

Challenges Faced by the Unorganized Sector in the Tourism Industry: Special Case of Mumbai Transportation

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Abstract—Majority of the sectors of any industry comprise of two components, the organized and the unorganized side. Similar is the case with the tourism industry which itself consists of various sectors like hospitality, travel, transport etc. However, the unorganized sector has to deal with a lot of problems due to the priority given to the organized sector and the heed paid to them. The transport sector under tourism also faces many such problems. Although the problems have been studied time and again by the researchers but in this study focus is particularly laid on the Mumbai region. The analysis has been conducted using the method of content analysis. The content has been collected from secondary sources like articles in newspapers and other domains. The study concludes that the auto and taxi drivers face bulk of their problems due to the government rules and regulations. The other source of problems that has been detected is the presence of cab aggregators like Uber & Ola. The road infrastructure and traffic congestion can be other prominent issues. This study would be useful for stakeholders from travel & transportation sector within tourism industry of India.

Keywords: Tourism, Unorganized Sector, Mumbai, Transportation, India.

1. INTRODUCTION

Tourism is an important industry and one of the prime income earners for many economies. It comprises of and provides employment in various domains like transportation sector, hospitality sector, the attractions & their caretaking and many more (DnB, 2016). These components are all essential elements of the tourism industry and together they make it what it is for the tourists to enjoy and relish (Koch 1998; Weiermair, 2006). As rightly pointed out by Weiermair(2006), when a tourist spends vacations at a place he/she does not consume the services of a single service provider but a range of them and hence a bundle of services. These sectors are all important, are marked by the presence of global players and are highly competitive. The markets for all of them are highly mature but they still need a lot of improvements and developments.

Transportation, as has been pointed out is as important as any other sector in the development of tourism industry. People

need to travel not only in and out of cities but also within them. The tourists need adequate transport system in order to travel from one place to another in order to cover all the important and relevant places on their list. The experience that a tourist gets is not only facilitated by but it more importantly begins and ends with transport (Mammadov, 2012). The Canada government in one of its articles/reports has brought forward certain aspects that are important for the development of tourism sector of their economy. An efficient transport system has been pointed out to be one of the essential elements for the same. They stressed on the relevance of all types of transports including air, rail and road travel. The interconnecting medium of travel in between these prominent modes is also important. This role is usually played by the local transportation system, public or private (Supporting Tourism, 2014). As pointed out by Basorun & Rotowa (2012), the public transport operations of the urban transport system of Lagos Island are an important component of its transport sector. Nonetheless, the public-private partnerships are always a welcome scenario.

All the components domains of tourism industry, irrespective of their size and prominence, have two sides to them, the organized and the unorganized sides because nothing can be perfect and structured. The hospitality sector has branded hotels and motels that have high development costs. However, it also has other options like hotels that are unbranded and not so famous by name. Latter might not be as perfect and might not be having arrangements that are as well thought-out as the former options (Narayanan, 2015; Dinodia, 2014). Similarly with the transportation sector, there is one distinction in the form of public and the private transport but another prominent distinction is between the organized and the unorganized sector. The organized players play the role of the unorganized players in the market and leave them kind of distressed in their growth plans.

The major portion of the Indian transport industry is unorganized. More so in the case of urban transport system which is comprised of a range of components. These

components are comprised of the non-motorized transport, personal transport, public transport, private-public transport and other small medium like bicycles etc. (Planning Commission, 2013). The urban transport system thus has a lot of scope for development and improvement. The public-private transport, as of now, has a major 90% of its activities taking place under the unorganized market (Red Seer Consulting, 2014; Singh, 2016). However, the organized sector is slowly taking over. The unorganized sector has been resisting and making the organized players think twice. The organized sector however has certain positives of its own that is forcing the unorganized sector to bite the dust.

