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EMERGING TRENDS IN TOURISM SECTOR IN INDIA- A COMPARATIVE OUTLOOK

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Abstract

Tourism has emerged as a major global industry today. It is a sizable but complex service industry. In the last 50-55 years, tourism has seen rapid and continuous growth. Tourism is a key sector earning foreign exchange for Indian economy. It is working as a harbinger of 'more inclusive growth' in India by promoting other industries inside the economy through backward and forward linkages and generating employment in various sectors such as hospitality, travel, and entertainment. The significance of tourism has been recognized in both developed and developing countries. This sector has emerged as Travel Tourism and Hospitality Industry contributing considerably towards India's GDP and expected to increase from 234.03 US billion\$ in 2017 to 492.21 US billion \$ in 2028. India offers geographical diversity, attractive tourist destinations, 37 world Heritage sites, 29 Cultural sites and 25 bio-geographic zones. It has emerged with diverse portfolio of niche tourism products like cruise, adventure, medical, and wellness, sports, eco-tourism, film, rural and religious tourism. This sector directly supported 5% of the total employment and expected to touch the figure of 8.4 % of total employment by 2028.

Although tourism sector has emerged as growth engine and is having vast potential for generating employment and earning huge amounts of foreign exchange besides giving a fillip to the country's economic and social development. But much more needs to be done to make India as world player in this sector. Although this sector has adopted aggressive marketing strategies and launched number of creative and attractive tourism products but still it needs to be strengthened by focusing on positive growth in terms of Foreign tourist arrivals, Foreign exchange earnings and foreign as well as domestic investments. Present paper is an attempt to focus on the emerging trends of this sector in India with and to evaluate the trends of foreign direct investments, domestic investments foreign exchange earnings , foreign tourist arrival with its comparative outlook.

Key Words: GDP, FTA, FDI.

1. INTRODUCTION

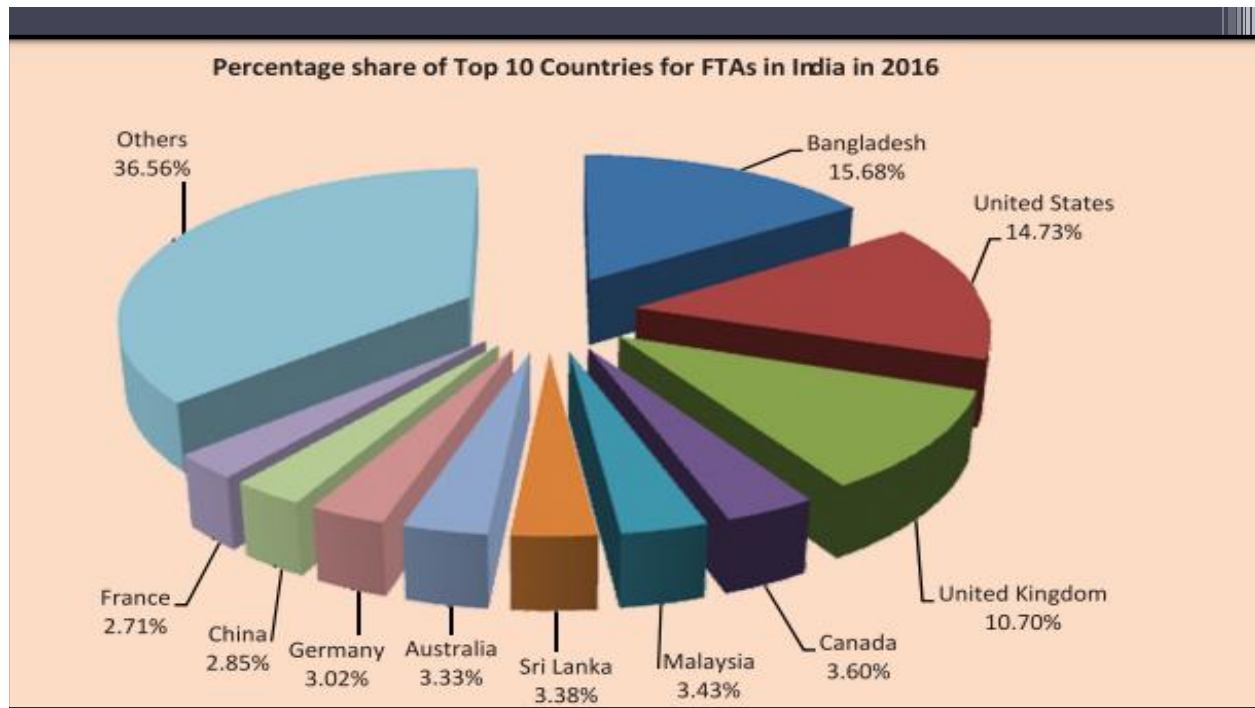
The tourism industry of India is economically important and grows rapidly. According to WTTC report says that India will add nearly 10 million jobs in Tourism sector by 2028 & total no. of jobs based on this sector will increase from 42.9 million to 52.3 million by 2028. The sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023. According to provisional statistics 6.29 million foreign tourists arrived in India in 2011, an increase of 8.9% from 5.78 million in 2010. This ranks India as the 38th country in the world in terms of foreign tourist arrivals. Domestic tourist visits to all states and Union Territories numbered 1,036.35 million in 2012, an increase of 16.5% from 2011. India is expected to establish itself as the third largest travel and tourism economy by 2028 in terms of direct and total GDP, a 2018 economic impact report by World Travel & Tourism Council (WTTC) has said.

