

CORRUPTION IN TOURISM INDUSTRY: A TOUGH JOB TO TACKLE!

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ABSTRACT

The major concerns in India are political, bureaucratic, corporate and individual corruption majorly at the grass root level. "A 2005 study conducted by Transparency International in India found that more than 55% of Indians had first-hand experience of paying bribes or influence peddling to get jobs done in public offices successfully."

There are two faces of a coin, one good and the other bad. Similarly, tourism and its related activities have positive as well as negative impacts. The travel and tourism industry is a significant contributor to India's GDP and the government is increasingly supporting its development through investment in infrastructure, promotions and tourism-friendly legislation. In 2009, tourism expenditure accounted for almost 4% of GDP.

No doubt, tourism has provided better job avenues for the youth, has earned foreign exchange for the country, has brought India on the International platform and has promoted developmental activities but on the other hand it has also **resulted in increased incidences of drug abuse, child labor, human trafficking and prostitution.**

Today, tourism is one of the worst hit industries in terms of corruption due to various factors like – **bribery, Illiteracy, population growth, inefficiency of governmental**

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agencies and poverty. The Central Vigilance Commission (CVC), a government watchdog agency of the Indian government, revealed irregularities in 16 Commonwealth Games projects, resulting in large gains for contractors and the delivery of poor infrastructure.

Though the government has been trying to improve the above mentioned factors in the tourism industry by strengthening the Department of Tourism and its allied agencies, however, corruption is one such evil which is hampering the growth of tourism industry in India and needs to be eradicated.

Through this paper we have made a conscious effort in highlighting the issues and the reasons behind them which pose a major threat to the development of tourism in India. The most important message is that corruption matters. Countries intending to benefit by tourism expansion must reduce or eliminate corruption to maximize the gains from tourism trade.

The paper follows a primary and secondary research methodology where the data has been collected in the form of a questionnaire from tourist destinations like – Nainital, Bhimtal and Ramnagar.

Keywords: peddling, bribery, illiteracy, population growth, inefficiency of governmental agencies, poverty, drug abuse, child labor, human trafficking and prostitution.

Introduction

Robert B. Zoellick, president of the World Bank, says corruption is “a cancer that steals from the poor, eats away at governance and moral fiber, and destroys trust.”

Almost every company, regardless of size, industry or country of operation, is exposed to some degree of corruption risk. Certain sectors like Defense, Construction did manage to identify the risk on an early stage and took measures to tackle corruption, however there are other industries who have either failed to take some cautionary measures or have started taking measures.

A company which does not address corruption may have to lose its reputation. Also, the customers and the partner companies start distancing themselves. The employees take undue advantage of the companies which pays bribes to external company for getting their work done, by theft, stealing from the company finances.

Certain companies fail to have a mechanism in place for two reasons, one that the company will get exposed and second, the costs involved in fighting corruption will not be able to justify the benefits. Some examples include the misuse of public property, the acceptance of bribes, gifts, or grant, regard of favoritism or nepotism, and disregard of competence and equal opportunities, in employing as well as the embezzlement of millions in the form of commissions, deals, contracts, and large financial agreements.

This report examines what are the various factors leading to corruption, highlighting certain issues and challenges and suggest what steps one can take to protect themselves from the deadly evil–corruption – in the future.

Research Objective

1. The primary objective behind conducting the research was to highlight the issues and the reasons of corruption.
2. Find out the major factors leading to corruption.
3. Suggest few measures to fight corruption.

Research Methodology

The research is based on primary as well as secondary data.

As part of the primary data, questionnaires were filled by over 100 respondents residing in and around Nainital, Bhimtal and Ramnagar wherein the respondents were requested to give their opinion on corruption out of which 61% respondents were from private sector and 39% respondents from public sector. The age group was between 28 years to 45 years.

The secondary data consists of various published material from websites, research papers and articles and write ups from newspapers.

