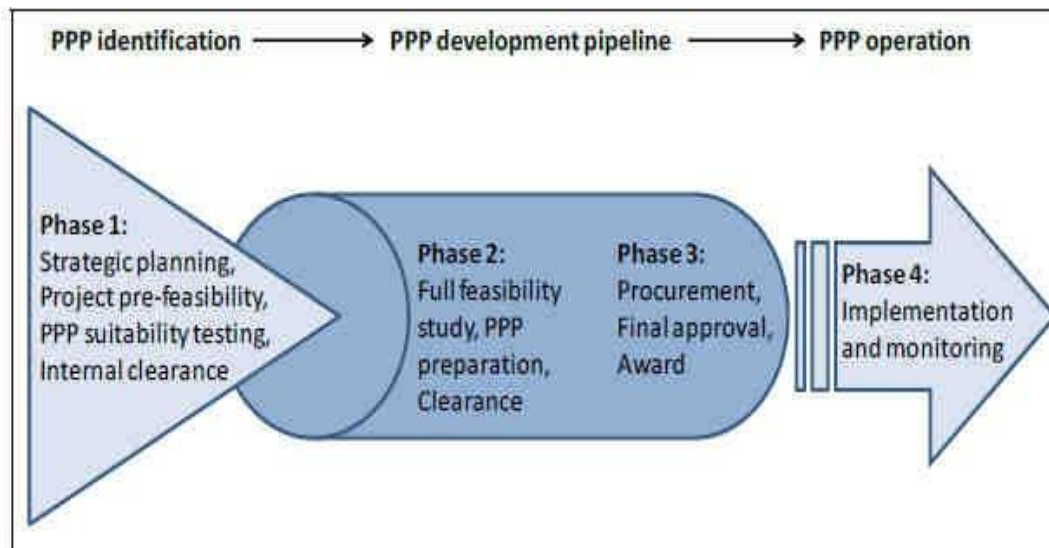
Possession of asset stays with public entity, undertaking receives transferred again to public entity after settlement and very last selection of shape of PPP is primarily based totally upon cost for cash analysis.

PPP has been a method of resourcing non-public zone funding and asking operational efficiencies for the availability of belongings and services. The designing of PPP version ought to now no longer mirror any form of partiality.

The layout improvement of PPPs ought to now no longer be interpreted as searching for to nurture a blind partnership hype that considers this shape of organizing because the excellent shape (Sattler, L., 2014). The not unusual place sorts of PPP in Indian economic system are:

- **BOT (Build Operate Transfer)** - The non-public commercial enterprise builds and operates the general public facility for an agreed time period. Once the ability is operational as agreed, or on the give up of the time period, the non-public entity transfers the ability possession to the general public, right here it can be construed as Government.
- **BOOT (Build Operate Own Transfer)** - This engagement version is just like the “Build Operate Transfer” version besides that the non-public entity has to switch the ability returned to the general public area. In BOOT version the authorities offers a non-public entity to finance, layout, construct and perform a facility for a selected time period earlier than the switch.
- **Management Contract (MC)** - A control settlement is a contractual association for the control of an element or completes of a public organization through the non-public area. Management contracts permit on-public are a competencies to be introduced into carrier layout and delivery, operational control, hard work control and system procurement.

- **DBFOT (Design Build Finance Operate Transfer)** - These are different versions of PPP and because the nomenclatures highlight, the non-public celebration assumes the complete duty for the layout, construct, finance, and perform or perform and keep the undertaking during concession. These also are stated as "Concessions".
- **Joint Venture (JV)** - In a PPP association generally accompanied in our United States of America inclusive of for airport development, the non-public area frame is endorsed to shape joint venture company (JVC) alongside the collaborating public area company with the latter conserving handiest minority shares.



### The Public Private Partnership Process Diagram

#### • Public Private Partnership in Tourism Sector

In 2000, the World Tourism Organization Business Council (WTOBC) launched a have a look at to envision the volume to which PPP turned into perceived as applicable in stimulating tourism competitiveness with the aid of using the worldwide tourism network. They have a look at, precise in its kind, surveyed the tourism enterprise in greater than ninety international allocations with a purpose to verify PPP as a powerful determinant of tourism competitiveness round the arena at a national, provincial/country and nearby levels.

Out of 234 respondents, 81% rated PPP as "very powerful" and 98% as either "very powerful "or "powerful". There any unmarried PPP engagement version that could fulfill all situations regarding a project's place placing and its technical and economical features. Under the roof of PPP fashions, nearby networkis supplied with a truthful excellent and speedy carrier than governments provide.

