

EMERGENCE OF TOURISM IN THE SUSTAINABLE GROWTH OF INDIA: AN EMPIRICAL ANALYSIS

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ABSTRACT

Tourism is an important and flourishing industry in the country. It is termed as a useful measure for employment generation, poverty alleviation and sustainable human development in India. It accounts for one-third of the foreign exchange earnings of India and also gainfully employs the highest number of people compared to other sectors. This sector also attracts the domestic tourist and foreign tourist in an enthusiastic way which resulted in improving well balanced economy for the nation like in India.

The present paper elaborates about the status and development of tourism in the context of India. It shows that due to tourism sector India has gained brand image in the mind of foreign tourist and the data regarding tourism shows about the increasing trend of foreign tourist arrival which resulted the boosting in foreign exchange earnings in the year 2001 to 2010.

Keywords: Tourism, Foreign Exchange Earnings, Domestic Tourist, Foreign Tourist

INTRODUCTION

Tourism has emerged as one of the world's largest service industries with sizeable economic benefits and immense opportunities. With the emergence of technological advancement, and competitiveness in service-based industries the tourism sector is playing a vital role in contributing to improve gross domestic product (GDP) and creation of employment across the world economy. This accelerating tourism industry is proved to be one of the important drivers of growth and prosperity, employment generation, raises national income and improvement in balance of payments of Indian economy. Indian tourism sector is one of the most vibrating sectors of the economy. It is not only a significant contributor to GDP and foreign exchange reserve of the country, but also it provides widespread of employment. Tourism sector can also be considered the backbone for allied sectors, like hospitality, civil aviation, and transport. Sensing the importance and worth of the sector, Indian Government has invested abundantly for the development in this sector. It has been partially successful with increase in foreign tourist arrivals over the last decade, courtesy "Incredible India Campaign".

OBJECTIVES

It is true that tourism is an important and flourishing industry in the country. It accounts for one-third of the foreign exchange earnings of India and also gainfully employs the easily the highest number of people compared to other sectors. Taking these factors into account the present article focuses on the following objectives,

- To examine the foreign tourist arrival in India and its relation with tourism sector.
- To find out the status of foreign exchange earning in India due to development of tourism industry.

LITERATURE REVIEW

Tourism gains immense popularity worldwide in recent trend. For the accelerating trend of this sector government has adopted various steps. Many more literatures are also built in this area to spread the importance of the sector globally. Sandeep Das (2011) in his article explains that tourism provides opportunities of job creation directly and indirectly. So this sector should be provided with incentives for sustainable and overall economic growth along with creation of jobs. Barna maulick(2012) in his article highlights about the tourism as strategy for rural development. He has given more priority of tourism sector and its contribution to earn foreign exchange and the accelerating trend of this sector towards attracting the foreign tourist arrival in India from 2001 to 2010. Parmar Jaysingh (2012), in his article explains tourism as an engine for economic growth. In his study he basically focuses on the rural economy of Himachal Pradesh with the findings that this state is emerging as a favorite destinations for the tourists i.e., both domestic and foreigners which helps for the growth of the state.

A Brief Insight into Tourism Industry Of India

Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals (FTA) in India were 5.78 million and India generated about 200 billion US dollars in 2008 and that is expected to increase to US\$375.5 billion by 2018 at a 9.4% annual growth rate. The majority of foreign tourists come from USA and UK. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan are the top five states to receive inbound tourists. Domestic tourism in the same year was 740 million. Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Maharashtra received the big share of these visitors. Ministry of Tourism is the nodal agency to formulate national policies and programmes for the development and promotion of tourism. In the process, the Ministry consults and collaborates with other stakeholders in the sector including various Central Ministries/agencies, the state governments and union territories and the representatives of the private sector. Concerted efforts are being made to promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry of Tourism also maintains the Incredible India campaign.

Tourist Attractions in India

India is a country known for its lavish treatment to all visitors irrespective of their arrivals. It is the visitor-friendly traditions, varied life styles and cultural heritage and colorful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful

beaches, forests and wild life and landscapes for eco-tourism; snow, river and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centers of pilgrimage for spiritual tourism; heritage, trains and hotels for heritage tourism. Yoga, Ayurveda and natural health resorts and hill stations also attract tourists. The Indian handicrafts particularly, jewellery, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. It is estimated through survey that nearly forty per cent of the tourist expenditure on shopping is spent on such items.

Significance of Tourism in India

Tourism industry in India has several positive impacts on the economy and society. Following are the significance and importance of tourism in India.

1. Generating Income and Employment

Tourism in India has emerged as an instrument of income and employment generation, poverty alleviation and sustainable human development. It contributes 6.23% to the national GDP and 8.78% of the total employment in India. Almost 20 million people are now working in the India's tourism industry.

2. Source of Foreign Exchange Earnings

Tourism is an important source of foreign exchange earnings in India. This has favourable impact on the balance of payment of the country. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4% annual growth rate.

3. Preservation of National Heritage and Environment

Tourism helps preserve several places which are of historical importance by declaring them as heritage sites. For instance, the Taj Mahal, the Qutab Minar, Ajanta and Ellora temples, etc, would have been decayed and destroyed had it not been for the efforts taken by Tourism Department to preserve them. Likewise, tourism also helps in conserving the natural habitats of many endangered species.

4. Developing Infrastructure

Tourism tends to encourage the development of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that cater to foreign visitors. The development of infrastructure has in turn induced the development of other directly productive activities.

5. Promoting Peace and Stability

The tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. However, key challenges like adoption of regulatory frameworks, mechanisms to reduce crime and corruption, etc, must be addressed if peace-enhancing benefits from this industry are to be realized.

