

An Insight Into Indian Tourism Sector

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Abstract

Researchers have observed that Indian Tourism is a potential source of employment generation which will help in sustainable development of the country. India exploits around 0.6% from the world tourism sector which contributes around 6.23% to the country GDP presently. Blessed with a lot of tourist destinations rooted in the hill stations, waterfalls, historic places, artistic craftsmanship and temples of all religions, it has not been able to become the cynosure for the citizens across the world. The reasons could be attributable to inadequate tourism information, relatively inadequate growth of hotel and travel industry etc. Under the backdrop of such issues, this paper while putting an insight into the development of tourism in India will make an attempt to examine the place of India in The World Tourism map.

Key words: Tourism, incredible India, Atithi Debo Bhabo,

Introduction

Tourism is the collection of activities, services and industries that delivers a travel experience, including transportation, accommodation, eating and drinking establishments, retail shops, entertainment business and other hospitality services provided for individuals or groups travelling away from home. In India, the growth of the tourism industry has a multiplier effect in the economic development of the country. It not only adds to the country's GDP, but also generates a lot of employment and helps seeing the citizens living mirthfully. Therefore, tourism sector can be instrumental for the sustainable development of national wealth.

The other side of the Indian economy is the poverty; around 260 million people in India do not have incomes to access the minimum consumption basket which defines the poverty line. Out of these 260 million people 75 % lives in the rural areas assumed to be God's own landscape. These lands are, indeed, rich in diverse cultures, nature's plentitude, rich heritage which truly epitomize the sights of unaging glory. Tourism creates maximum number of jobs for per capita invested in the sector. As per Planning Commission, this sector creates around 80 jobs for every Rs 10 lakhs invested. It is estimated that the travel and tourism sector creates more jobs per million rupees of investments than any other sector of the economy. It is the only one industry which is capable of providing employment to a wide spectrum of job seekers from the unskilled to the specialized

Despite being affluent in scenic sights repository, the Indian tourism sector has not been able to exploit sizably from the world tourism sectors. It just stands at 0.6% now which has remained almost constant in the last decade.

Tourism in India: Retrospection

The first conscious and organized initiative to promote tourism in India was undertaken in 1945 when a committee was formed by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India (**Krishna, A.G., 1993**). Thereafter, the tourism in India was accorded a privileged place in 1956 with the formulation of 2nd and 3rd Five Year Plans. The Sixth Plan ushered a new chapter in Indian tourism sector when it was commenced to be considered a major instrument for social integration and economic development. The sector gained a few more features with the initiatives undertaken by the Government of India in 1980's.

A National Policy on tourism was formulated in 1982 followed by the formation of the National Committee on Tourism in 1988 with the objective to draft a comprehensive plan for achieving a sustainable growth in tourism. A National Action Plan was prepared in 1992 and in **1996** the National Strategy for Promotion of Tourism was drafted. In **1997**, the *New Tourism Policy* was formulated that recognises the roles of Central and State governments, public sector undertakings and the private sector in the development of tourist, involvement of Panchayati Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities.

Tourism in India: The Present Scenario

Today tourism is now credited for being the largest service industry in India, with a contribution of **6.23%** to the national GDP and providing **8.78%** of the total employment. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and branded it with the "*Incredible India*" campaign.

The Travel and Tourism Competitiveness Report 2009 by the **World Economic Forum** credited India with 11th place in the Asia Pacific regions and **62nd** overall, moving up three places on the list of the world's attractive destinations. It is ranked the **14th** best tourist destination for its natural resources and **24th** for its cultural resources, with many *World Heritage Sites*, rich in natural and cultural, flora and fauna, and strong creative industries in the country. India also bagged **37th** rank for its air transport network. The India travel and tourism industry stood 5th in the long-term (10-year) growth.