Literature Review

“Corruption itself is a moving target. Suitcases of cash have been replaced by requests for donations or other payments that sound innocent but turn out to be corruption in disguise.” (Samuel A DiPiazza, Jr, *Confronting Corruption*, 2008). “Who is corrupted? Underpaid Unappreciated, Under promoted, Greedy, How are they corrupted? Buy my material and I’ll give you a percentage. Make a policy decision in my favour. Don’t offer contracts to open competition. Facts of corruption in county like INDIA where 7 rupees spend by government only 1 rupee reaches a common man. So you can well imagine how much money really has been spend on games, where the budget is Rs 30, 000 crore”. (Sri Vinod, “**Commonwealth-games-v/s-corruption**”, 2011)

“Foreign tourists are frequenting India because of its relaxed laws, abundant child prostitutes and the false idea that there is a lower incidence of AIDS”. (Bedi Rahul, “*Bid To Protect Children As Sex Tourism Spreads*,” 1997). “India is one of the favored destinations of paedophile sex tourists from Europe and the United States”. (“Global law to punish sex tourists sought by Britain and EU,” *The Indian Express*, 21 November 1997).

“Tourism sometimes led to the destruction of the social fabric of a community. The more tourists coming into a place, the more the perceived risk of that place losing its identity. A good example is Goa. From the late 60’s to the early 80’s when the Hippy culture was at its peak, Goa

was a haven for such hippies. Not only this most of the shacks around the beaches are owned by the Israelis and French. The government is trying hard to move these foreign nationals out of the country but has failed to do so over the past years again due to corruption in the government machinery. Here they came in thousands and changed the whole culture of the state leading to a rise in the use of drugs, prostitution and human trafficking. This had a ripple effect on the country.” (H.Lalnunmawia, “Impact of Tourism in India”, 15Aug, 2010).

Limitations of the Study

1. Lack of Data—Corruption being a sensitive issue the respondents provided incomplete information and did not share relevant facts and figures.
2. Sample Size—The sample size taken could have been on a higher side.

Issues

1. Budget 2012: Travel and tourism sector ignored

As compared to the Defense budget in the financial year 2012- 2013 which enjoyed a hike of 17.63 per cent over past years budget, India’s tourism sector got an allocation of Rs.1, 282 crores for 2012-13 – a mere 9.5 per cent increase over the previous year. The allocation last year was Rs.1, 170 crores.

As we are aware that the travel and tourism industry is the largest employment generator in the country yet the government fails to give due weightage and importance to the tourism sector. Like any other sector, tourism also needs sufficient allocation of funds to exploit the potential of India as a tourist destination. The scarcity of funds leads to low salary structures for the employee in tourism sector and eventually leading them to unfair practices which shoots the graph of corruption to new heights. The proposed increase in service tax to 12 per cent will act as a dampener for the growth of the sector, which will result in spike in cost.

2. Poor economic infrastructure

Corruption is hampering the growth of infrastructure which is like the backbone to support and spread tourism network in the country. It can be understood that without a proper infrastructure all the measures could go down the drains which are taken to boost tourism. Lack of national highways which are of international standards would disturb the mobility of tourists as well as tourist related activities resulting in the low revenue generation than expected or targeted.

3. Whistleblowers

Whistleblowers play a major role in the fight against corruption. India currently does not have a law to protect whistleblowers, which was highlighted by the assassination of Satyendra Dubey. He was a 31-year-old IIT Kanpur civil engineering graduate working with the National

Highways Authority of India and assigned to the prime minister's pet project, the Golden Quadrilateral, to connect the four corners of India. He was posted at Koderma, Jharkhand.

He had written a letter to the Prime Minister's Office highlighting the corruption and irregularities in the project. But PMO officials circulated his letter along with details of his identity among the bureaucracy thus leading to his assassination.

