ABSTRACT
The Indian tourism industry has emerged as one of the most developed business among the services sector in India. Rising income level and lifestyles, innovative tourism offerings and regulatory support by the government are shaping the travel and tourism sector in India as most attractive investment project. With the initiation of globalization, developing countries including India allowed inflow of FDI in different sectors including Tourism, which boost up this sector rapidly as a significant source of foreign exchange. Understanding the determinants of FDI is very important for any emerging economy as FDI exerts a larger impact on the economy of country in the short as well as long run. So, the current analysis aims to examine the impact of FDI on the Indian economy with major policy implications.

Keywords: FDI, Tourism industry

INTRODUCTION
Foreign Direct Investment (FDI) refers to an investment made by a company based in one country into company based in another country. It plays a multidimensional role in the development of any economy by providing a new source for capital resulting in technological upgradation, employment and skill enhancement.

After the opening up of FDI policy in certain sectors of India including Tourism Industry, it becomes one of the fastest growing sectors. Foreign tourists have grown at the fastest pace in comparison with the last decade. India’s travel and tourism industry generated US$91.3 billion (Rs 5,949 billion) in 2017, and is projected to double over the next decade. Foreign spending alone accounted for US$26 billion (Rs 1,961 billion) last year. Foreign direct investment (FDI) in this sector is expected to rise by an average of 6.7 percent year on year. Current study exercises efforts on the evolution of effects of FDI on the Indian economy in terms of GDP, employment opportunities, living standard, investment opportunities, and innovative hospitality. The study also provides suggestions towards updation in rules and regulations related to FDI for its smooth functioning.

OBJECTIVE OF STUDY
1. To identify the reasons why economy has to focus on tourism industry.
2. To identify the obstacles in front of Indian economy in getting complete benefits from FDI policy.
3. To identify the opportunities available for tourism sector due to E-Commerce and internet.
4. To understand the Entrepreneurial Opportunities in Tourism Industry.
5. To focus on improvements need to be done by Government in rules and regulations pertaining with the use of FDI policy.
6. To understand the need and benefits of web-based customer management.

7. To provide suggestions towards balanced growth of tourism industry with FDI policy.

**REVIEW OF LITERATURE**

Prof. Dr. S.S. Boora (2017) contributes his research in the area of hospitality business with regard to FDI. According to his study, the hotel industry is an activity that requires capital, infrastructure, knowledge and access to global marketing and distribution chains and availability of finance is critically an important factor for tourism development and economic growth. FDI plays a significant role by providing required capital and infrastructures such as international airports, highways and modern technologies. Thus, governments prefer to attract further FDI to expand domestic products.

Akhilesh Sharma (2012) propounded in his study that appropriate policy to explore tourism resources and plans to develop new tourist venues and facilities may need to be considered in order to meet the increasing demand of tourism in India expected as a result of continued strong foreign direct investment. Thus, Government policies, which would focus at increasing tourist arrivals in the country and facilitate investments in tourism infrastructure, would lead to significantly higher multiplier effect on the key economic parameters of the Indian economy.

Dr. T Subhash (2015) summarizes in his findings that India is a tourism product which is unparalleled in its beauty, uniqueness, rich culture and history has been aggressively pursuing the promotion of tourism both internationally as well as in the domestic market. However, the sector is facing challenges such as lack of good quality tourism infrastructure, global concerns regarding health and safety of tourists, disparate passenger/road tax structures across various states and shortfall of adequately trained and skilled manpower. While several plans and programs have already been devised for tackling these challenges, central and state governments, private sector and the community at large are pertinent for sustainable development and maintenance of the travel and tourism sector in the country.

**RESEARCH METHODOLOGY**

In depth literature review and available secondary data from various sources has been used to develop this study. The secondary data is collected from review of past researches and other reports.

**ANALYSIS AND FINDINGS**

**Tourism Industry of India**

The hotel and tourism industry of India have been growing rapidly in recent years, bringing in huge revenues through overseas as well as domestic tourists in many parts of India. Tourism is the third largest revenue generator sector of foreign exchange for India which also employs highest numbers of manpower in its diversified activities and sub projects. According to the World Tourism Organization, India will lead the tourism industry in South Asia with about 8.8 million tourist arrivals by 2020. Conde Nast Traveler, one of the most decorated travel magazines rated India as one of the hottest travelling destination of the world. India is gradually emerging as the second most rapidly increasing (8.9 percent) tourism economy in the world over 2005-14 according to the World Travel & Tourism.

