

Indian Tourism & India's Economic Development

Abstract

Over the decades, tourism has experienced sustained development and expanding diversification to become one of the fastest growing economic sectors in the world. Tourism has become a prosperous global industry with the power to shape developing countries in both positive and negative ways. Tourism is one of the fastest growing service industries in the country with great potentials for its further expansion and broadening. It has become the fastest growing service industry in the country with great potentials for its further expansion and divergence. Similarly, in developing countries like India tourism has become one of the major sectors of the economy, contributing to a large proportion of the National Income and generating huge employment opportunities. Indian tourism industry today is on the threshold of a big change for large economic gains. However, tourism is much more than an economic activity; it has become a way of life. We need to concentrate to have liberal policies, relaxation in taxes, comprehensive package and so on to influence tourist and foreign investment. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market. India has rich source in tourism for the establishment of the brand.

Keywords: Globalization, Foreign exchange, Incredible India, Economic, Tourism.

Introduction

Tourism is frequently cited as the world's fastest growing economic sector, currently the world's largest employer and soon to be the world's largest industry. The tourism industry generates substantial economic benefits to both host countries and tourists' home countries. Especially in developing countries, one of the primary motivations for a region to promote itself as a tourism destination is the expected economic improvement. CONDE-NAST Traveler, one of the World's most famous magazines on tourism ranked India among the top 10th tourist destinations in the world. The Tourism sector of Indian economy is at present experiencing a huge growth. The Tourism sector of Indian economy has become one of the major industrial sectors under the Indian economy. The tourism industry earns foreign exchanges worth Rs 21,828 crore almost every year. India's travel and tourism industry has huge growth potential. The medical tourism market in India is projected to hit US\$ 3.9 billion mark this year having grown at a compounded annual growth rate (CAGR) of 27 per cent over the last three years, according to a joint report by FICCI and KPMG. Also, inflow of medical tourists is expected to cross 320 million by 2015 compared with 85 million in 2012. The tourism industry is also looking forward to the E-visa scheme which is expected to double the tourist inflow to India. India is projected to be number one for growth globally in the wellness tourism sector in the next five years, clocking over 20 per cent gains annually through 2017, according to a study conducted by SRI International.

Indian tourism is one of the most diverse products on the global scene. India has 26 world heritage sites. It is divided into 25 bio-geographic zones and has wide ranging eco-tourism products. Apart from this, India has a 6,000 km coastline and dozens of beaches. India's great ethnic diversity translates into a wide variety of cuisine and culture. India also has a large number of villages, plantations and adventure locations. India is home to a great variety of wildlife and its reserves are well known throughout the world. It also has one of the world's biggest railway systems opening possibilities for those interested in rail tourism.

India also has excellent hospitals offering affordable Medicare and traditional health care systems like Ayurveda. In addition to this India organizes numerous fairs and festivals, which are quite attractive to



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for eigners. Tourism sector holds immense potential for Indian economy. Tourism sector has the potential to stimulate other economic sectors through its backward and forward linkages and cross-sectional synergies with sectors like agriculture, horticulture, poultry, handicrafts, transport, construction, etc. However, if the WTO (World Tourism Organization) is to be believed, as many as 698 million people have traveled to a foreign country in 2000 and have spent over US\$ 478 billion while on tour. Now, logically presuming India too had a share in that pie.

Objective of the Study

Indian tourism industry today is on the threshold of a big change for large economic gains. However, tourism is much more than an economic activity; it has become a way of life. Tourism industry plays a major role in any country's economic development. The objective of the present paper is to understand the prospects of tourism industry in India in the era of liberalization, privatization and globalization. This paper coins how tourism sector is significant for Indian economy. Developing country like India tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. Without ignoring the problems of tourism industry and its implications on the future development of tourism industry in India, we make an attempt to identify the potentials of tourism industry in the present liberal environment. Of course India has been launched the Incredible India to make tourism better. However, there are pros and cons involved with the development of tourism industry in the country. Let us discuss the development as well as the negative and positive impacts of tourism industry in India.