According to *World Travel and Tourism Council*, India will be a tourism hot-spot from 2009 to 2018, having the highest 10-year growth potential. The *Travel & Tourism Competitiveness*

Report 2007 ranked tourism in India sixth in terms of price competitiveness and 39th in terms of safety and security. Despite short- and medium-term setbacks, such as shortage of hotel rooms, tourism revenues are expected to surge by 42% from 2007 to 2017. India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse.

Development of Tourism In India

Tourism development in India has passed through many phases. The first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India. At Government level the development of tourist facilities was taken up in a planned manner in 1956 coinciding with the Second Five Year Plan. The approach has evolved from isolated planning of single unit facilities in the Second and Third Five Year Plans. The Sixth Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development. But it was only after the 80's that tourism activity gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, a draft new tourism policy in tune with the economic policies of the Government and the trends in tourism development was published for public debate. The draft policy is now under revision. The proposed policy recognizes the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism. The need for involvement of Panchayati Raj institutions, local bodies, non-governmental organizations and the local youth in the creation of tourism facilities has also been recognized. The other major development that took place was the setting up of the India Tourism Development Corporation in 1966 to promote India as a tourist destination and the Tourism Finance Corporation in 1989 to finance tourism projects. Altogether, 21 Government-run Hotel Management and Catering Technology Institutes and 14 Food Craft Institutes were also established for imparting specialized training in hotel ling and catering.

Constraints

The major constraint in the development of tourism in India is the non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation and trained manpower in sufficient number. Poor visitor experience, particularly, due to inadequate infrastructural facilities, poor hygienic conditions and incidents of touting and harassment of tourists in some places are factors that contribute to poor visitor experience.

Initiatives by the Government

Some of the recent initiatives taken by the Government to accelerate tourism include grant of export house status to the tourism sector and incentives for promoting private investment in the form of Income Tax exemptions, interest subsidy and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment up to 51 per cent of foreign equity and

allowing 100 per cent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators and tourist transport operators.

Status of Tourist Arrival and Foreign Exchange Earning in India

India’s richest heritage destination includes not just breathtakingly beautiful architecture, rich traditions and diverse cultures but also mesmerising and scenic landscapes. From the challenging snow-clad peaks of the Himalayas and the cool hill stations of the north, to the beautiful beaches on the western and eastern coasts and the ornate temples of the south, India has the variety to satiate the interests of all those travelling through the country. It is true then, that tourism is an important and flourishing industry in the country. It accounts for one-third of the foreign exchange earnings of India and also gainfully employs the easily the highest number of people compared to other sectors.

In the present article it is an attempt to find out the importance of tourism sector to attract foreign tourist and its contribution to earn foreign exchange for a developing nation like India.

Table 1. Foreign Tourist Arrival (FTA) in India

Year	FTAs (in lakh)	Percentage of annual growth
2001	25.37	-4.2
2002	23.84	-6.0
2003	27.26	14.3
2004	34.57	26.8
2005	39.19	13.3
2006	44.47	13.5
2007	50.82	14.3
2008	52.83	4.0
2009	51.68	-2.2
2010	57.76	11.8

Source: Indian Tourist Statistics

Table 1 highlights about the foreign tourist arrival in India from 2001 to 2010. From the table it is found out that the foreign tourist arrival is in booming situation. It increases from 25.37 in the year 2001 to 57.76 in 2010. besides the year 2001, 2002 and 2009 in each year the percentage annual growth is positive and it is regarded as one of the leading indicator of sustainable growth in tourism sector of India.

Table 2 highlights about the significance of foreign exchange earnings by the tourism industry in India from the year 2001 to 2010. From this table it reveals the foreign exchange earning in rupees and in US dollars.

Table 2. Foreign Exchange Earnings (FEE) From Tourism in India

year	FEE IN Rs. crore	FEE IN US\$ million
2001	15083(-3.5)	3198 (-7.6)
2002	15064 (-0.1)	3103 (-3.0)
2003	20729 (37.6)	4463 (43.8)
2004	27944 (34.8)	6170 (38.2)
2005	33123 (18.5)	7493 (21.4)
2006	39025 (17.8)	8634 (15.2)
2007	44360 (13.7)	10729 (24.3)
2008	51294 (15.6)	11832 (13.3)
2009	54960 (7.1)	11394 (-3.7)
2010	64889 (18.1)	14193 (24.6)

Source: Indian tourist statistics

Note: *Figure in parentheses represents percentage change over the previous year.

The foreign exchange due to tourism shows an increasing trend. In the year 2001 and 2002 the foreign exchange for rupees shows a decreasing trend where as in the year 2001, 2002 and 2009 it indicates the negative trend in the US\$.

FUTURE PROSPECTS

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC) and its strategic partner Oxford Economics in March 2009 the future prospects of tourism are:

- The demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will place India at the third position in the world.
- India's travel and tourism sector is expected to be the second largest employer in the world, employing 40,037,000 by 2019.
- Capital investment in India's travel and tourism sector is expected to grow at 8.8 per cent between 2010 and 2019.
- The report forecasts India to get capital investment worth US\$ 94.5 billion in the travel and tourism sector in 2019.
- India is projected to become the fifth fastest growing business travel destination from 2010-2019 with an estimated real growth rate of 7.6 per cent.

CONCLUSION

To sum up, Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a fillip to the country's overall economic and social development. Much has been achieved by way of increasing air seat capacity, increasing trains and railway connectivity to important tourist destinations, four-laning of roads connecting important tourist centers and increasing availability of accommodation by adding heritage hotels to the hotel industry and encouraging paying guest accommodation. But

much more remains to be done. Since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organizations become active partners in the endeavor to attain sustainable growth in tourism if India is to become a world player in the tourist industry.

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