



Performance of The Tourism Industry in India

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Abstract : Establishment in the early 1920s, an early theory of Fremdenverkehr a now obsolete term for tourism emerged in the German-speaking world that dealt mainly with business and economic problems; since the 1960s, it has been replaced by the ever-expanding field of tourism studies. This gives many disciplines the space to approach the subject of tourism, or at least aspects of it, from their own particular academic perspective. Today, tourism studies mean the multi-disciplinary bundle of academic approaches in the sense of an undisguised "trans discipline", which can find different applications. However, tourism studies do not exist as an integrated field of study. Tourism is a key economic activity and is expected to contribute 5.3 percent to India's total GDP (Gross Domestic Product). India is now ranked as fifth top tourist destination—once occupying 35th position in the world. Tourist arrivals are expected to be 4.55 million in 2007 by further improving our infrastructure. Our annual growth in this respect will be 13.7% in 2003-07 period as compared to the current 7.8% in 2002-04. In contrast, our relative share of employment in travel and tourism is at present lower both in south east Asia and the world. While world's share of this employment is 7.8% that of India is just 2.6%. The present paper deals performance of Tourism sector in India at Liberalization, privatization and globalization era. Beginning in the early 1920s, an early theory of Fremdenverkehr – a now obsolete term for tourism – emerged in the German-speaking world that dealt mainly with business and economic problems; since the 1960s, it has been replaced by the ever-expanding field of tourism studies.

Introduction

This gives many disciplines the space to approach the subject of tourism, or at least aspects of it, from their own particular academic perspective. Today, tourism studies mean the multi-disciplinary bundle of academic approaches in the sense of an undisguised "transdiscipline", which can find different applications. However, tourism studies do not exist as an integrated field of study. Instead, there are countless empirical accounts, case studies, approaches, theories and perspectives in individual disciplines, including economy, geography,

psychology, architecture, ecology, sociology, political science and medicine.¹

History of Tourism Industry in India

It becomes convenient to understand the prospects of India's tourism after explaining the existing position of its growth in comparison with other countries. Since 1970s during the current period of its development, South Asia, to which our country belongs has not done that well to keep up its share in the tourist market of the world. Though our travel and tourism industry has been prospering and the number of tourist arrivals has reached 3.36 million in 2004,



even Hongkong and Singapore, much smaller in area, are ahead of us. Every tenth human being is a traveller in the present day world. With globalisation, the number of travellers has risen to 800 million in the beginning of this century. Yet our country is positioned poorly with its less than half percent tourist arrivals in respect of the global numbers.

At our own level, from mere 17000 foreign tourists in 1951 to over 3 million in 2004, it is a massive increase. Tourism is a key economic activity and is expected to contribute 5.3 percent to India's total GDP (Gross Domestic Product). India is now ranked as fifth top tourist destination—once occupying 35th position in the world. Tourist arrivals are expected to be 4.55 million in 2007 by further improving our infrastructure. Our annual growth in this respect will be 13.7% in 2003-07 period as compared to the current 7.8% in 2002-04. In contrast, our relative share of employment in travel and tourism is at present lower both in south East Asia and the world.

Review of the Tourism Industry in India:

Indian tourism offers most diverse products globally. The country's rich

history, cultural heritage, beauty, diversity of religion and medicine fascinate budget and luxury travelers. Tourism in India has registered significant growth over the years. This has been led by growth in both leisure and business tourism. Rising incomes, increasing affordability, growing aspirations, increasing globalisation, and a growing airline industry along with improvement in travel-related infrastructure have supported industry growth. Tourism holds immense potential for the Indian economy. It can provide impetus to other industries through backward and forward linkages and can contribute significantly to GDP.

India's travel and tourism industry is expected to generate revenue of Rs. 1,970 bn (US\$ 42 bn) in 2010, according to the World Travel & Tourism Council (WTTC). This would be around 3.1% of total GDP. However, since travel and tourism touches all sectors of the economy, its real impact is greater and the travel and tourism economy directly and indirectly accounts for ` 5,533 bn (US\$ 118 bn), equivalent to 8.6% of total GDP.

Table : Position of Indian Travel and Tourism Industry in the World²

Share of India in International Tourist Arrivals	0.58%
India's Rank in World Tourist Arrivals	41
Share of India in International Tourism Receipts (Using the FEE Estimates of RBI)	1.24%
India's Rank in World Tourism Receipts	22



Importance of Tourism Industry in India:

Tourism plays an important role in Indian Economy. The Central and State Governments acknowledges the importance of tourism industry. Tour is a part of education. India is an ancient country. Historical monuments, archaeological wealth and relics are spread all over the country. Therefore, people of various countries come to India every year to see innumerable lovely spots, historic sites and places of pilgrimage. During travel a tourist must assimilate what nature has to offer, what relics of history seems to teach and what would life ultimately seeks to convey.