The problem statement of this study therefore focuses on identifying the “Challenges faced by the unorganized sector in the tourism industry in India” with specific emphasis on urban transport (Autos and Taxis) of Mumbai, India. For this study the case of Mumbai region has been considered because it is the financial capital of the country. This accounts for its pivotal role in the development of the country’s economy. It being a shore town also highlights its importance not only as centre for economic but also tourism activities. According to a report published by Planning Commission, Mumbai had an Urbanized Area Density of 384.5 hectares in 2000 (Planning Commission, 2013). This fact combined with its strategic importance in country’s economic and tourism scene makes it worthwhile to discuss the urban transport system of this city.

2. LITERATURE REVIEW

Literature has been found that brings out the challenges that are faced by the unorganized sector in general, the transport sector in general and the unorganized transport sector in particular. Studies depicting the same have been discussed in this section.

The unorganized sector is formed as a result of the need that crops up and hence is not necessarily organized. In it there might not be any parent body that organizes them all or no rules that are to be followed. The transport sector was predominated by bullock carts and the likes in ancient times. However, slowly and steadily with increasing needs they were replaced and better mediums came up. There might be some arrangement or organization of such mediums but it is not mandatory. As has been pointed out unorganized sector forms 90% of the market in urban transport sector.

D’souza (2013) has highlighted various aspects of unorganized sector ranging from its definition, need, problems and the employment & unemployment scenario. The role of the entrepreneur has also been underlined. The challenges that have been highlighted include various aspects. It has been pointed out that there is an immense shortage of capital for the unorganized sector entities as they might not be backed by high level global companies. The nature of the markets and the reach of unorganized sector entities of the same have been cited as another reason. The small level of operation and the

lack of preparation have been pointed out to be other reasons. These challenges have been highlighted for unorganized sector in general and might normally hold true for all the unorganized sector enterprises.

The World Bank (2016) has pointed out the importance of Indian Transport Sector, its various components and the combined challenges faced by each of them. It has been pointed out that the roads are congested and ill-maintained. The lack of funds or their mismanagement might be the reasons that cause the deterioration of road infrastructure of the country. Especially the urban metropolitan areas are severely jam-packed and hence cause interruption and delays in the services of the urban transport system specifically those running on the roads.

Pucher et al (2005) have talked about the problems of the urban transport system of India which result into urban transport crisis. It has been reported that the roads are of inappropriate quality, the vehicles are unsafe and the drivers are not well trained in their jobs. Traffic congestion has been highlighted as another major problem that appears to be a bottleneck in the working of the urban transport system. The problem of traffic congestion and infrastructure inadequacy go hand in hand. Poorer the infrastructure worse is the traffic congestion problems. Increasing number of vehicles on the road given the narrow size of roads is bound to cause traffic congestion. The study by Basorun & Rotowa (2012) also depicted the problems that are faced by public transport vehicles during their operations in particular in the Lagos Island. The major shortcoming that has been highlighted is the poor quality of road infrastructure and the mismatch in between the demand and supply of the transport medium.

Singh (2012) again focuses on the urban transport in India, its issues and challenges and the way forward. The challenges that have been highlighted most prominently in this paper are those of emissions, congestion and road safety. The study however has also suggested certain policy measures that can be adopted in order to deal with these problems. These measures included instructions for the public transport system, the private transport system and the public-private transport system. It was suggested that the public transport system should be better developed. For the pricing strategy regarding both the public and private transport system it was recommended that strategies which are suitable for both the vehicle drivers and benefiteres should be adopted. Moreover, management measures were suggested for both the demand and the supply side. The private vehicle owners were however suggested to be more inclined towards car sharing so that there can be lesser number of vehicles on the roads.

Shlaes & Maini (2013) conducted a study on the urban transport situation of the Mumbai city. The study was done with the help of structured surveys conducted on auto-rickshaw passengers & auto-rickshaw drivers and interviews conducted with government officials. The challenges as highlighted by the drivers included those concerning police

and traffic police problems. They accused the traffic police of exercising over the top strictness and exuberant fines on them and hence making their lives and working conditions miserable. The drivers also said that passengers, traffic congestion and disagreements over fares are other problems. The passengers on the other hand reported their own set of problems. They were found to be highly annoyed by the refusals of the auto-drivers from taking trips and their constant lack of availability. Disagreement over fares found a place on their list as well, traffic congestion not being as prominent.