Hypothesis: NA

Tools: NA

Research & Findings

Tourism & Foreign Exchange Relationship in Indian Economy

Travel and tourism is the largest service industry in India. It provides heritage, cultural, medical, business and sports tourism. The main objective of this sector is to develop and promote tourism, maintain competitiveness of India as tourist destination and improve and expand existing tourism products to ensure employment generation and economic growth. Indian Tourism offers a potpourri of different cultures, traditions, festivals, and places of interest. There are a lot of options for the tourists. India is a country with rich cultural and traditional diversity. This aspect is even reflected in its tourism. The different parts of the country offer wide variety of interesting places to visit. While the international tourism is experiencing a decelerated growth, the Indian counterpart is not affected. As per Karen Chen –"Tourism is like a bridge. It connects our countries and it can connect people to each other." Tourism is considered to be an economic bonanza. It is a multi-segment industry. While gauging the positive economic effects of tourism, we study its contribution to the generation of national income, expansion of employment opportunities, rising of tax revenue, generation of foreign exchange .and transformation of

regional economy. The Ministry of Tourism (MoT) has compiled monthly estimates of Foreign Tourist Arrivals (FTAs) and Foreign Exchange Earnings (FEE) from tourism on the basis of data received from major airports. The number of Foreign Tourist Arrivals (FTAs) has grown steadily in the last three years reaching around 7.46 million during January–December 2014. Foreign exchange earnings (FEEs) from tourism in terms of US dollar grew by 7.1 per cent during January-December 2014 as compared to 5.9 per cent over the corresponding period of 2013. The Tourist Visa on Arrival (TVoA) scheme enabled by Electronic Travel Authorization (ETA), launched by the Government of India on November 27, 2014 for 43 countries has led to a growth of 1,214.9 percent recently. The tourism and hospitality sector is among the top 15 sectors in India to attract the highest foreign direct investment (FDI). During the period April 2000-February 2015, this sector attracted around US\$ 7,862.08 million of FDI.

Tourism Planning & Government Initiatives in India

India is the member of UNWTO organization from 1975 and one of the major destinations of Tourism in South Asia. Tourism planning in India started quite late with the first tourism policy being announced by the Government of India in November, 1982 In May, 1992 the National Action Plan for tourism was announced. The objectives of this landmark plan for tourism planning in India were: a) Encourage international tourism. b) Improve in world tourism India's share. c) To preserve the environment and the national heritage. d) To improve the economy category domestic tourism. e) To develop the tourist areas socially and economically. f) To increase opportunities for employment in this sector. Tourism planning in India has increased by leaps and bounds in the last few years and the government and Department of Tourism needs to make continuous efforts to ensure that tourism planning in India takes the tourism sector of the country to greater heights on a sustainable basis. Recognizing the importance of this sector, in the recent country budget, the provision for building tourist infrastructure has been increased in annual budget. The Indian government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

1. The Government of India has set aside Rs 500 crore (US\$ 79.17 million) for the first phase of the National Heritage City Development and Augmentation Yojana (HRIDAY). The 12 cities in the first phase are Varanasi, Amritsar, Ajmer, Mathura, Gaya, Kanchipuram, Vellankani, Badami, Amaravati, Warangal, Puri and Dwarka.
2. Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.
3. Prime Minister Shri Narendra Modi has approved to enter into a memorandum of understanding

(MoU) between India and Oman for strengthening cooperation in the field of tourism.

4. Announcement by Mr Arun Jaitley, Minister of Finance, to extend Visa on Arrival Facility (VOA) to 150 countries in stages from the current 43, is a big step to promote tourism. The revenue from tourism sector can be utilized for the development of the country and can boost the economy of country.
5. ITC is planning to invest about Rs 9,000 crore (US\$ 1.42 billion) in the next three to four years to expand its hotel portfolio to 150 hotels. ITC will launch five other hotels - in Mahabalipuram, Kolkata, Ahmedabad, Hyderabad and Colombo - by 2018.