Tourism helps the visitors get acquainted with the culture, customs, language and way of life of the local people. The modern life of Indian people are very complex. Tour and holidays brings the much-need relaxation to our mind, body and soul. It refreshes our body and gives back our fitness. The spirit of happiness becomes visible on our beaming faces. The concept of tourism has become a new coinage in the field of travelling. Few years back travelling was a term which men used in case of tour. People now are more habituated with the concept of 'tourism' and all want to know the unknown historic sites and also to see the unseen.

In India, from the Himalayas to Kanyakumari there are so many lovely spots, historic sites places of pilgrimages, various temples and Musjids spread over the country. In ancient times, Uttaranchal was the land of God. Badrinath, Kedarnath, Amarnath, Gangotri, and Hemkund- all surrounded by snow-capped peaks attract pious souls and tourists alike. The beautiful places

like Simla, Nainital and Ranikhet with snow-clad ranges attract the tourists of India and abroad. Trips to Puri, to Kanyakumari, the southernmost tip of land in India, to Chennai, Mumbai and Goa are equally excellent. Tajmahal of Agra, the Red-Fort of Delhi, the ruins of Nalanda, cave-temples of Ajanta and Ellora, shrines of Mathura, Somnath and Benaras charm the tourists. Kashmir and Shillong are also great places in the tourist Map.

Tourism is flourishing as an industry. The economy of many tourist places depends upon tourism. The important hill stations of India are Ooty, Manali, Simla, Gangtok, Darjeeling, Mirik, etc. These beautiful hill stations draw tourists' attraction. The wild life sanctuary of Dooars also attracts the tourists. Wilderness of the Sunderbans, Gour and Pandua of Malda, Lalbag of Murshidabad and Mayapur of Nabadwip are also places for tourists from both India and abroad. Presently, tourism industry is a big source of income of foreign money. "Spiritual Tourism" is the new aspect in the concept of tourism. It is more about visiting hearts and minds of intellectuals and rich civilizations than just seeing places and their physical dimensions. Therefore, the Tourism is a force and it can guide us in the period of unrest.³

Problems of Tourism Industry in India

Although India has progressed a lot since 1950s with respect to tourism, she is still way behind the developed or even the developing countries. India's share in the tourist arrival has been growing at a snail's pace from 0.23 per



cent in 1975 to 0.28 per cent in 1980 and 0.42 per cent in 2004. This small percentage comes under sharp focus when we see that in 2004, India received only 2.9 million foreign tourists. Compared with this, the foreign tourist arrivals were 6.5 million in Singapore, 9.6 million in Thailand, 10.0 million in Malaysia, 13.1 million in Hong Kong and 31.2 million in China.

Even the diminutives like Maldives and Bhutan present an appreciable model of sustainable tourism by integrating environment and tourism. In the year 2004, while tourism in Malaysia (ranked third in terms of real growth) and China (ranked 11th) grew by 17 and 13.5 per cent respectively, India (ranked 50th) grew at just 10 per cent. In India, tourism provides 5.6 per cent of the total jobs, China that just pulled its iron curtain, is doing better with 7 per cent. Tom apart by civil war Sri Lanka still has 7.4 per cent of its jobs coming from the tourism sector. Travel is a happening business in Thailand, generating 11.2 per cent of the total jobs. Still there are large areas which are untapped from the tourist point of view. Traditionally a popular destination, North India still draws about 49 per cent of the tourists; whereas only 4 per cent go to east. West is doing better getting 29 per cent of the tourist inflow. South, despite its beaches, temples, hills, etc. gets only 18 per cent of foreign and domestic tourists. Thus there is great potential for development of tourism, particularly in east and south, which require proper tapping with immediate effect.

Foreign tourists often fail to get suitable accommodation in hotels and go back as a dissatisfied lot. At the beginning of the millennium, India's

shortage was estimated at 30,000 rooms. Today, the requirement is much larger, considering rapid increase in the inflow of foreign tourists after 2002. Today we need at least 90,000 more rooms (in five star segments) which require a huge investment of Rs. 80,000 crore, just to fall in line with the internationally-benchmarked tourism models. The Commonwealth Games scheduled to be held in 2010 in Delhi are likely to put tremendous pressure on the tourist infrastructure including hotel accommodation.