**FDI in Tourism Industry**

With a view to stimulate domestic and international investments in this sector, the government has permitted 100 percent FDI in the automatic route allowing full FDI into all construction development projects including construction of hotels and resorts, recreational facilities, and city and regional level infrastructure. 100 percent FDI is now allowed in all airport expansion projects subject to the condition that FDI for upgradation of existing airports requires Foreign Investment Promotion Board (FIPB) approval beyond 74 percent. A five year tax holiday has been given to organizations the set up of hotels, resorts and convention centers at specific destinations, subject to fulfillment with the agreed conditions. Some international hospitality majors such as Hilton, Accor, Marriott International,
Berggruen Hotels, Cabana Hotels, Premier Travel Inn (PTI) and Inter-Continental Hotels group have already announced major venture plans in India in recent years.

**Indian FDI Policy for Tourism Industry**

India has liberalized its FDI policy in recent times, and now allows:

1. 100% FDI under the automatic route in tourism and hospitality;
2. 100% FDI in tourism construction projects, including the development of hotels, resorts, and recreational facilities; and,
3. 100% FDI in the AYUSH sector, which is relevant for the wellness and medical tourism segments.

The FDI policy also caters to businesses engaged in travel agency work, tour operations, tourist transport (surface, air, and water), setting up facilities for cultural, adventure, and wildlife experiences, sports and health units as well as convention centers.

India also has state-wise incentives, such as tax holidays, exemption from luxury tax, goods and services tax, or stamp duty as well as concessions on electricity tariff and easier license renewals to attract investors to set up in certain regions of the country.

**Role of FDI in the Growth of Tourism Industry**

After the allocation of Foreign Direct Investment (FDI) with 100% investment in Tourism Industry, Indian economy is growing rapidly. Following are some contributions of Tourism Industry towards the rapid growth and continuous development of Indian economy due to intervention of FDI:

- The World Travel and Tourism Council calculated that tourism generated 16.91 lakh crore or 9.2% of India's GDP in 2018 and supported 42.673 million jobs, 8.1% of its total employment.
- The sector is predicted to grow at an annual rate of 6.9% to 32.05 lakh crore by 2028 (9.9% of GDP).
- In October 2015, India's medical tourism sector was estimated to be worth US$3 billion, and it is projected to grow to US$7–8 billion by 2020.
- Over 10 million foreign tourists arrived in India in 2017 compared to 8.89 million in 2016, representing a growth of 15.6%. Domestic tourist visits to all states and union territories numbered 1,036.35 million in 2012, an increase of 16.5% from 2011. In 2014, Tamil Nadu, Maharashtra and Uttar Pradesh were the most popular states for tourists. Delhi, Mumbai, Chennai, Agra and Jaipur were the five most visited cities of India by foreign tourists during the year 2015. Worldwide, Delhi is ranked 28th by the number of foreign tourist arrivals, while Mumbai is ranked 30th, Chennai 43rd, Agra 45th, Jaipur 52nd and Kolkata 90th.
- The Travel and Tourism Competitiveness Report for the year 2017, ranked India 40th out of 136 countries overall. The report ranks the price competitiveness of India's tourism sector 10th out of 136 countries. It mentions that India has quite good air transport (ranked 32nd), particularly given the country's stage of development, and reasonable ground transport infrastructure (ranked 29th). The country also scores high on natural and cultural resources (ranked 9th). The World Tourism Organization reported that India's receipts from tourism during 2012 ranked 16th in the world, and 7th among Asian and Pacific countries.
- The Ministry of Tourism designs national policies 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, state governments, union territories and private sector representatives. Concerted efforts are being made to promote niche tourism products such as rural, cruise, medical and Eco-tourism. The Ministry of Tourism maintains the Incredible India campaign focused on promoting the tourism in India.
Government Initiatives Toward Tourism Industry

"As far as tourism is concerned, India is blessed with so much potential and this can draw the world": PM

India with its great civilizational and cultural heritage has lot to showcase to the world. In order to leverage its tourism potential, a number of initiatives have been taken by the government:-

The principle of ‘Atithi Devo Bhava’ has been the core of Indian philosophy. It includes upgrading infrastructure including better roads, modernising railways, affordable air connectivity through UDAN, port development, Ro-Ro ferry services and so on.

