

AN ANALYSIS OF CONTRIBUTION OF TOURISM INDUSTRY TO THE DEVELOPMENT OF INDIAN ECONOMY

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Abstract

The Indian tourism industry has flourished in the past few years, significantly contribution to the nation's development, Gross Domestic Product, Foreign Exchange Earnings, and Employment. India with her enriched beauty is unambiguously one of the most viable candidates for promoting tourism. Tourism is growth-oriented industry with its impact on employment and foreign exchange potential of the country. This paper deals with the tourism development and Government policy in India, tourism contribution to the economic growth in India. And also this paper analyses the changes in number of tourist arrivals from 2011 to 2020. The number of tourist arrivals is directly proportional to the economic growth. India witnessed a grand total of 17.91 million Foreign Tourist Arrivals with its percentage share of 1.22 in world in 2019. Estimated Foreign Exchange Earnings of 211661 crore from tourism in India. The domestic tourism is also a major factor which is contributing to the growth in tourism sector.

Keywords: *Indian economy, Tourism, Employment, Growth*

INTRODUCTION

The industry of tourism economically is a relatively new terminology in international trade. At the present time, tourism in every country is considered one of the most important sources of outside currency earnings. This industry as an economic, social and cultural activity has become very important for the development of countries. Tourism is a phenomenon that, if properly planned, can lead to improved production, improvement in living standards, and welfare of public and employment of many factors such as labor, capital, and land. At present, tourism sector is the world's largest service sector in terms of revenue-making, so that its growth will bring about great social and also economic changes (Anupama, Anjana, and Sumita, 2012).

Attention to tourism in many countries has grown with the drive to achieve its economic interests. According to data released from the UNWTO (United Nations World Tourism Organization), total international tourism received (the world generated) in 1950 was \$ 2.1 billion while in 2018 the world generated 1,643.2 billion dollars in visitor exports (Mandeep & Nitasha, 2012). In 2019, this is envisaged to attract 1,485 billion ITA (international tourist arrivals), an increase of 4.0 percent. By 2029, global tourist arrivals are predicted to total 2.196 billion producing expenditure of 2,483.9 billion dollars, an increase of 3.8 percent (World Travel & Tourism Council report, 2019).

Travel & Tourism industry contributed 8.8 trillion dollars in global economy at 2018. This equivalent to 10.4 percent of universal GDP, and this segment rises up by 3.9 percent in 2018; quicker than the

universal economy's growth rate of 3.2 percent. It outpaced all over economic growth for the 8th sequential year also tourism and travel industry was the second-speediest growing industry in 2018, only marginally after Manufacturing, that grew by 4.0 percent (WTTC, 2018).

Development of sector of tourism can be of great importance for less developed countries facing with problems like high unemployment rates, foreign exchange resource constraints, and a single product economy (Dayananda & Leelavathi, 2016). In terms of the job creation power of this industry, it can be pointed that out of every 6 tourists entering the country creates a job opportunity for one person, so that both the unskilled workers and the skilled workers can they are working in this industry, so that the tourism industry generated 122.891 million jobs directly in 2018 it means that 3.8 percent of overall employment and this is predicted to increase by 2.2 percent in 2019 to 125.595 million means that 3.9 percent of total employment (WTTC, 2019). This comprises employment through travel agents, hotels also airlines other passenger transport services excepting commuter services. It as well as includes, i.e., the restaurant activities as well as industries of leisure directly supported by tourists (Sajad, 2017). It is worth mentioning that around the world, around 319 million people's jobs are supported by travel and tourism. It shows that 10.0 percent of all employees or in every 10 jobs one job are belong to this industry worldwide. In the last 5 years, one out of every 5 new jobs created in the world has been by the tourism industry. World Travel & Tourism Council (WTTC) According to forecasts over the next decade, another 100 million new jobs will be created by the tourism industry. That is, in the next ten years, one out of every four new jobs has been created by the industry (WTTC report, 2019).

OBJECTIVES

- ✚ To study the tourism development and Government policy in India;
- ✚ To study the tourism contribution to the economic growth in India;
- ✚ To analysis changes in the number of foreign tourist arrivals to India;

METHODOLOGY

This study fully based on secondary sources, for this study data and information has been collected with the help of Books, Research articles, reports of Tourism Development Corporations, and other documents.

REVIEW OF LITERATURES

Leena Kakkar and Sapna (2012) this study focuses on the impact of tourism on the Indian economy in general and how India is emerging as a global tourism hub due to innovation and value creation for tourists. The contribution of travel and tourism to the country's GDP will grow over time as it is expected to grow from 4.5 per cent in 2011 to 4.9 per cent in 2021. Ashish Ankush Naik and Sunil Kumar Jangir (2013) analyze the social aspect of tourism development in India and mainly focus on the prospects of tourism in India especially in the current era of liberalization, privatization and globalization. Now the tourism industry in India is at the beginning of a major breakthrough for huge financial gains. Amit Katoch and Prasant Gautam (2015) the authors speak to the rural people about the need for rural tourism development and the consequent benefits to the villagers around Dharamshala. Villagers are aware about tourism day by day but they have less understanding about rural tourism and rural tourism policy implemented by state and central government but they perceive about the benefits of tourism but do not have clear vision.

