

Terrorist Vs Tourist: Economic Implications for Hospitality Sectors in India

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Abstract:

*The similarity between the word **Terrorist** and **Tourist** cannot remain unnoticed? Both the words start with **T** alphabet and ends with **T** alphabet only, but where one proves to be a boon for economy the other turns out to be a threat for economy, snatching all the tourist and leaves far-ranging effects.*

Tourism is a straight-forward concept and may be defined as a service based industry comprised of several elements including transportation, accommodation, food and beverage, tours and merchandising. Terrorism, however, proves a challenging concept to define. Furthermore, as terrorism against tourists often involves international citizens, international terrorism is defined as “terrorism involving citizens or the territory of more than one country.”

The economic importance of tourism is undeniable. Tourism is today a trillion dollar industry with 82 million global tourists and generating 3 billion dollars per day. The US tops the list earning 100 billion dollars from 56 million visitors compare this to India’s 10 billion dollars it earns from international tourists. Even smaller countries like Austria, Australia, and turkey earn 20 million dollars each from tourism. Tourism is an important sector of economy and it reacts to economic trends and various types of risks, for example, such as terrorist attacks. Travellers do not want to be exposed to any risk, so safety is a priority.

Objective of Study: The purpose of this study is to evaluate the economic implications of a terrorist attack on hospitality sector in India. The most important factor determining the economic cost of an attack is how the government, media, and public react to an attempted or successful attack. If the attack caused terror, that is, irrational, fearful responses, the economic costs could be extremely high, especially if the terrorists were able to launch several successful attacks, which results in cancellation of room booking in a hotel, which results in financial losses.

This research paper is a qualitative paper. The data has been sourced from web-sites, electronic sources, referred sources, newspapers and magazines.

Key words: *Terrorism, Economy, Hospitality sector, Tourism, Revenue.*

Economic Implications of terrorist attack:

Singing the saga of Tourism, it is unprecedented to say, the world economy relies heavily on tourism both national and international and for many a countries it is the major industry and source of income.....

For many countries in the developing world, tourism is a critical source of revenue generation and therefore a major component of economic development, a relationship that rewards states when positive conditions such as a strong global economy exist. But what happens when negative conditions exist, such as terrorism?

According to **Adam Blake and M. Thea Sinclair**, two scholars who have studied the impact of the September 2001 *al Qaeda* strikes on the U.S. tourism industry, *“The contribution of tourism and travel to both industrialized and developing countries is now so great that any downturns in the level of activities in the industry are a cause of concern. The repercussions extend beyond activities directly associated with tourism, notably airlines, hotels and catering, to sectors that supply intermediate or final goods that are purchased by firms and employees in the industry, so that all sectors of the economy are affected to a greater or lesser extent.”*

The impact of terrorism on a state’s economy may be enormous, leading to unemployment, Homelessness, deflation, crime and other economic and social ills.

Why terrorists choose to target tourists (to gain publicity, further ideological objectives)

- First, tourists are easy to attack. Terrorism requires a great amount of precision, which in turn requires predictability. For a terrorist, the tour bus that leaves every hour on the hour between 8:00 a.m. and 5:00 p.m. five days a week is an ideal target because the target can be researched until a perfect plan is in place.
- Second, tourists make better targets than the locals. Because terrorists often reside within the country where the attacks take place and the public is well aware of their presence (occasionally, minority voices in the public even support the terrorists, as is the case with *Hezbollah*). While the targeting of tourists may bother certain members of a society, the targeting of locals would likely enrage the public, possibly resulting in retribution that places the existence of the terrorist organization at risk.
- Third, and perhaps most importantly, the targeting of tourists, particularly international tourists, can generate a great deal of attention, causing tourists to avoid travel to that part of the world. Tourism is indeed an elastic industry in which the consumer may consider several options, which is precisely what the terrorists wish to achieve.

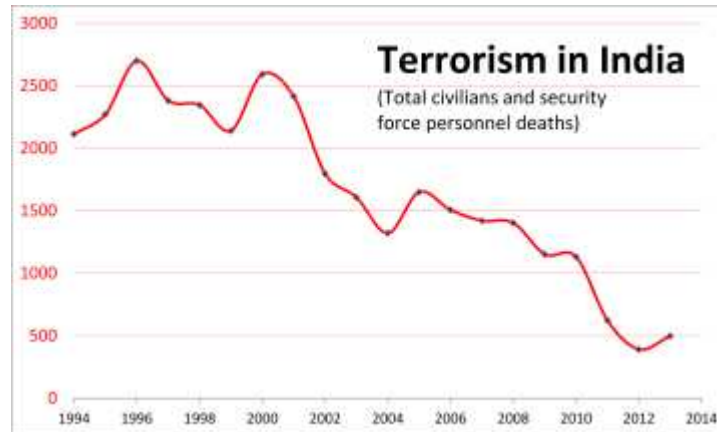
Terrorist attacks in India: List of terrorist incidents in India (since 2001) (Source: Wikipedia)

