

IMPACT OF TOURISM ON INDIAN ECONOMY

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ABSTRACT

Traveling and Tourism has been an integral part of Indian Culture & Tradition. Tourism Industry is the most vibrant tertiary activity and a multibillion industry in India. The potential and performance of India's tourism industry needs to gauge in terms of its socio- economic magnitudes. This paper discusses how India is emerging as a popular tourist destination in the world, driven by the focus on innovation and creating value for tourists. It aimed to change the attitude and behavior toward foreign tourists by stressing on the aspect that a guest has been held in high esteem in India since ancient times. It also examines the impact of India's economic growth on tourism, Contributors to economic growth, Role of Tourism industry in India's GDP, Foreign versus Domestic Tourists. The paper also explores that there has been a tremendous growth in tourism in India because of the policies of the government and support from all levels. There are recently many events that have taken place, which are a big catalyst for prompting tourism in India like 20/20 IPL Cricket matches, Commonwealth Games, visit of President Obama of USA & 1st lady Michelle have also helped the tourism industry and will continue helping in India and it will prosper to great heights and standards in near future.

Keywords: Tourism Industry, destination, foreign tourist, economic growth.

IMPACT OF TOURISM ON INDIAN ECONOMY

Tourism in India has grown in leaps and bounds over the years, with each region of India contributing something to its splendor and exuberance. It is a treasure house of cultural and traditional embellishes as reflected in its artifacts, scenic beauties of the rivers, sea and mountains, thus enabling it to gain a prestige in the international arena. As per the Travel and Tourism competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region 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, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long- term [10-year] growth and is expected to be the second largest employer in the world by 2019.

The Tourism ministry has also played an important role in the development of the industry, initiating advertising campaigns such as the 'Incredible India' campaign, which promoted India's culture and tourist attractions in a fresh and memorable way. The campaign helped to create a colorful image of India in the minds of consumers all over the world,

and has directly led to an increase in the interest among tourists. The tourism industry of India is based on certain core nationalistic ideals and standards which are Swaagat or welcome, Sahyog or cooperation, Sarachanaa or infrastructure, Suvida or facilitation.

IMPACT OF INDIA'S ECONOMIC GROWTH ON TOURISM

If one is to think about the impact of India's economic growth on tourism in the country, one need to study this feature as part of the larger picture of the developing world's contribution to this fiscal boost. While some economists may attribute the success of Indian economy to the profits generated by the tourism sector, which in turn were boosted by innovative marketing, brand-building and strategic planning of tour packages, other thinkers may credit the rise in number of MNC's and diversifications of the Indian open industries norm as being the chief cause. There has been a tremendous growth in tourism in India because of the policies of the government and support from all levels. There are recently many events that have taken place, which are a big catalyst for prompting tourism in India. The international sports events like 20/20 IPL Cricket matches, Commonwealth Games, visit of President Obama of USA & 1st lady Michelle have also helped the tourism industry and

will continue helping in India and it will prosper to great heights and standards in the near future.

The remarkable growth in Indian Tourism market, which has identically benefited many support industries like aviation, transport, medical tourism, hotel and sports. The year 2008 had witnessed an enormous increase in the eco tourism in India In addition the government has come up with a new idea of India tourism named as "Rural Tourism", which is very successful in promoting tourism by offering exclusive India travel packages for rural tourism.

Though times have changed and the winds have shifted the PALACE ON WHEELS cruises along in royal style, the kind only the Maharaja's of yesteryears could have perpetuated and enjoyed. The exotic train "PALACE ON WHEELS" Which travel through Rajasthan attracts large no: of tourists also affect the tourism in our country. This train is rated in the top ten most luxurious train of the world.

India had hosted Asian Games long back that had brought many developments in India and, upgraded the quality of tourism in India and attracted many tourists to India from all over the world. Common Wealth Games 2010, which was organized in Delhi, capital of India, gave a pioneer opportunity to tourism in India. The industry can gain a lot of business by coming up with various travel packages for attraction and benefit of tourists. In 2010, about 3.5 million tourist visited India to witness the Common wealth Games that were held in Oct 2010 at Delhi. It was a very important event and Indian tourism industry catered to the needs of such a big rush of foreign tourists that depended on the transport, hotel bookings and for their travel itineraries, visas and other facilities. Now there are indications that the growth of tourism in India will be very steep in the next couple of years.