3. RESEARCH DESIGN

This study is focused on identifying the problems that are faced by the unorganized sector players in Indian Tourism Industry particularly the auto-rickshaw and taxi drivers in the Mumbai region. The study was performed using exploratory research method. In the literature review the challenges as faced by the unorganized sector, the transport sector and the unorganized transport sector in Mumbai region have been discussed.

The data analysis was done with the help of various articles published on topics around the concern. Six such articles were identified focusing on various problems in Mumbai region and around. Content analysis technique was implemented in order to identify the problems as pointed out in these articles. The problems that are recognized through analysis are then discussed along with the evidences found in the literature.

4. ANALYSIS

The number of taxis in Mumbai has shown a significant decline in their numbers over the years. From a quantity of 62,000 in 1997 to 32,000 in 2013, the taxis have decreased significantly in count (Sen, 2013). Moreover, the shocking trend is that despite an increase in the number of vehicles in Mumbai by 55% over seven years, the amount of auto rickshaws, taxis and BEST buses hasn't increased much (Sen, 2014). This shows a grave scenario in which taxi-drivers and auto-rickshaw drivers are demotivated due to some reasons and hence their number is decreasing. This study therefore focuses on the problems of these drivers.

The taxi drivers in the Mumbai region face a lot of problems while they try to operate. If the drivers want to enter into the business then they need to meet certain domicile requirements without which they are not eligible for the same. Moreover, the minimum set fare structure was found to be an unacceptable policy. The fare structure, as it is set by the government, leaves with the drivers nothing as earnings from a trip (Subramanya, 2012).

It is not only in case of the fare structure but otherwise as well that the government rules have created problems for the drivers. The government rules have been unsuitable for the taxi drivers and were inadequate in providing any kind of help to them. The rule of 20-year life for the vehicles on road when

implemented left the taxi drivers jobless and helpless. The government rules, however necessary and profitable for the environment, proved to be fatal for the taxi drivers. The government, while implementing such rules, should also take care of the alternative options that can be provided to the affected taxi drivers (Henderson, 2013).

Regarding the fare structure has equal effects on the auto-drivers as well as the passengers who have to pay high prices. The government takes price control measures in order to deal with this problem of high prices but in the process it ends up hurting the interests of the auto-drivers. The auto-drivers do not have much scope when they quote prices and not many options when they refuse to go to a particular destination. They refuse for the trips that do not give them any profit same as the suppliers reject to supply their goods at lower prices (Ravichandar, 2010). The auto drivers agree with the problems of the passengers but are also firm on their demands of higher fares as they have no other choices (Chaubey, 2014).

Another prominent problem that the taxi drivers and autowalas have reported is that of the cab aggregators. Recently there have been protests by the autos and taxi drivers in the unorganized sectors against the aggregators in Mumbai. The unorganized sector players complain that they have to face the low market price standards as set by the aggregators. These aggregators are big-level players and have a back support in monetary terms of national and international companies. They can thus afford the low rates of providing services. The unorganized sector members on the other hand cannot afford to do so otherwise they'll end up hampering their living (Indian Express, 2016; Das, 2015).