Another problem of recent origin is that Indian tourists have started travelling abroad rather than travelling within the country. In 2004, as many as 6.2 million Indian tourists went abroad in contrast to only 2.9 million foreign tourists visiting India. With each outgoing Indian tourist spending an average of \$ 3 000 an estimated amount of Rs. 72,600 crore went out of the country. Of late, Indian tourists are looking beyond Shimla, Srinagar, Ooty, Mumbai, Delhi and Goa, and are grabbing foreign holiday deals like never before.

The main cause of outflow of Indian tourists is high aviation cost in the domestic sector. When a tourist in North India can get cheaper return tickets to Sri Lanka or Thailand than to Goa or Kerala, he will obviously go abroad. Our foreign exchange earnings from tourism is getting neutralised because of large number of Indians going abroad. It is estimated that by 2007-08, as many as 8 million Indian tourists will be going abroad. Majority of them will be visiting Cambodia (15%), Hong Kong (15%), Australia (13%), Malaysia (13%), Singapore, and Pakistan.



The unplanned and unrestricted growth of tourism has a detrimental effect on environment. The origin and growth of tourism in India as elsewhere in the world, is distinctly urban oriented rather than being spread over the countryside. This is due to the fact that urban centers provide the necessary infrastructure and wider choice of facilities and price ranges for accommodation, food, entertainment, etc. There is lack of appreciation of the holistic approach to tourism development which takes into account the linkages between environment and pressure of tourists. The result is that, almost all the popular tourist centres are groaning under the pressure of annual visitors and quite often facing difficult situation.⁴

Trends of Tourism Industry in India:

A growth of Tourism industry in India since 1997 to 2013 is continually growing in respect of number of foreign tourists' arrivals and foreign exchange earnings. According to the annual report of tourism industry of 2013-14, the progress of Tourism industry is shown in the table 1.

Table No1: Foreign Tourist Arrivals (FTAs) in India, 1997-2013

Year	FTAs from Tourism in India (in Millions)	Percentage (%) Change over the previous Year
1997	2.37	3.8
1998	2.36	-0.7
1999	2.48	5.2
2000	2.65	6.7
2001	2.54	-4.2

2002	2.38	-6.0
2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.3
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	-2.2
2010	5.78	11.8
2011	6.31	9.2
2012	6.58	4.3
2013	6.97	5.9

Source:(i) Bureau of Immigration, Govt. of India, for 1997-2013

Table No1 indicates the growth of foreign tourists' arrival in India. If we consider the trends in foreign tourists arrivals in India since 1997 to 2013 there is continuous growth.

❖ Foreign Exchange Earnings from Tourism Sector

It is necessary to consider the economic significance of tourism industry in India. The total fees collected from the foreign tourists arrival in India and the changes in it since 1997 to 2013 gradually increased from 2889 US\$ to 18445 US\$. It indicates that tourism industry has given continuously foreign earnings to India. The details regarding the FEE from Tourism in India and its changes per year have shown in the Table No 2.



Table No. 2: Foreign Exchange Earnings from Tourism Sector (in US\$ Million)

Year	FEE from Tourism in India	Percentage (%) Change over the Previous Year
1997	2889	2
1998	2948	2
1999	3009	2.1
2000	3460	15
2001	3198	-7.6
2002	3103	-3
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010	14193	27.5
2011	16564	16.7
2012	17737	7.1
2013	18445	4.0

Source: Government of India, Ministry of Tourism Report 2014

Table No. 2 shows the foreign exchange earnings of tourism industry of India since 1997 to 2013. If we observed the seventeen years data shown in the table, seven years i.e. 2000, 2003, 2004, 2007, 2010 and 2011 the percentage of change over the previous year is higher than the previous year. The trends in the foreign exchange earnings are shown in the figure 2.

❖ **Statewide Scene of foreign Tourist Arrivals in India**

There are 10 top states in India where the foreign tourists visit every year. These states are of Maharashtra, Tamil Nadu, Delhi, UP, Rajstan, West

Bengal, Kerala, Bihar, Karnataka and Goa. The number of domestic and foreign tourists' visit frequently visits to the important places to these states. The total number of foreign tourists visits to these states in 2013 shown in the Table No. 3 Table No3 indicates the share of 10 important states of India in respect of the development of tourism industry. Maharashtra, Tamilnadu, Delhi and UP are the four most important states which contributes 61.8% of foreign tourists arrival in 2013. Remaining states are also important regarding foreign tourists visits. The share of these 10 states about 89.9% in total tourists' arrival in India.