IMPACT OF TOURISM IN INDIA

Tourism industry in India has several positive and negative impacts on the economy and society. These impacts are highlighted below.

POSITIVE IMPACTS

1. **Generating Income and Employment:** Tourism in India has emerged as an instrument of income and employment generation, poverty alleviation and sustainable human development. It contributes 6.23% to the national GDP and 8.78% of the total employment in India. Almost 20 million people are

now working in the India's tourism industry.

2. **Source of Foreign Exchange Earnings:** Tourism is an important source of foreign exchange earnings in India. This has favourable impact on the balance of payment of the country. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4% annual growth rate.
3. **Preservation of National Heritage and Environment:** Tourism helps preserve several places which are of historical importance by declaring them as heritage sites. For instance, the Taj Mahal, the Qutab Minar, Ajanta and Ellora temples, etc, would have been decayed and destroyed had it not been for the efforts taken by Tourism Department to preserve them. Likewise, tourism also helps in conserving the natural habitats of many endangered species.
4. **Developing Infrastructure:** Tourism tends to encourage the development of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that cater to foreign visitors. The development of infrastructure has in turn induced the development of other directly productive activities.
5. **Promoting Peace and Stability:** Honey and Gilpin (2009) suggests that the tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. However, key challenges like adoption of regulatory frameworks, mechanisms to reduce crime and corruption, etc, must be addressed if peace-enhancing benefits from this industry are to be realized.

NEGATIVE IMPACTS

1. **Undesirable Social and Cultural Change:** Tourism sometimes led to the destruction of the social fabric of a community. The more tourists coming into a place, the more the perceived risk of that place losing its identity. A good example is Goa. From the late 60's to the early 80's when the Hippy culture was at its height, Goa was a haven for such hippies. Here they came in thousands and changed the whole culture of the state leading to a rise in the use of drugs, prostitution and human

- trafficking. This had a ripple effect on the country.
2. **Increase Tension and Hostility:** Tourism can increase tension, hostility, and suspicion between the tourists and the local communities when there is no respect and understanding for each other's culture and way of life. This may further lead to violence and other crimes committed against the tourists. The recent crime committed against Russian tourist in Goa is a case in point.
 3. **Creating a Sense of Antipathy:** Tourism brought little benefit to the local community. In most all-inclusive package tours more than 80% of travelers' fees go to the airlines, hotels and other international companies, not to local businessmen and workers. Moreover, large hotel chain restaurants often import food to satisfy foreign visitors and rarely employ local staff for senior management positions, preventing local farmers and workers from reaping the benefit of their presence. This has often created a sense of antipathy towards the tourists and the government.
 4. **Adverse Environment and Ecology:** One of the most important adverse effects of tourism on the environment is increased pressure on the carrying capacity of the ecosystem in each tourist locality. Increased transport and construction activities led to large scale deforestation and destabilization of natural landforms, while increased tourist flow led to increase in solid waste dumping as well as depletion of water and fuel resources. Flow of tourists to ecologically sensitive areas resulted in destruction of rare and endangered species due to trampling, killing, disturbance of breeding habitats. Noise pollution from vehicles and public address systems, water pollution, vehicular emissions, untreated sewage, etc. also have direct effects on biodiversity, ambient environment and general profile of tourist spot.

ROLE OF TOURISM INDUSTRY IN INDIA GDP

Tourism Industry has contributed enormously in the flourishing graph of India's economy by attracting a huge number of foreign and domestic tourists travelling for professional as well as holiday purposes. According to the Travel & Tourism Competitiveness Report 2009 brought out by the World Economic Forum, the contribution of travel and tourism to gross domestic product (GDP) is expected to be at US\$ 187.3 billion by 2019. The report also

states that real GDP growth for travel and tourism economy is expected to achieve an average of 7.7 per cent per annum over the next 10 years. Export earnings from international visitors and tourism goods are expected to generate US\$ 51.4 billion (nominal terms) by 2019. Furthermore, the sector which accounted for 6.4 per cent of total employment in 2009 is estimated to rise to 7.2 per cent of total employment by 2019.