On the opposite hand, public non-public partnership fashions were extensively standard in current years as compared to privatization considering the fact that governments will have a manipulate over carrier excellent, carrier continuity, blessings and expenses in PPP fashions (Takers, S. and Takers, D. 2012).

With company commercial enterprise plans, objectives, funding allocations, accountabilities and objectives for returns, fulfillment is normally described quantitatively. Delivery is everything.

Working independently, the Public and Private zone are every capable of mobilize their respective strengths, scale and sensibilities to have an enduring, advantageous effect on a destination. Each looking to set up and boost the tourism economy, the sectors observe sources closer to projects which might be important to long-time period excellent and competitiveness of the destination.

Aviation is a critical zone of tourism enterprise and its miles one in all maximum critical supply of sales for Tourism and offerings economy. From the desk its miles glaring that PPP fashions were carried out in aviation and are first-class appearing of their class.

**PPPs – Model Success Stories in Airport Sector**

Cochin International Airport	BOO	First airport in India to be built in the joint sector with Public-private participation.
Bangalore International Airport	BOOT	Karnataka government and Siemens Project Ventures and L&T.
Hyderabad International Airport	BOOT	GMR Infrastructure Limited and Malaysia Airports Holdings Berhad developed Green field international Airport at Shamshabad near Hyderabad.
Mumbai International Airport	LDOT	Mumbai International Airport Limited of GVK Industries Ltd and Airports Company South Africa for modernizing.
Delhi International Airport	LDOT	Freeport, Airports Authority of India, Eraman Malaysia and GMR Infrastructure in a joint venture.

**Literature Reviews**

To conquer the troubles of aid control and vacation spot improvement technique there are new frontiers in tourism studies like collaboration and partnership (Hall, C. M. 2009). Partnership can also additionally face troubles associated with funding and percentage in earnings.

According to Gunn, C. A. (1976) loss of attention, loss of choice with inside the public companies and personal agency in not unusual place aim sharing, making plans are impediment that may be conquer in tourism quarter. On being capable of get fund allocation and collaboration there may be a lot debate within side the tourism quarter funding from a public coverage perspective. Collaboration with a huge variety of stakeholders can supply guide to circulate closer to sustainable tourism (Bram properly & Lane, 2000; Batting, de Lacy, Moore, & Oakes, 2002 as noted in Wilson. et al. 2009).

The maximum critical challenge in liberating a PPP version is seek of companion companies. The trouble of collaboration is a chief subject within side the public management of tourism (Bram properly, 2005).

There is a lot dialogue concerning the variations among phrases like collaboration, community, relationship, partnership and joint control. Worldwide hooked up examples of PPP range however can also additionally consist of chambers of commerce, tourism commissions, traveler enterprise associations, town conference bureaus, improvement companies or neighborhood traveler boards, amongst others (Dredge & Jenkins, 2007; Hall, 2008, 2011 as noted in Zapata, M. et al. 2012).

There aren't any frequent circulate closer to growing advertising collaborations which may be relevant for all commercial enterprise environments. Despite their ability blessings of governments there are regularly tremendous problems with partnership methods to making plans collaboration (Bram properly and Lane 2000).

At the outset companies name for a motivation for advent of collaboration and this collaboration agent can be a champion from a personal or public quarter stakeholder. The next coverage, mode, and shape of collaboration will mirror the surroundings where in stakeholders operate (Bijou, D. & Palmer, A., 1995).

The fashionable purpose of the authorities and personal events is switch of the danger and clean income final results for the personal quarter (Alonso-Coned, A. et al. 2007). As partnerships are approximately growing and maintaining relationships over time, new services or products may be evolved be Neath neat the sort of scheme if relationships are controlled successfully (Sámi. et al. 2002).

Sami additionally recommended that the senior companion with inside the innovation community has to increase a community and outline the goals of the exceptional companions and the aim of the mission in concurrence and become aware of the jobs performed via way of means of every of the important thing companions and helping companions.

This precise section of partnership improvement facilitates in growing mutual knowledge and putting man or woman agendas and collective dreams for the partners. Gunn, C. A. (1976) cautioned to appearance out for advanced transportation system, choice of human beings for each public and personal appeal and improvement of earnings and nonprofit assets. PPP proponents the significance of treating the whole residents as a clients and those resolve the hassle of the negative via diverse marketplace pushed strategies (Koriyama. 2009).

Critical fulfillment thing for tourism quarter consists of professional preparation, developmental structure, proper underlying, powerful and green movements and the sustainable nature of partnership (Augustine, M. M., & Knowles, T.1999).