The major constraint in the development of tourism in India is the non-availability of adequate infrastructure, un-adequate transportation facility, un-availability to tourist destinations, accommodation and trained manpower in sufficient number, poor hygienic conditions and incidents of touting and harassment of tourists, are some of the factors that contribute to poor visitor experience and directly impacting tourism industry & revenues.

Economic, Social & Environmental Impacts of Tourism in India

Tourism can bring many economic & social benefits & reforms in rural areas and developing countries, but mass tourism is also associated with negative effects to Environmental, Social & Economical factors.

Economical

Tourism creates employment in directly within the tourism industry and indirectly in retail, hotel & transportation sectors. The tourism industry also provides opportunities for small-scale business enterprises, which is especially important in rural communities, and generates extra tax revenues to government which can be utilized in other infrastructure & community development. The bad side starts on the same points. Jobs created by tourism are often seasonal and poorly paid; also tourism can push up local property prices and the cost of goods & services. The tourism helped more too International companies rather than local community, Destinations dependent on tourism can be adversely affected by events such as terrorism, natural disasters and economic recession.

Social

The improvised infrastructure & facilities not only help tourism also benefit the local community. Tourism also encourages the preservation of traditional customs, handicrafts and festivals. The cultural understanding between host & home countries increases global awareness & quality of life style of local habitant. The ill impact on socio-cultural environment from tourism lead to increased crime levels, drugs & alcohol problems, crowding and congestion etc. Interaction with tourists can also lead to an erosion of traditional cultures and values.

Environmental

Tourism particularly nature and ecotourism helps promote conservation of wildlife and natural resources. It also helps generate funding for

maintaining animal preserves and marine parks through entrance charges and guide fees. By creating alternative sources of employment, tourism reduces problems such as over-fishing and deforestation in developing nations. Tourism poses a threat to a region's natural and cultural resources, such as water supply, beaches, coral reefs and heritage sites, through overuse. It also causes increased pollution through traffic emissions, littering, increased sewage production and noise.

Tourism can only be sustainable if it is carefully managed so that potential negative effects on the host community and the environment are not permitted to outweigh the financial benefits.

Recommendation & Conclusion

As per Sir Lawrence Van der Post, "Tourism is like a tiger with two tails. On the one hand it offers massive employment and boosts the economy. On the other hand, if not controlled, it can steal away from the inhabitants of a country most of what makes their country worth living in and worth visiting." Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. According to World Tourism Organization data, the value for International tourism, number of arrivals in India was 6,968,000 as of 2013. Over the past 18 years this indicator reached a maximum value of 6,968,000 in 2013 and a minimum value of 2,124,000 in 1995. And when we calculate the total revenue from Tourism in Indian economy, the latest value for International tourism, receipts (current US\$) in India was \$19,042,000,000 as of 2013. Over the past 18 years, the value for this indicator has fluctuated between \$19,042,000,000 in 2013 and \$2,582,000,000 in 1995. These two statistics shows the growth & potential of Indian Tourism 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 tourism industry. A pioneer initiative by Ministry of Tourism, Government of India has been taken that will help tap into the full potential of tourism in India. Ministry of Tourism, Government of India has introduced "Atithi Devo Bhavah Program" or "Incredible India campaign". An amount of Rs 1,573.07 crore has been earmarked for the tourism ministry for 2015-16, giving it a rise of 33 per cent over last fiscal's allocation, in the union budget. The Finance in parliament made a major announcement to boost Indian tourism sector, proposing to increase cover for visa on arrival (VoA) facility to 150 countries against 43. This hassle-free process has given a fillip to Indian tourism whose share in world tourism is a paltry 0.6 per cent of international tourist arrivals compared to 7.8 per cent in France and 6.4 per cent in the US. The Endeavor is to boost tourism in India, which in turn would act as a catalyst for India's economic growth.

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