Some of the most significant features of India's tourism industry or the Role of Tourism Industry in India GDP have been listed below:

- Deeming the growing rate of the tourist's arrival in the country, the Indian tourist industry designed a wide spectrum of holiday packages and cheaper airfares to attract more tourists.
- Nonetheless, the outgoing graph of tourism industry in India is in no way lagging behind from the inbound one. People traveling from India to abroad or states within India have increased by 25 percent.
- India is most likely to set up forty hotels of global brands by 2011. The hospitality segment in India is assumed to reach 11.41 billion.
- The United Nations World Tourism Organization [UNWTO] has estimated the outgoing tourists to reach around 50 million by the year 2020.
- The booming success of Indian tourism industry has led to a drastic change in the hospitality department as well. The increase in the ratio of tourist resulted in the increase of room rates and also setting up of a wide range of hotels and other residing areas.
- The Role Tourism Industry in India GDP also features medical tourism that includes traditional therapies like yoga, meditation, ayurveda, allopathic and other. Other
- Conventional systems of medicines are currently estimated to USD 333 million and are most likely to reach USD 2.2 billion by the Yr 2012.

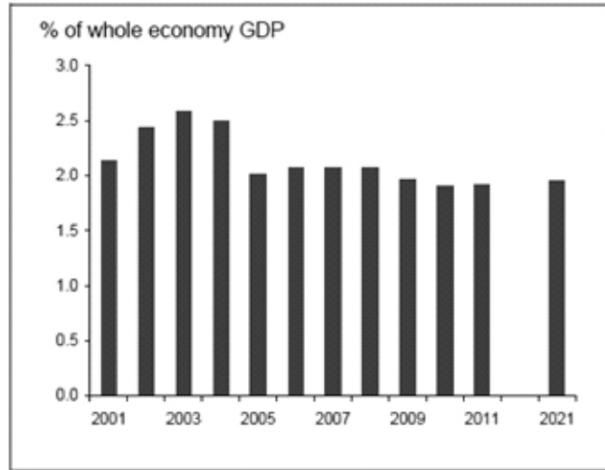
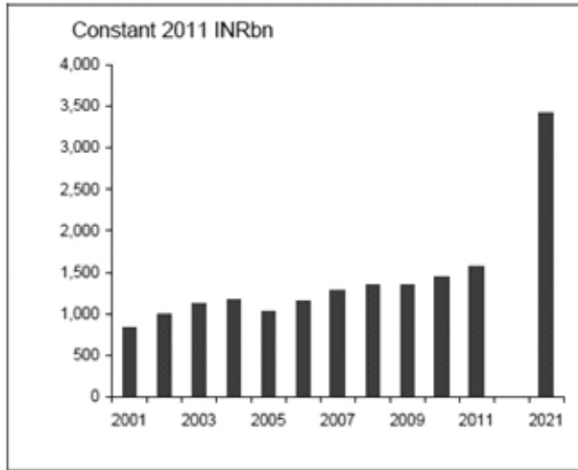
Travel and Tourism's contribution to GDP

The direct contribution of Travel and Tourism to GDP is expected to be INR 1570.5bn in 2011 (1.9% of GDP). This primarily reflects the economic activity generated by industries hotels, travel agents, airlines and other passenger transportation services. But it also includes, for example, the activities of the restaurants and leisure industry directly supported by tourists.

The direct contribution of Travel and Tourism to GDP

is expected to grow by 8.1% per annum INR 3414.8bn (2.0% of GDP) by 2021.