2001	<ul style="list-style-type: none"> • <u>Indian Parliament</u> • <u>Srinagar</u>
2002	<ul style="list-style-type: none"> • <u>1st Raghunath Temple</u> • <u>Akshardam Temple</u> • <u>Kolkata</u> • <u>Kaluchak massacre</u> • <u>Qasim Nagar massacre</u> • <u>Rafiganj train</u> • <u>2nd Raghunath Temple</u> • <u>Mumbai bus bombing</u> • <u>Kurnool train</u>
2003	<ul style="list-style-type: none"> • <u>1st Mumbai</u> • <u>2nd Mumbai</u> • <u>3rd Mumbai</u> • <u>4th Mumbai</u>
2005	<ul style="list-style-type: none"> • <u>Ayodhya</u> • <u>Delhi</u> • <u>Jaunpur train</u>
2006	<ul style="list-style-type: none"> • <u>Varanasi</u> • <u>Jama Masjid</u> • <u>Doda massacre</u> • <u>Mumbai 2006</u> • <u>Malegaon</u> • <u>West Bengal train</u> • <u>Srinagar</u>
2007	<ul style="list-style-type: none"> • <u>Samjhauta Express</u> • <u>Mecca Masjid</u> • <u>Hyderabad</u> • <u>Ajmer Dargah</u> • <u>Uttar Pradesh</u>
2008	<ul style="list-style-type: none"> • <u>Jaipur</u> • <u>Bangalore</u> • <u>Ahmedabad</u> • <u>1st Delhi, 2nd Delhi</u> • <u>Malegaon/Modasa</u> • <u>Agartala</u> • <u>Imphal</u> • <u>Assam</u> • <u>Mumbai</u>

2009	<ul style="list-style-type: none"> • <u>1st Guwahati</u> • <u>2nd Guwahati</u>
2010	<ul style="list-style-type: none"> • <u>Bangalore</u> • <u>Pune</u> • <u>Dantewada</u> • <u>Jnaneswari Express</u> • <u>Jama Masjid Delhi</u> • <u>Varanasi</u>
2011	<ul style="list-style-type: none"> • <u>Mumbai</u> • <u>Delhi</u>
2012	<ul style="list-style-type: none"> • <u>Israeli diplomats, Delhi</u> • <u>Pune</u>
2013	<ul style="list-style-type: none"> • <u>Hyderabad</u> • <u>1st Srinagar</u> • <u>Bangalore</u> • <u>Darbha valley</u> • <u>2nd Srinagar</u> • <u>Bodh Gaya</u> • <u>Patna</u>
2014	<ul style="list-style-type: none"> • <u>Chennai train</u> • <u>1st Assam</u> • <u>Chhattisgarh</u> • <u>Burdwan</u> • <u>Kashmir Valley</u> • <u>2nd Assam</u>
2014	<ul style="list-style-type: none"> • <u>Chennai train</u> • <u>1st Assam</u> • <u>Chhattisgarh</u> • <u>Burdwan</u> • <u>Kashmir Valley</u> • <u>2nd Assam</u>
2015	<ul style="list-style-type: none"> • <u>Civil Court Blast</u> • <u>Gurdaspur attack</u>

The above data shows the terrorist attacks in India from year 2001 to year 2015.

Impact of terrorist attacks



(Terrorism trend in India - Terror attack caused civilian and security personnel deaths per year from 1994 to 2013 Source: Wikipedia)

Hotels have been hit by double whammy; Terrorism has brought down the number of tourist coming to India. Indian tourism has been affected widely by the terrorism, be in Insurgency and terror attacks in the name of Zehad in Kashmir, The grave attacks in Assam, the nerve-wrenching bomb-blasts in Delhi or the latest bloodbath in Mumbai, *there was a downturn in economy because Tourists have started rejecting India as a destination, they have started opting for the new places of interest, because no one would like to pay with their lives for visiting India. The **Incredible India** lost its shine; and faded before time.*

One goal would be to get the public officials, the media, and the public to understand that terrorist attacks cannot be prevented, that changing travel itinerary is not a reasonable decision, as it incurs losses in billions, .A terrorist attack causes fatalities to human life as well as results in losses of billions to a country, as the occupancy falls, the travel plans are either canceled or modified. *After the Mumbai terrorist attack, hotels admitted a drop in occupancy rates to less than even 50% during the peak season when they are traditionally overflowing with business..*

This was a sharp drop of more than 30% as compared to 2007 when there was no room available in all star category properties across the country. This augurs well for the consumer who expected to pay less than half of what he would have paid in previous year. The hotel tariffs went down further by another 15-25%. Terrorists seeking to disrupt our economies have a more difficult task than we generally assume.