Country Brand Index (CBI) survey conducted by *Future Brand*, a leading global brand consultancy credited India with the "**best country brand for value-for-money**". India was also accorded the **second place in CBI's** "best country brand for history", as well as appears among the **top 5** in the best country brand for authenticity and art & culture, and the **fourth** best new country for business. India is in the list of "**rising stars**" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam. [www.ibef.org/industry/tourismhospitality.aspx]

Initiatives to boost tourism in India

Government of India has undertaken some of the measures to boost tourism in India. These measures include **Incredible India- Atithi Debo Bhabo** campaign, **grant of export house status to the tourism sector** and promoting private investment in the form of Income Tax exemptions, interest subsidy and reduced import duty. Thanks to government India for declaring the hotel and tourism-related industry 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.

Indian Tourism, nevertheless, encounters a lot of constraints due to 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 a few places are factors that results in poor visitor experience, inhibiting economic progress of the country.

Against such background, the present paper is designed to study on the following objectives:

Objective of the Study

- (a) To examine the place of India in Global Tourist map.
- (b) To examine the contribution of Indian Tourism Industry to Indian Economy.
- (c) To examine the potentiality of tourism sector in employment generation and poverty alleviation.

Methodology:

The study is based on secondary information collected from the ministry of tourism web sites, government offices, different journals and books.

Findings Analysis and Interpretation

Place of India in Global Tourist Map

India has 2.42% of world geography, around 17% of world population, diverse in castes, creeds and color, 7000Km of coastlines, hundreds of sanctuaries and hill stations to become the hottest tourist destination in the global tourism map. But, conversely, it has not been able to tap the sizable % of revenue from the world tourism sector as it ought to extract. Out of a global total of 880 million tourists in 2009 (Table 1), India was ranked 41st place, still a long way to be among the top 10 destinations in the world.

Table 1: International Tourists Arrivals (ITA) during 2001-10 (Figure in Millions)

Year	ITA
2001	682
2002	702
2003	691
2004	762
2005	802
2006	847
2007	901
2008	920
2009	880
2010	933*

*Expected Estimate

Source: World Tourism Industry www.unwto.org . Retrieved source <http://www.slideshare.net/theotherhome/indian-tourism-sector-and-union-budget-2011> , dated 05.08.2011

Table 2: International Tourist Arrivals by Country of destination during 2008-2010 (Figure in Millions)

Year	France	US	Spain	China	Italy	UK	Turkey	Germany	Malaysia	Mexico	India
2008	74	55	52	51	43	28	26	24	24	23	5
2009	79	58	57	53	43	30	25	25	22	22	5
2010	79	61	53	56	43	30	29	25	24	23	6

(Figure for Italy and Germany are not updated)

Source: Top 10 Destination-Country Wise, World Tourist Organization, www.unwto.org, <http://www.statistics.gov.uk/cc1/nugget.asp?id.352> , Retrieved source <http://www.slideshare.net/theotherhome/indian-tourism-sector-and-union-budget-2011> dated 1st May 2011

Table 2 reveals the ITA country wise and place of 10 hot tourist destinations and the position of India in world tourist map. It has only tapped 5, 5, and 6 millions of international tourists in the year 2008, 2009 and 2010 respectively which is very meager in comparison to France, US, Spain, China, UK, Germany, Malaysia. Flow of International tourists, indeed, impacts country's economy by forex reserves. Despite being affluent in scenic, serene and sublime landscape, its contribution to the country's GDP is meager. It exploits nearly 0.6% at present from ITA and broadly contributes around 6% to the GDP of country economy. Let us have a fresh look at the table 3 that depicts number of tourist arrival in India and Forex contribution to the country economy.

The Table 3 envisages that the foreign tourist arrival and forex earning during 2000-2010 is not very consistent. Even during the year 2001, 2002 and 2009, the growth is negative when compared with the previous year performance. This ultimately indicates that there could be certain loopholes in tourism policy formulation or in its implementation.