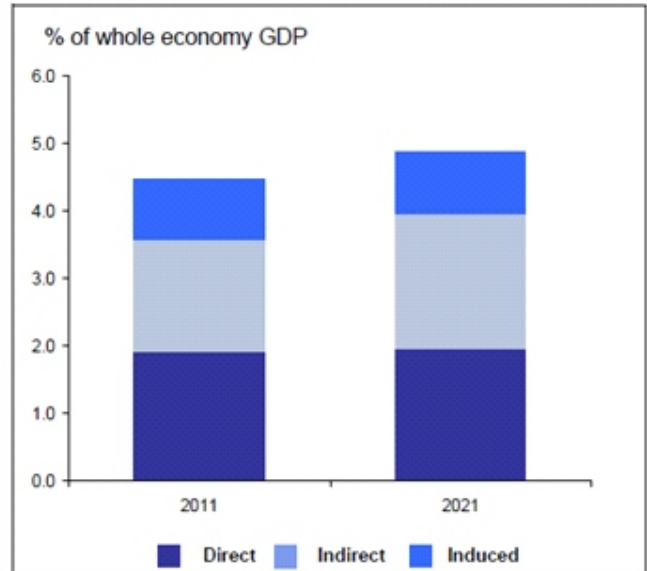
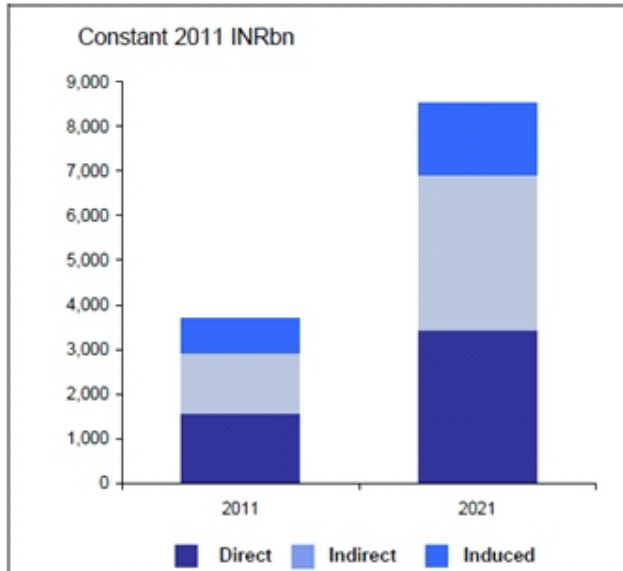
India: Direct Contribution of Travel & Tourism to GDP



The total contribution of Travel and Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) is expected to be 3680.4bn in

2011(4.5% of GDP). It is forecast to rise by 8.8% per annum from INR8523.1bn by 2021 (4.9% of GDP)

India: Total Contribution of Travel & Tourism to GDP



Travel and Tourism's contribution to employment

Travel and Tourism is expected to generate 24,931,000 jobs directly in 2011(5% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services. It also includes, for

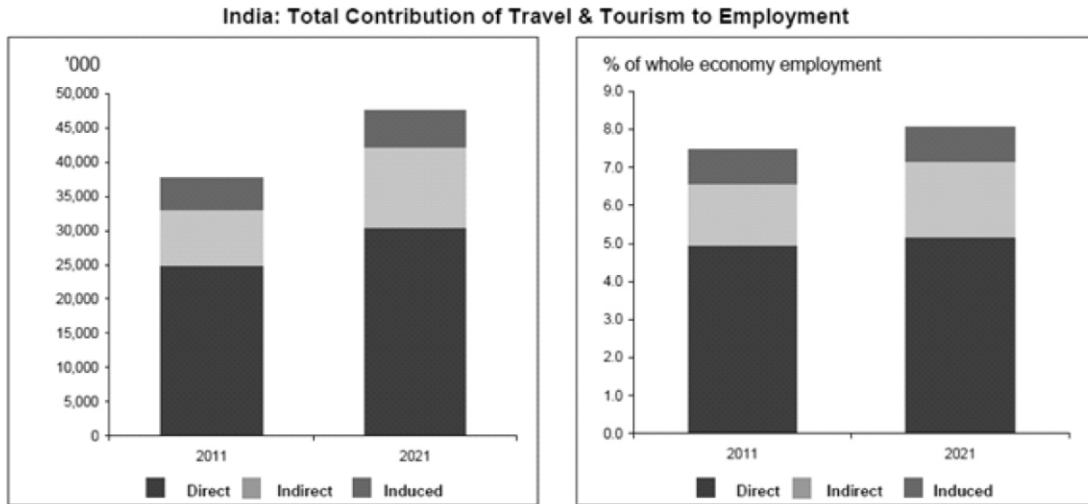
example, the activities of restaurant and leisure industries directly supported by tourists.