RESULTS AND DISCUSSION

Tourism Development and Tourism Policy in India

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 the representatives of the private sector.

The Tourism Policy 1982

The first significant policy initiatives were forged in the early 1980s. With the prospect of hosting the Asian Games of 1982, the Indian Government had to start thinking about accommodating, transporting and entertaining the large number of visitors attracted by the event. This awakened a serious public interest in tourism, which was enhanced by the fact that tourism was India's largest net earner of foreign currency. The public interest was translated into the Tourism Policy of 1982 which provided an action plan based on the development of so called tourism circuits (Singh, 2001). A tourist circuit consists of a number of tourist sites which are geographically and/or thematically grouped together with the idea that the value of their sum is more than an adding up of the values of the parts. The circuit idea was born out of the feeling that 'the Golden Triangle' destinations of Delhi-Jaipur-Agra and the Bombay-Goa shopping-and-beach circuit were grossly oversold.

Tourism Development in the 1990

The importance of domestic tourism was recognized by public policy makers in the 1990s. They included it as an important issue in the Tourism Action Plan of 1997 and decided that it was a state government (policy) issue. The central government was to take care of international tourists. Traditionally, domestic tourism mainly concerned pilgrimage and work related travel. From the 1990s onwards there has been a steep rise in modern forms of domestic tourism. This new phenomenon is related to the booming Indian economy and the new susceptibility of the Indian middle and higher classes to rather alien, Western ideas of Holiday making. At present, an ever growing group of Indian tourists travels around the country for rather prosaic, leisure and sightseeing-related reasons. This new trend is underscored by the emergence of Indian travel magazines and the growing explicit attention for domestic tourist destinations in leading newspapers.

The New Tourism Policy (2002)

In 2002 when the action plan was finally translated into a tourism policy. Tourism policy officially became a joint central-state government concern. The new policy itself, however, was designed by the central government. To a large extent, it concerns old wine in new bottles. It holds the kind of goals and expectations exemplary for the first policy. To start with, the policy document attempts to establish tourism's great contribution to national development and its role as an engine of growth. It suggests 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 (GOI, 2002). The policy starts from the idea that tourism can be used as a development tool, e.g. that it can generate high quality, mass employment and prosperity among vulnerable groups in backward areas.

Tourism Development Schemes during the Eleventh Five Year Plan

Several plan schemes were introduced during the eleventh five year plan period to achieve the targets. To accomplish the target set forth in the 11th FYP the ministry of tourism implemented the following schemes during 2007 to 2012. Product Infrastructure Development for destination and circuits (PIDDC), Overseas Promotion and Publicity Including Market Development Assistance, Incentives to Accommodation Infrastructure, Assistance Revenue Generating Projects as per the 11th plan document of the planning commission tourism is the largest service industry in the country.

Tourism Policy under 12th Five Year Plan

12th five year plan (2012-2017) introduced a new dimension to the contribution of tourism. The plan highlights the need to adopt a pro-poor tourism approach aimed at increasing the net benefits to the poor from tourism and ensure that tourism growth contributes to poverty reduction. The approach paper also underpins the need to develop a comprehensive set of strategies for a diverse set of actions, from macro and micro level, including product and infrastructure development, marketing, branding and promotion, planning, policy and investment. Tourism in India has potential to create economic interest of local communities in the protection of its natural and cultural endowments leading to a more sustainable growth.

Tourism Contribution to the Economic growth in India

Tourism is presently the largest economic grosser for countries after manufacturing and exports. With strong economies, technological advancements tourism growth is here to stay. The flexibility of tourism sector depending on market needs is advantage as well as a disadvantage. Most countries understanding the benefits of tourism and little side effects are being driven to promote and enhance tourism opportunities respectively. Tourism nowadays is something which cannot be avoided and with the amount of profits, it is bringing to the economies of various countries. More and more countries are trying to shift their attention to boost up this upcoming sector.

**Table 1: Estimated Of Foreign Exchange Earnings (FEEs) In Rs Crore
from Tourism in India 2011-2020**

Year	FEE from Tourism in India (in Rs. Crore)	Percentage Change Over The Previous Year
2011	83036	25.5
2012	95607	15.1
2013	107563	12.5
2014	120367	11.9
2015	134844	12.0
2016	154146	14.3
2017	177874	15.4
2018	194881	9.6
2019	211661	8.6
2020	50136	-76.3

Source: Ministry of Tourism, Govt. Of India, for 2011-2020

The evidence of the above table shows that estimated of Foreign Exchange Earnings (FEEs) in Rs crore from tourism in India 2011-2020., FEEs from tourism in India was Rs 83036 crore and its growth rate was 25.5 percent in the year 2011, it was increase up to 2019 but in 2020, FEEs from

tourism in India was Rs 50136 crore and its growth rate -76.3 percent, it is decrease compare into the previous year due to covid-19. Therefore, the data indicate that the proportion of FEEs from tourism in India was high.