One 5-star hotel reported a cancellation of 2000 room nights during the next quarter which normally was a peak occupancy period due to a myriad of national and international conferences. Further cancellations

were also carried out. The average room rate (ARR) in Delhi was around Rs 12,000 in April-September in 2008 but was down to Rs 10,200 according to one hotelier who did not wish to be quoted after the Mumbai attacks. Similarly, a hotel room in Mumbai, which would earlier cost around Rs 13,000, was available at closer to Rs 10,000.

- PUNE, India — **bombing** occurred at approximately 7:15 pm IST on 13 February, 2010 when a bomb exploded at the German Bakery in the city of Pune, Maharashtra, India. The blast killed seventeen people, and injured at least 60 more including an Italian woman, two Sudanese students and an Iranian student
- The German Bakery is located near the Jewish Chabad House and the Osho ashram (an international meditation resort) in Koregaon Park, Pune. The ashram and the bakery are frequented by foreigners and the bakery, which is popular with tourists and locals alike, was busy at the time of the blast. *Reference: Wikipedia*

Two little known groups calling themselves the Lashkar-e-Taiba Al Alami and the Mujahideen Islami Muslim Front claimed they were behind the bomb attack. However, according to government agencies, the attack could have been part of a project by Lashkar-e-Taiba to use the Indian Mujahideen, called the 'Karachi project'. David Coleman Headley a Pakistani-American terror suspect has been accused of involvement in the project. *Reference: Wikipedia*

- The **2010 Jama Masjid attack** occurred on September 19, 2010 when two gunmen on a motorcycle fired at a tourist bus near Gate 3 of the Jama Masjid in Old Delhi, India and injured two Taiwanese tourists. The incident provoked fears about security for the upcoming Commonwealth Games in Delhi. *Reference: Wikipedia*
- Varanasi, India Around 6:20 Pm bomb blast occurred in Varanasi on 7 December, 2010 The blast took place when thousands of devotees and foreign tourists had assembled at the ghat for a glimpse of the Ganga Aarti *Reference: Wikipedia*
- The **2010 Dantewada bus bombing** occurred on 17 May 2010 when a bus hit a landmine 50 km away from Dantewada, in Chhattisgarh's Dantewada district. Fatalities reports range from children, women including several Special Police Officers (SPOs) and civilians. *Reference: Wikipedia*
- The **Gyaneshwari Express derailment** occurred on 28 May 2010 in the West Midnapore district of West Bengal, India It was disputed as to whether sabotage or a bomb caused damage on the railway track, which in turn led to a train's derailment before an oncoming goods train hit the loose carriages killing at least 141 passengers *Reference: Wikipedia*
- **Terrorism in India** is primarily attributable to religious communities and Naxalite radical movements. The regions with long term terrorist activities today are Jammu and Kashmir, Mumbai, Central India (Naxalism) and Seven Sister States (independence and autonomy movements). *Reference: Wikipedia*

If all the regions are affected with terrorist activities, then why a foreigner would like to visit India. They would better explore the safe destinations. Many countries have warned their civilians for not visiting India. In all the terrorist attacks, foreign tourist was the soft target for all those self-claimed terrorist groups, but what would be the impact on India's economy which generates major revenue from travel and tourism industry. Terrorism has remained a major threat to India, These terrorist attacks impact negatively

that enough measures have not been taken up to protect India as a safe destination for tourists visiting India.

Conclusion: The Indian government has to take drastic action on its territory, the reality is, and there is great dissatisfaction within society, which is causing these failures in security, the lack of sympathy and support from the government, with its population regardless of religion or philosophy that will continue. The development of India depends, of the antiterrorist's policy, that this government apply. The economic situation is directly focus to these conditions, the poverty, the inexistent welfares, that the population need, will be a serious danger.

India can benefit in a major way from growth of tourism (both national and international), if terrorism can be curbed. The vast majority of the resulting cost to the economy would be avoided if the public does not panic and if the government does not require costly actions designed to reassure the public, but which have little efficacy in preventing further loss.

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