3. Lack of protest by the public against corruption

There are very few companies or individuals who actually stand to fight against corruption. One of them is Tata company which is always ahead in CSR (Corporate social responsibilities) activities. Tata Tea launched new campaign "Soch Badlo with Jaago re" and this campaign got huge response when it has been launched in 2009.

Even Idea acts as a socially responsible organization and through its advertisement promotes that one should not be a mute spectator if he or she comes across any corruption or crime activity.

Anti-corruption campaigners in India demanded the enactment of a whistle-blower protection law specifically for right-to-information (RTI) activists. However, the Indian federal ministry, which deals with public grievances, said the government had no plans to frame a law to protect exclusively the RTI activists. Hence, we should as individuals stand up against corruption and fight this evil which is hampering the growth of the nation.

4. Low salaries of government officials in such highly inflationary economy compel them to switch towards corruption

The most recent example of corruption in tourism field is that of ticketing scam in Sarnath, Varanasi which was exposed by the CNN IBN channel. As per the procedure the tickets sold to the visitors at the tourists destinations have two copies. When the visitor leaves the premises there is one person who collects one copy of the ticket and retains it for government record and returns the other copy to the visitor. However, this was not being practiced and the ticket was being retained in the original form by the ticket collector and the visitor was not given his copy. Later the retained ticket was sold to another visitor following the same procedure as stated above.

5. Deterioration of the ethical qualities and moral values of people working as govt. administrators

When people visit a religious place this activity comes under religious tourism. Here the case of deterioration of the ethical qualities and moral values comes into play. People are cheated in the name of God by the local pundits or persons involved the activities of that particular area. People are least concerned about the fact the person who is being made the prey is visiting a religious spot, the only thing that they are concerned about is their profit.

6. Economic Concerns

The travel and tourism industry is a significant contributor to India's GDP and the government is trying to support its development through investment in infrastructure, promotions and tourism-friendly legislation, but this support is not adequate. In 2009, tourism expenditure accounted for almost 4% of GDP. It could be more if it gets sufficient funding and support from the government of India. Corruption may lead to further bureaucratic delay and inefficiency as corrupted bureaucrats may introduce red tape to extract more bribes. **Red-tapism** and the **Inspector Raj** are very much dominant in Indian System. Moreover, if a person tries to introduce something new and go out of the track he has to face severe criticism and in most of the cases that person is sidelined or removed from the position. For instance, Dinesh Trivedi tried to bring new reforms in Indian railways but to his dismay he was asked to resign due to political pressures.

7. Lost Opportunities

Delhi's 2010 Commonwealth Games were considered to be an important opportunity for tourism development both in terms of increased tourism flows that they expected to attract and also showcase the attractiveness of the country to tourists and the world. The organisation of the event was extremely costly for India with an estimated US\$6 billion invested in new infrastructure. However, it was also a huge waste of money due to the high level of corruption denounced by the Indian press, as well as by governmental bodies.

Comprehensive Table

No.	Questions	Ranking				
		SA	A	I	D	SD
1	Out of the following which is the major factor causing corruption?					
	a) Bribery	59	11	5	10	15
	b) Illiteracy	48	22	7	13	10
	c) Low salary package	45	23	12	13	7
	d) Inefficiency of governmental agencies	62	8	3	10	17
	e) Poverty	3	13	5	33	46
2	Corruption is adversely affecting growth of tourism industry in India?	61	23	6	4	6
3	Factors prevalent in Indian Tourism Industry					
	a) Sex Tourism	69	23	8	0	0
	b) Child Labor	63	28	9	0	0
	c) Drug Peddling	69	21	5	5	0
4	Internal auditors in tourism industry are performing procedures that are likely to detect instances of corruption	23	14	43	9	11