There is greater impetus towards integrated infrastructural development of tourist sites. Two flagship schemes of the government Swadesh Darshan and PRASAD have been started to focus on infrastructure development of tourism circuits and sites, with intent to create more employment opportunities as well expand the local economy. 13 theme based tourist circuits are being developed under the US$109 million (Rs 7.8 billion) Swadesh Darshan scheme. It has led to creation of employment opportunities and boosted local economy.

Additionally, the government has extended e-visa and visa on arrival facilities to citizens of almost all countries. It has helped India’s emergence as one of the most preferred tourist destinations in the world post-2014. As a result, there has been significant increase in the number of foreign travelers visiting India.

In September 2017, the Government of India asked the states to focus on strengthening single window clearance system for fast-tracking approval processes, in order to increase Japanese investments in India.

India’s federal budget for 2018 announced the ‘Incredible India 2.0’ initiative to develop the country’s hospitality sector through investments in tourism infrastructure.

In January 2018, Government of India allowed 100 per cent FDI in single brand retail through automatic route.

In December 2018, the Government of India revised FDI rules related to e-commerce. As per the rules 100 per cent FDI is allowed in the marketplace based model of e-commerce. Also, sales of any vendor through an e-commerce marketplace entity or its group companies have been limited to 25 per cent of the total sales of such vendor.

In September 2018, the Government of India released the National Digital Communications Policy, 2018 which envisages increasing FDI inflows in the telecommunications sector to US$ 100 billion by 2022.

In January 2018, Government of India allowed foreign airlines to invest in Air India up to 49 per cent with government approval. The investment cannot exceed 49 per cent directly or indirectly.

As of February 2019, the Government of India is working on a road map to achieve its goal of US$ 100 billion worth of FDI inflows.

In February 2019, the Government of India released the Draft National e-Commerce Policy which encourages FDI in the marketplace model of e-commerce. Further, it states that the FDI policy for e-commerce sector has been developed to ensure a level playing field for all participants.

Government of India is planning to consider 100 per cent FDI in Insurance intermediaries in India to give a boost to the sector and attracting more funds.

No government approval will be required for FDI up to an extent of 100 per cent in Real Estate Broking Services.
The Ministry of Commerce and Industry, Government of India has eased the approval mechanism for foreign direct investment (FDI) proposals by doing away with the approval of Department of Revenue and mandating clearance of all proposals requiring approval within 10 weeks after the receipt of application.

The Government of India is in talks with stakeholders to further ease foreign direct investment (FDI) in defense under the automatic route to 51 per cent from the current 49 per cent, in order to give a boost to the Make in India initiative and to generate employment.

Other federal initiatives by Govt. to promote tourism:

1. e-Ticketing for cultural sites;
2. Multi-lingual telephone help lines for foreigners;
3. Digital India scheme to promote online service providers;
4. Online databases for cultural shows and performances;
5. E-Tourist visa facility for eligible countries; and,
6. Improving sea ports for cruise tourism;

CONCLUSION

Impact of FDI on Tourism Industry of India is considerable as it has promoted the growth, create jobs and generate revenue for the government. It plays a significant role in developing the Tourism sector in India by providing the required capital and infrastructures such as international airports, highways and modern technologies which are the keystones to tourism development. With FDI improving the quantum and quality of service, the tourist arrival numbers increase. Foreign investors have brought their established or potential tourist sources into Indian markets expecting benefits. Consequently, they contribute towards increased sources of inward tourism and revenue development. However, the Tourism Industry is an activity which not only requires capital or infrastructure but many others factors like knowledge, access to global marketing and distribution chains, managed planning, proper Govt. assistance etc. Therefore, Government should update the FDI policy as well as other required policies, rules and regulations from time to time with the aim of attracting further FDI to expand domestic products and the overall economy.

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