Table 3: Foreign Tourist Arrival and Foreign Exchange Earnings During 2000- 10

Years	Foreign Tourist Arrival	% of change over Previous Year	Foreign Exchange Earnings (in Crores)	% of change over previous year	Foreign Exchange Earnings (in Millions US \$)	% of change over previous year
2000	2649378	6.7	15626	20.6	3460	15.0
2001	2537282	-4.2	15083	-3.5	3198	-7.6
2002	2384364	-6.0	15064	-0.1	3103	-3.0
2003	2726214	14.3	20729	37.6	4463	43.8
2004	3457477	26.8	27944	34.8	6170	38.2
2005	3918610	13.3	33123	18.5	7493	21.4
2006	4447167	13.3	39025	17.8	8634	15.2
2007	5081504	14.3	44360	13.7	10729	24.3
2008	5282603	4.0	50730#	14.4	11747#	9.5
2009	5167699	-2.2	54960#	8.3	11394#	-3.0
2010	5583746@	8.0	64889#	18.1	14193#	24.6

Advance Estimate

@Provisional Estimate

Source: Annual Report of Ministry of Tourism 2010-11, retrieved from the official website www.tourism.sw.in, dated 13.07.2011

Table -4: Contribution of Travel and Tourism to Exports and Receipts (Figure in %)

	world average	India	World rank
Total Expenditure Export as percentage of total Export	12.15	9.5	31
Tourism Receipt	5.2	11.8	29

Source-WTTC dept of Tourism Govt of India

Table- 5: Contribution of Travel and Tourism to employment (No in millennium)

No. Employed	World Average/ total No.	India	World rank
	12.15	9.5	31
	207.1	25	2

Source-WTTC dept of Tourism Govt. of India

Table 6: Contribution of Travel and Tourism to GDP and employment

	World Average	India ((%)	World Rank
Contribution of tourism and travel economy to GDP	10.70%	5.3	140
Contribution Tourism and travel industry to GDP	4.2	2.5	124

Contribution Tourism and travel industry to GDP and Employment	8	5.6	140
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Source: WTTC Department of Tourism, Government of India taken from Tenth five year plan Government of India

Tourism Sector in India not only adds to country's GDP, but also has the potentiality to generate employment to a large extent. Its growth automatically pulled towards a sustainable development. Tourism can be instrumental in alleviating poverty by helping the people residing in tourist destination a happy consumable basket above the poverty line through a stable source of income. If we put some insight into the data arranged in the table mentioned above, we find that India receives 9.5% in terms of tourism export which is relatively less than the total tourism export on world average (12.15%) and India stands at position 31st rank on the basis of expenditure to Export rate and if we compare to its tourism receipt it rank as 29th country among all the countries of the world (Table 4). Table 5 shows 207.1% million people employed in world while in India it is found are 25 million and India is the 2nd largest country in the basis of tourism employment from the above data. India is the second largest employment generator in the field of tourism; still the contribution of tourism to the GDP of the country is comparatively low.

Tourism in India: Future Perspective

The Tourism ministry is aiming for a growth up to one per cent in coming years. This will require additional 2, 50,000 rooms and investment of 25 to 30 billion US dollars in the sector. Thanks for Government of India initiative to boost the tourism sectors for which different research firms have acknowledged the sector to have a bright future. For example, tourism as the labor intensive sector to potentially generate employment, bettering the quality of life in rural India, adding to the growth of the nation and its bright future perspective has been envisaged in the study titled *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 demand for travel and tourism in India is expected to experience growth 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 likely 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 experience growth at 8.8 per cent between 2010 and 2019.
- The report predicts 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.

Conclusions

Indian Tourism industry as an engine of growth 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. The ministry has still miles to go to accomplish 1% growth in near future. Ministry of Tourism has to determine to deliver euphoric experience to the visitors coming from abroad. 'Atithi Debo Bhabo' which literally means 'the guests are really the embodiment of God' has to be conceptualized and cognized by the people of the country. It has become high time for India to promote Eco-tourism to preserve and sustain the diversity of the India's natural and cultural heritage. The Tourism in India should aim at accommodating and entertaining visitors in a way that is minimally intrusive or destructive to the environment and sustains & supports the native cultures in the locations it is operating in. Moreover, since tourism is a multi-dimensional activity, and basically a service industry, it is necessary that all wings of the Central and State governments, private sector and voluntary organisations should be actively involved become in this modest endeavour to attain sustainable growth in tourism if India is to become a world player in the tourism industry.

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