5	Incentives can help in reducing corruption	4	44	2	43	7
6	Following are the greatest barriers in implementing a anti-corruption programme					
	a. Region-specific cultural practices and ways of doing business	9	11	13	28	39
	b. Conflicting interests competitiveness vs. ethical control	13	7	10	29	41
	c. Cost	7	12	11	26	44
	d. Systemic government corruption	59	24	9	4	5
	e. Industry practices	39	21	9	11	10
7	Following are the most effective ways to minimise corruption in tourism industry					
	a. Commitment from senior officials	54	36	10	0	0
	b. Communicate clear guidelines policies	34	49	12	5	0
	c. Consistently take action against all perpetrators	69	24	0	7	0
	d. Whistleblower hotlines	55	35	0	4	6
	e. Aggressive enforcement by regulatory agencies	42	38	9	6	5
8	Do you expect levels of corruption to increase, stay about the same, or decrease in the coming years?					
	a) Increase	69	21	10	0	0
	b) Stay about the same	10	9	0	39	42
	c) Decrease	12	15	9	44	20

SA – Strongly Agree; A – Agree; I – Indifferent; D – Disagree; SD – Strongly Disagree

Graphical Representation of the Data

Out of the following which is the major factor causing corruption

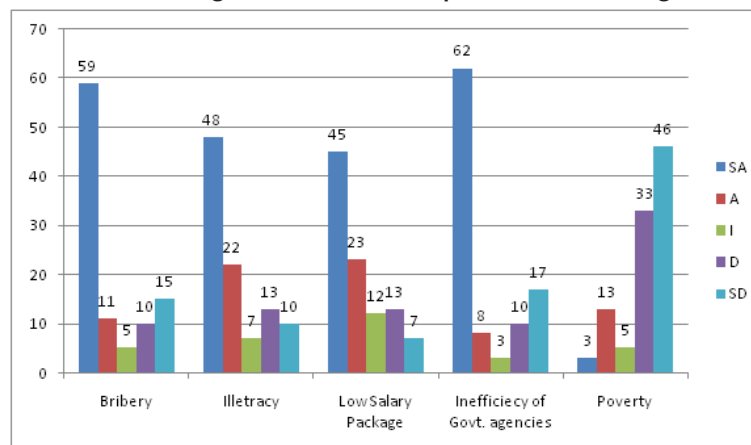


Figure 1

Fig 1 shows that inefficiency of the government agencies is the biggest factor in the rise of corruption in Tourism in India.

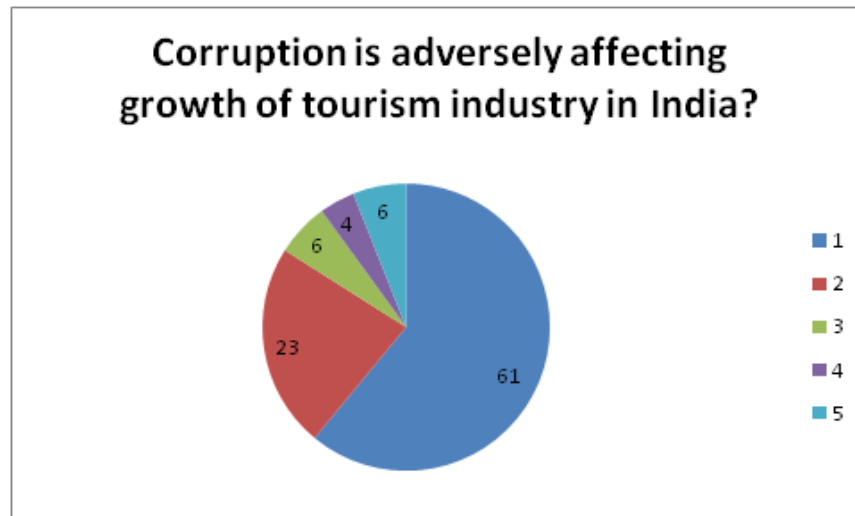


Figure 2

In Fig. 2 we can see that out of the 100 respondents 61% strongly agree that corruption is adversely affecting growth of tourism industry in India.