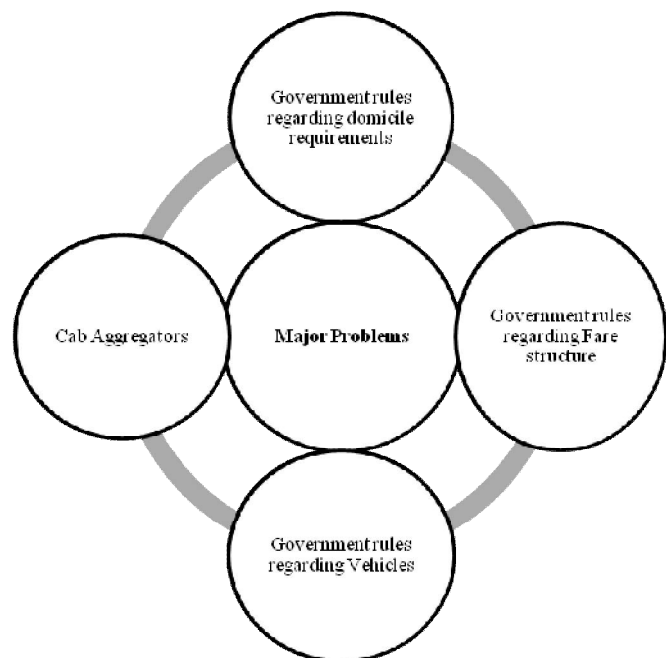


Figure 1: Major problems faced by taxi and auto-rickshaw drivers in Mumbai

On the other hand, the auto-drivers also face problem due to the unregistered players in the market. The registered players have to pay all the cost of registering themselves into the network whereas the unregistered players reap the benefits without paying any such costs (Umbrajkar, 2013).

Therefore the major problems that the taxi drivers and the autowalas face in the Mumbai region and otherwise can be depicted by Figure 1.

5. DISCUSSION AND CONCLUSION

Various problems have been identified with the help of literature review and analysis of the articles. The issues that have been found through the analysis mostly mirror those that were identified earlier by the studies done in the past. This makes the problems more grave and urgent. The problems that have been identified earlier and still pertain are the ones that have been harming the society and the urban transport structure from a long time.

The government is not much supportive of the unorganized sector players. It has strict rules for them which are to be followed by anyone who enters into this sector of the market. The fine charges are also unreasonable and high. The police and the traffic police are both harsh with the auto-rickshaw and the taxi drivers. They are fined irrationally and held for charges that they are not guilty of. The government therefore needs to be a little more considerate about the well being of these drivers who will otherwise no longer want to be a part of the system (Shlaes & Maini, 2013).

The rules such as discarding of old cars which have had a shelf-life of more than 20 years are reasonable. However its consequences are what the government ignores and doesn't cater to. However, other rules like those regarding the minimum fare strategy are unfair. The government might fix the minimum fare as they deem necessary for fulfilling the cost of living of the drivers. However, the government also needs to take into account the other important costs like those of education, health care and for owning basic human & financial assets (Shales & Maini, 2013). Alluring the customers and providing them the lowest cost possible is necessary but in a hoard to do the same the needs of the drivers must not be ignored. The unfair pricing strategies, if not taken care of, might result in unequal equation of demand and supply of urban transport (Singh, 2012).

Giving more hype to this unfair fare equation is the presence of the aggregators who are organizing the taxis & autos and presenting a challenge to the unorganized sector players (D'souza, 2013). Those that come under the purview of these aggregators offer lower rates of travelling to the passengers thus making the unorganized sector players unattractive. These aggregators are international players or are backed by huge finances and therefore they can afford lower rates and bear the costs. There needs to be a regulatory mechanism that

fixes the lowest rates that can be quoted by any service provider.

Traffic congestion and transport & road infrastructure represent the next set of problem (The World Bank, 2016; Pucher et al, 2005; Singh, 2012; Basorun & Rotowa, 2012). Traffic congestion is a problem posed to public and private vehicles alike. The traffic on roads affects the travel time and convenience factor of all the vehicles on the roads. Therefore efforts also need to be made from both the sides. The private as well as public passengers should focus on ride sharing if they are going to the same place or even area (Singh, 2012). The public transport is already a mass transport system so the ones who need to put an effort are the private vehicle passengers and public-private passengers. The infrastructure problems on the other hand are the ones that cannot be dealt with by the drivers or the passengers but are the responsibility of the government. The government not only needs to dedicate more funds but also need to channelize those funds in the right direction avoiding corruption. In India as a country these funds are susceptible to go in the hands of corrupt people.

The problems faced by the unorganized sector are therefore not unsolvable but needs dedication and efforts all the stakeholders. This in turn will improve the transport sector and lead to a more prosperous tourism sector as well.

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