Table No 3 : Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2013 5

Rank	State/UT	Number	Percentage Share %
1	Maharashtra	4156343	20.8
2	Tamil Nadu	3990490	20
3	Delhi	2301395	11.5
4	Uttar Pradesh	2054420	10.3
5	Rajasthan	1437162	7.2
6	West Bengal	1245230	6.2
7	Kerala	85814	4.3
8	Bihar	76583	3.8
9	Karnataka	63637	3.2
10	Gao	49232	2.5
Total of Top 10 States		1793771	89.9
Others		201331	10.1
Total		1995102	100

Source: Government of India, Ministry of Tourism 2014

Government Initiatives for Tourism Development in India:

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:

- The Union Cabinet has approved the signing of Memorandum of Understanding between the Ministry of Tourism of India and the Ministry of Trade Industry and Tourism of Colombia in order to boost cooperation in the field of tourism between the two countries.

- The Central Government has given its approval for signing of a Memorandum of Understanding (MoU) between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism between the two countries.

- Ministry of Tourism has sanctioned Rs 844.96 crore (US\$ 142 million) to States and Union Territories for developing tourism destinations and circuits during FY 2014-15, which includes projects relating to Product/Infrastructure Development for Destinations and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals & Rural Tourism.

- The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.7 million).

- Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport.

- 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.⁶

Overview of Indian Tourism Policies:



❖ **The National Tourism Policy 1982**

In November 1982, a tourism policy was formulated and presented to the Parliament. The objective of the policy was to so develop tourism that it becomes a unifying force nationally and internationally fostering a better understanding helps preserving Indian Heritage and culture and projecting the same to the world. To brings socio-economic benefits in terms of employment, income generation, revenue generation, foreign exchange etc. Gives direction and opportunity to the youth of the country to understand the aspirations and view point of others and helps in developing national integration. Offers opportunities to the youth of the country, not only for employment but also for taking

up activities for nation-building and character-building like sports, adventure activities etc.

❖ **The National Action Plan 1992**

In 1992 a National Action Plan 1992 was announced. It was regarded as an emerging action plan to set things right in some key areas, and to provide directions to achieve quick results. The objectives set out rightly stroked at the perceived inadequacies of the system and incorporate all those areas which have been identified as the weakness of India's tourism development policy. The strategies outlined in the Action Plan for achieving these objectives were as follows:-

- Improvement of tourism infrastructure.

- Developing areas on a selective basis for integrated growth along with marketing of destinations to ensure optimal use of existing infrastructure.
- Restructuring and strengthening of the institutions for development of human resources.
- Evolving a suitable policy for increasing foreign tourist arrivals and foreign exchange earnings.

❖ **The New Tourism Policy (2002)**

In 2002, the action plan was finally translated into a tourism policy and it officially became a joint central-state government concern. The policy document attempted to establish tourism's great contribution in national development and its role as an engine of growth. It suggested that tourism not only generates government revenue, foreign currency, but also provides an optimal use of India's scarce resources, sustainable development, high quality employment(especially to youngsters, women and disabled people), and finally peace, understanding, national unity and stability.⁷

Findings of the Study:

- The share of top ten states in India in respect of foreign tourists' visits was 89.9 percent in 2013.
- India's share in the world market of travel and tourism has also increased from .65% to 1.59% during the period of 1997 to 2013.
- One of the important features of the progress in India's rank in the world has also developed from 40th rank to 16th rank.



- We also observed that the share and rank of India's tourism sector towards Asia and Pacific countries has reached up to the 8th rank
- The Central Government and state governments has announced Tourism policy time to time for the improvement of tourism sector in India.
- National tourism policy 2002 has given different facilities and recommendations for the development of tourism sector.

Suggestions of the Study:

- India should make the most of its topography, natural resources and labor to develop not only traditional products but also non traditional products of tourism.
- Rural tourism should be a byproduct of Indian tourism. At the same time eco-tourism for sustainable livelihoods must be encouraged.
- Enhancing security, stepping up investment and boosting (world class) infrastructural activities should be on the top of the agenda. Service quality – in hotels, Airports, railway stations, etc – needs to be upgraded.
- Proper market segmentation should be done on the basis of criteria like demographic, socioeconomic and geographic variables. Yet a holistic approach should be the objective to project an Incredible and Inclusive India. Commercialization should not result in dehumanizing tourism.
- Education, research and training are crucial cogs in the wheel of tourism. HRD should be given priority. Adequate importance should be given to inductive research on historical importance and contemporary relevance. Tour operators, guides must develop a good rapport with tourists. From touring to learn we should move to learning to tour.

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