Following factors are mostly visible in tourism industry

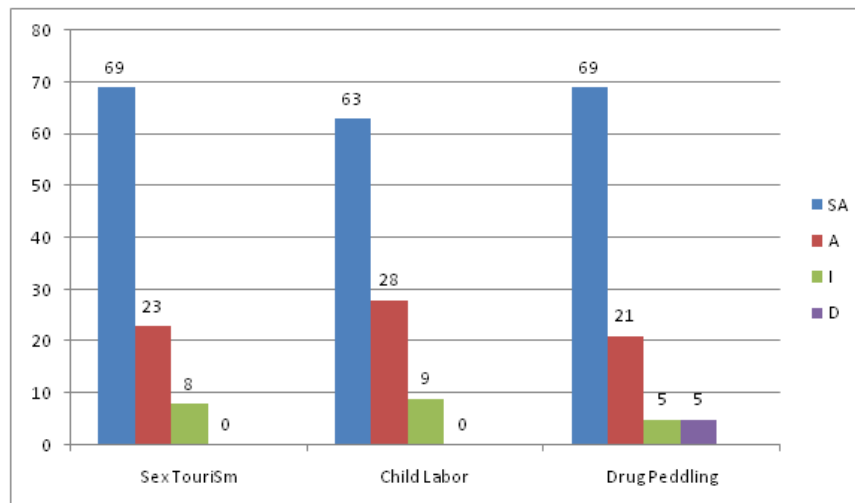


Figure 3

As per Fig.3 out of the all the respondents the major group agreed to the fact that sex tourism and drug peddling are most prevalent in Indian Tourism industry.

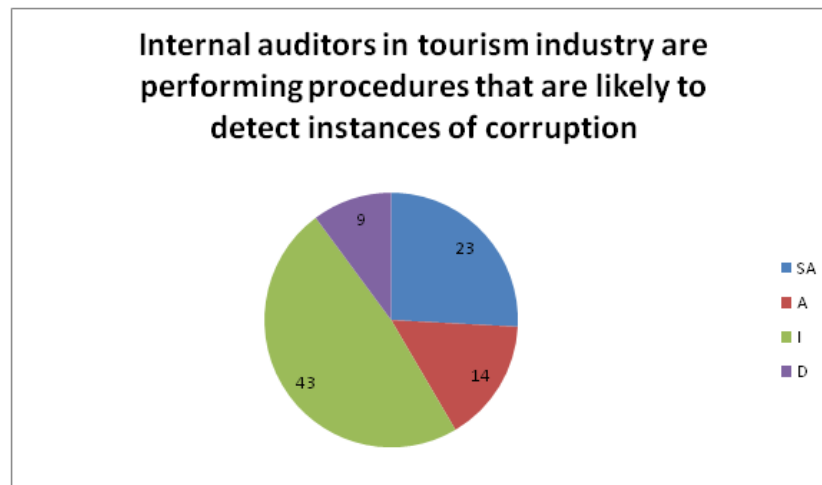


Figure 4

In Fig 4 we can see that most of the respondents are unaware about this fact that whether the Internal Auditors are fulfilling their duty or not.