By 2021, Travel and Tourism account for 30,439,000 jobs directly, an increase of 5,508,000 (22.1%) over next ten years.

IMPACT OF TOURISM ON INDIAN ECONOMY

The total contribution of Travel and Tourism to Employment (including wider effects from investment, the supply chain and induced income impacts) is expected to be 37,655,000 jobs in 2011 (7.5% of total employment). By

2021, Travel and Tourism is forecast to support 47,480,000 jobs (8.1% of total employment), an increase of 2.3% per annum over the period.



Foreign versus Domestic Tourists

Earlier foreign tourist arrivals to India were highly lopsided, with a few countries such as the US and the UK accounting for the bulk of arrivals in India. In recent years, foreign tourist arrival figures have been diversifying. More and more people from Afghanistan, Bangladesh, Sri Lanka, and Nepal visit India now, as are people from Southeast Asian

countries, South America, and Africa. Domestic tourism in India has been a widely neglected topic. Even today, the statistics on foreign travellers garner all the attention. However, of the total of 500 million trips taken in India per year. Only about five million are from international visitors. Domestic travellers form the major component of revenue generation in the Indian travel industry.

**Number of Foreign Tourist Visits to all States/UTs
In India, 1997-2009**

Year	No. of Foreign Tourist Visits (in Million) to States/UTs	Percentage(%) change over the previous year
1997	5.50	9.3
1998	5.54	0.7
1999	5.83	5.3
2000	5.89	1.1
2001	5.44	-7.8
2002	5.16	-5.1
2003	6.71	30.1
2004	8.36	24.6
2005	9.95	19.0
2006	11.75	18.1
2007	13.27	12.9
2008	14.11	6.4
2009*	13.72	-2.8

Source: State/UT Tourism Departments

**Number of Domestic Tourist Visits to all States/UTs in
India, 1997-2009**

Year	No. of Domestic Tourist Visits (in millions)	Percentage (%) change over the previous year
1997	159.88	14.1
1998	168.20	5.2
1999	190.67	13.4
2000	220.11	15.4
2001	236.47	7.4
2002	269.60	14.0
2003	309.04	14.6
2004	366.27	18.5
2005	391.95	7.0
2006	462.31	18.0
2007	526.56	13.9
2008	562.98	6.9
2009 (P)	650.04	15.5

Source: State/UT Tourism Department

HIGHLIGHTS OF INDIAN TOURISM

The following are the scope and highlights of Indian Tourism

- Increase in GDP making the tourism industry a unifying force
- Helping to preserve, retain and enrich our cultural heritages
- Increase in International Trade
- Giving more innovative promotional measures for tourism
- Offering more Tourism Education
- Growth in Health Care Management
- Progress in Health Care Industries
- Multi-socio cultural Activities
- Growth in Hotel Industry
- Expansion in Transport [Both Urban and Rural], Air Travel and shipping
- Focus on Rural Tourism
- Motivating private sectors to attract more tourists
- Enriching peripheral services to add additional attractions, like developing websites for Indian tourism and offering hotel, hospitality, traveling assistance, booking tickets online

CONCLUSION

Tourism is a major driver of economic growth globally. India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourist and coordinated government campaigns to promote 'incredible India'. For a developing country like India which is on the path of modern economic growth through structural transformation of the economy, tourism is the right vehicle.

With its forward and backward linkages with a host of sectors like transport, hospitality, education, health, banking etc. India is all set to reap full potential of this vibrant sector. Tourism sector is not only a major contributor to the growth of the economy but a generator of employments opportunities as well. Various initiative have also been taken by the Tourism Ministry of India, the tourism minister's of various states and the private players to transform India into a lucrative tourist destination in the world. Let us hope that Indian tourism will have massive impact and will be a global leader by the year 2020.

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