Table 2: Foreign Tourist Arrivals (FTAs) in India 2011-2020

Year	Number of FTAs in India (in Millions)	Percentage Share of India in World
2011	6.31	0.63
2012	6.58	0.63
2013	6.97	0.64
2014	13.11	1.15
2015	13.77	1.15
2016	15.02	1.21
2017	16.81	1.26
2018	17.42	1.23
2019	17.91	1.22
2020	6.33	1.59

Source: UNWTO Barometers of June 2010 to July 2021

Table 2 states that Foreign Tourist Arrivals (FTAs) in Indian from 2011 to 2020. The number of FTAs in India was 6.31 million and its percentage share of India in World was 0.63 percent in 2011. On the other hand, the number of FTAs in India was 17.91 million and its percentage share of India in World was 1.22 percent in 2019, FTAs was increase year on year, but the number of FTAs in India was 6.33 percent and its percentage share of India in World was 1.59 percent this is a lot less compared to previous years due to covid-19 pandemic. Therefore, the data states that proportion of FTAs in India was high.

Table 3: Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India 2020

Source Country	FTAs (in lakhs)	Percentage Share
Bangladesh	549273	20.01
United States	394092	14.36
United Kingdom	291874	10.63
Canada	122868	4.48
Russian Federation	102166	3.72
Australia	86758	3.16
France	74243	2.70
Germany	72558	2.64
Malaysia	67897	2.55
Sri Lanka	68646	2.50
Total top 10 country	1832375	66.76
Others	912391	32.94
Grand Total	2744766	100.0

Source: Bureau of Immigration, Govt. of India

The above table shows that top 10 source countries for Foreign Tourist Arrivals (FTAs) in India in 2020. In 2020, 549273 lakh tourists arrived to India from Bangladesh and its share was about 20.01 percent, 394092 lakh tourists arrived from US in India in 2020 and its share was 14.36 percent. Similarly, in 2020, 291874 lakh tourists arrived from UK, 122868 lakh tourists arrived from Canada,

102166 tourists from RF, 86758 visitors from Australia, 74243 tourists from France, 72243 visitors from Germany, 67897 tourists from Malaysia, and 68646 visitors arrived from Sri Lanka in India. on the other hand, the percentage share top 10 source countries in India like 10.63 percent from UK, 4.48 percent from Canada, 3.72 percent from RF, 3.16 percent from Australia, 2.70 percent from France, 2.64 percent from Germany, 2.55 percent from Malaysia, and 2.50 percent from Sri Lanka. Therefore, in 2020, 1832375 lakh visitors arrived from total top 10 countries in India and its percentage share was 66.76 percent. Also in 2020, 912391 lakh tourists arrived from other countries in India and its percentage share was 32.94 percent. So, the data states that total 2744766 lakh tourists arrived to India from Many countries in 2020.

Table 4: Number of Domestic Tourists Visits to all States/UTs in India 2011-2020

Year	No. of Domestic Tourist Visits (in millions) to States/UTs	Percentage Change Over the Previous Year
2011	864.53	15.6
2012	1045.05	20.9
2013	1142.53	9.3
2014	1282.80	12.3
2015	1431.97	11.6
2016	1615.39	12.8
2017	1657.55	2.6
2018	1853.79	11.8
2019	2321.98	25.3
2020	610.22	-73.7

Source: State/ Union Territory Tourism Departments.

The table 4 indicates that number of domestic tourists visits to all States/UTs in India from 2011 to 2020. In 2011, 864.53 million Domestic tourists visited all the States/UTs of India and its growth rate was 15.6 percent. Similarly, in 2019, 2321.98 million Domestic tourists visited all States/UTs of India and its growth rate of 25.3 percent. Therefore, number of Domestic tourist's visits in India was increase year on year. But the data states that in 2020, proportion of Domestic tourist's visits to all States/UTs in India was less due to covid-19 pandemic.

CONCLUSION

The tourism industry with its unique characteristics is considered a dynamic industry with a bright future. Investment in the tourism industry is on the rise in all countries of the world. Today, attracting foreign tourists has become increasingly competitive among the entities involved in the tourism industry, because the industry not only plays a role in advancing the national economy and foreign exchange revenue; it is also an industry clean and pollution-free while creating new jobs. Today, it is seen that industrialized nations are using all their energy to attract tourists, reflecting the industry's position in the economy, the income from tourism is sustainable and at the same time it can be exploited in the short term, and the job creation opportunity is also high in this industry and its human resources do not need long-term training. But the covid-19 pandemic has had a negative impact on the tourism sector, which has reduced the contribution to the Indian economy. To increase this, the corona must leave the country. This means that if people follow the government actions such as masking, hand sanitizer, maintaining social distance, the corona virus exit from the country and tourism sector will contribute to the economic development of the country. In this study cover the

tourism development and tourism policy in India, tourism contribution to the economic growth in India, and number of Foreign Tourist Arrivals to India.

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