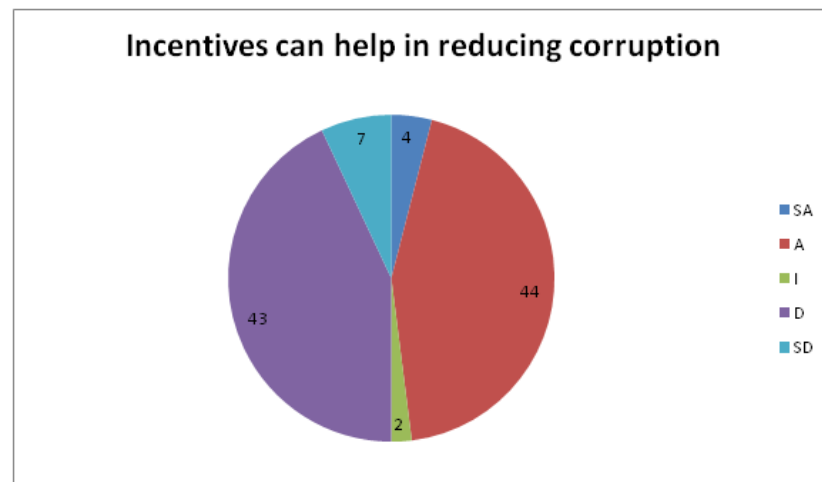


Figure 5

In Fig 5 we can see that there is a mixed response to the fact that incentive will be able to curb corruption in tourism.

Following are the greatest barriers in implementing a anti-corruption programme?

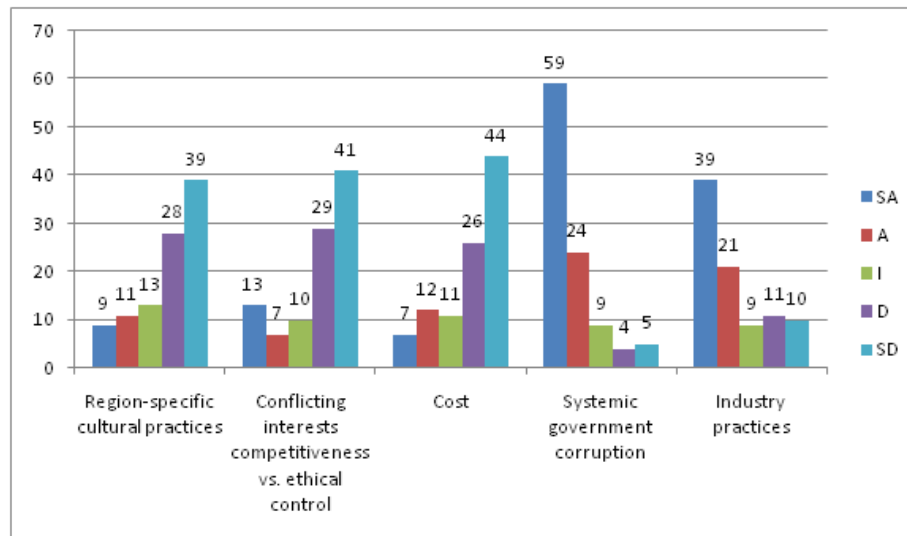


Figure 6

Fig 6 shows that out of the total respondents majority of them agreed that systematic government corruption is single handedly responsible in acting as a barrier for implementing anti-corruption policy.

Following are the most effective ways to minimise corruption in Tourism Industry

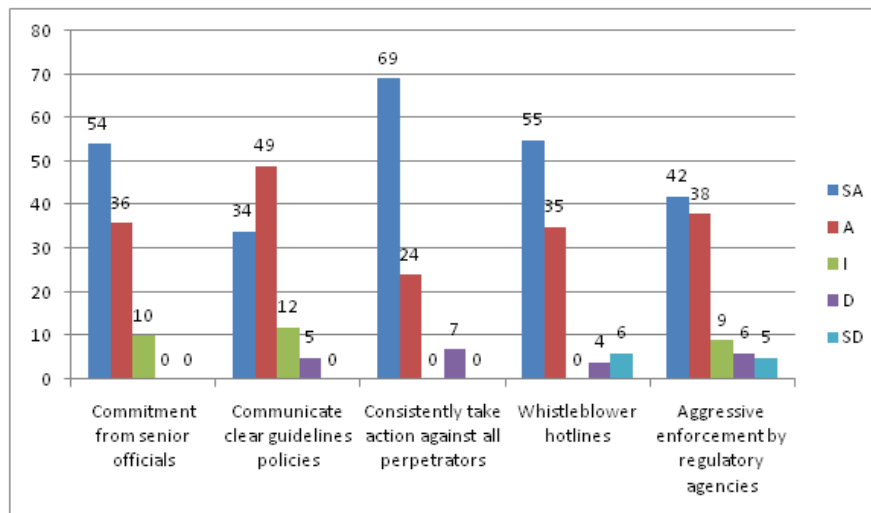


Figure 7

Do you expect levels of corruption to increase, stay about the same, or decrease in the coming years?