#### **Indian Airports: An Initiative of PPP Model in Tourism Sector**

PPP version in Indian airports is a terrific case looks at for discussion. In PPP funding there are main non-public promoters in India on this quarter GMR and GVK, who've confirmed extraordinary improvements in airport infrastructure at Delhi, Mumbai, Bangalore and Hyderabad. These airports have converted the passenger experience, more desirable performance and ability for airline operators, and added a big advantage to the Airports Authority of India.

GMR led consortium operates the airports of Delhi and Hyderabad while airports of Mumbai and Bangalore are operated through GVK led consortium. Airport modernization has supported the increase in site visitors which made a giant contribution to nearby and country wide economies.

The 4 airports have accounted for 53% of the full passenger site visitors dealt with through Indian airports with inside the Financial Year 2015. Under the agreements of PPP dispensation the airport operators are alleged to pay a selected percentage of gross sales to the state-owned Airports Authority of India (AAI). In Sep-2014 the AAI introduced for making plans of PPP concessions at six greater airports – Chennai, Kolkata, Guwahati, Ahmadabad, Jaipur and Luck now with greater 09 airports to follow. Airports Authority of India (AAI) manages a hundred and fifteen airports with inside the country, which incorporates 23 civil enclaves. The AAI presently owns 50 idle airports and 60 loss-making however operational airports in its portfolio making it ninth biggest civil aviation marketplace.

Revenue Share paid via way of means of Private Metro Airport Operators to AAI: FY2007-FY2014 Fig: - The Indian Government on April 24, 2009 promulgated the Policy for putting in of Greenfield airports. Greenfield airports are being installation via way of means of AAI and ideally built thru Public Private Partnership (PPP) and such airports are being financed significantly thru PPP model. Greenfield airports at Hyderabad and Bangalore are in operation and are doing well. Recently added Greenfield airport tasks have earned call at a few factors however it has additionally confronted failure at a few locations like Durgapur in West Bengal.

The pre dominant overseas traders in Indian aviation region are Airbus (France), Boeing International Corporation (USA), Air Asia (Malaysia), Rolls Royce (UK), Frankfurt Airport Services Worldwide (Germany), Honeywell Aerospace (USA), Malaysia Airports Holdings Berhad (Malaysia), GE Aviation (USA), Airports Company South Africa Global (South Africa), Alcoa Fastening Systems Aerospace (USA). Indian aviation enterprise witnessed 163 Million passengers in 2014 which is meant to come to be 60 Million global passengers via way of means of 2017 making India third biggest aviation market place via way of means of 2020. Development of a long time plan for airports desires a corporation bilateral coverage that is made with clean making plans and with enterprise consultation. Lack of described bilateral coverage has impacted the functionality of aviation region in India and has stopped them to expand a long time strategy. Indication of presidency to open up marketplace get right of entry to for overseas vendors to different non metro towns will even pressure home traders to participate in partnership given that working with restricted price range and sources won't be enough for Indian traders.

#### **Conclusion**

Tourism is an inconsistent enterprise that guarantees loads and but grants modest and over an extended period. Regional cooperation in tourism too is a place of sizeable capability however calls for right making plans and coordination. Under the mild of globalization and change liberalization, go border tourism can be used as an effective device for the monetary enhancement of Asian nations. As Buckley (2004) suggests, sourcing capability companions for tourism PPPs can also additionally appear easy, however keeping long-lasting and sustainable partnerships can pose a severe undertaking for protected-visibility managers. It is likewise obvious from the have a look at that beneath Neath the PPP fashions, networks supplied with a better first-class and speedy provider than governments can provide. In current years public personal partnership fashions were common in India. There isn't any unmarried version to be had for PPP which may be relevant for each task because the requirement of every task varies in their nature. A task calls for transparency, accountability, identical remedy and proportionality within side the agreements with a central authority in order that it does now no longer locate any discrimination in green use of the to be had funds.

There is a want to recognition on a separate making plans system specifically at local and nearby ranges and its social, cultural in addition to monetary advantages of the improvement system (Page & Thorn 2010). The fulfillment of PPP tasks and monetary advantages to the area people in the long run relies upon making sure the viability of commercial enterprise with a purpose to function there.

### Future Scope of Study

This have a take a study has attempted to have a take a study to success tourism partnerships which has brought cost to the technique of monetary reform. On different hand studies may study limitations to partnership achievement and elements that reason failure. There also are situations at every degree of partnership improvement that donates to partnership continuance and growth stays hidden. Another line of studies can also increase a typology of tourism partnerships. Tourism corporations and establishments who need to sell partnerships must look at the sensitive tactics in their improvement and manipulate them with those tactics in mind. Social technological know-how studies can assist to light up this path.

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