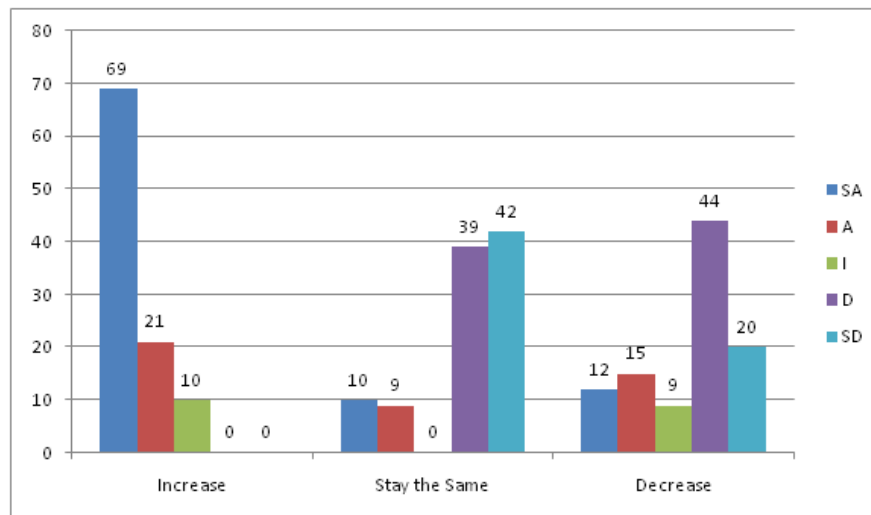


Figure 8

Recommendations

The authors would like to recommend following suggestive strategies on the basis of their finding of the study, keeping in view the past finding on this field:

1. **Hot lines** – They should be installed in an organisation where all activities leading to corruption can be reported. Even employee help lines can be established to give guidance to employees in times of challenging situations.
2. **Monitoring** – The changing nature of corruption makes it essential that all the activities get monitored by the company itself. People extract a lot of money from the companies in the name of donations. Therefore, it becomes essential to have internal auditors to keep a track on such activities. We do not say that it will bring an end to corruption but it will definitely curb corruption to some extent.
- 3) **Survey employees' understanding of programme** – Once the anti corruption programme has been launched in the organisation it becomes essential to check with the employees whether they have understood the intricacies of the programme and if any doubt exists within the employees it needs to be addressed and resolved.

Conclusion

In the conclusion of the study conducted by Lau C.Thomas and Hazari R. Bharat (Corruption and Tourism, 2006) submitted to the City University of Hong Kong, they said:

“We need not go back in history to find that corruption always has been a menace that blocks society’s progress. In the present tourism thrust of the government, the enthusiasm to be generated by the Tourism Act of 2009 will surely go a long way in creating jobs and in improving the standards of the industry, among others, but corruption perception should likewise be addressed. As we have repeatedly stressed, efforts to move forward should not be pulled back by corruption. Unless and until the government seriously and sincerely combats corruption, only then can we expect lasting and valuable national change in the tourism industry.”

Corruption is like a cancer for any nation or industry. It is not that only India is affected or the tourism sector is being hit by this ever growing menace. The latest example of corruption getting stronger and bigger is that Chief of the Indian Army revealing that he was offered a bribe of fourteen crore. To deal with corruption is not easy as it has many attractions like short cut to promotions, unaccountable money, getting in good books of the seniors etc. Even if one wants to act as a whistle blower he or she is backfooted like the sad ends of S.Manjunath and Satyendre Dubey.

Therefore to fight corruption an active role has to be played by the general public and some more stringent policies have to be framed like Right To Information.

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