The WTTC report, said India will add nearly 10 million jobs in the tourism sector by 2028 and that the total number of jobs dependent directly or indirectly on the travel and tourism industry will increase from 42.9 million in 2018 to 52.3 million in 2028. Calling India the seventh largest travel and tourism economy in the world, Gloria Guevara, president and chief executive of WTTC, said India should be working on improving tourist infrastructure. 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. Concerted efforts are being made to promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry also maintains the Incredible India campaign.

1.1 Tourism industry in India

Tourism is an important catalyst in the socio-economic development in the modern times, contributing in multiple ways and strengthen the inter-connected processes. While often portrayed as panacea for many evils such as underdevelopment, unemployment, poverty eradication, social discrimination and so on; its contribution in creating a global and regional socio-political environment for peaceful co-existence of the cultures and societies has been equally established at various levels. Perhaps, this realization took many advocates to position tourism as one of the biggest 'peace industries', a means

to strike equilibrium of global peace process though development. Because, tourism practiced in responsible and sustainable manner bring about the peace and prosperity of the people and that its stakeholders share benefits in fair manner, which is a necessary condition for the equilibrium of sharing to sustain.



Tourism has been recognized as one of the major engines for inclusive growth and employment. Nowadays, there is a growing agreement on the positive contribution of tourism in inclusive and sustainable growth and development of a country.

1.2 Present Scenario of Tourism in India

India will add around 10 million jobs in the travel and tourism sector by 2028, according to a latest report by the World Travel & Tourism Council (WTTC). WTTC forecasts that the total number of jobs related to tourism will increase from 42.9 million in 2018 to 52.3 million in 2028. India is currently the seventh largest travel and tourism economy in the world. Overall, the total contribution of the sector to the economy was Rs 15.2 trillion (US\$234 billion) in 2017, or 9.4 per cent of the economy once its direct, indirect and induced benefits are taken in to account. Gloria Guevara, President and CEO, WTTC, said, "Travel and tourism creates jobs, drives economic growth and helps

build better societies. This is particularly clear in India which is forecast to be one of the fastest-growing tourism economies in the world over the next decade, adding 10 million jobs and hundreds of millions of dollars to the economy by 2028.”

2. REVIEW OF LITERATURE

Mir (2014) found in his study that Tourism is an important catalyst in the socio-economic development of both rural and urban areas since the last two decades, contributing in several ways and strengthens the inter-connected processes. Tourism industry has potential to strengthen the inclusive economic development. It is a limitless industry with immense growth potential having clear remarkable positive impact on economic and social aspects of Indian economy. **Jaswal (2014)** concluded that India could be a country with varied culture and traditions. The attracted towards India’s festivals, dresses, heritage sites extremely popular among tourists like: Kerala, Darjeeling, Goa, Kashmir, Shimla and Manali area unit best scenic places in India. Commercial enterprise business in India has large potential for generating employment and earning great amount of interchange besides giving a positive stimulus to the country’s overall economic and social development. **Ghatage and Kumbhar (2015)** stated that Tourism is an integral part of human life. It is a situation where person from one country, or region to other region and country for a short run period, is included in the concept of tourism. Now-a-days the tourism industry has a greater importance. India has a great heritage of historical place like the Taj Mahal, Various Forts, Natural sites etc. The number of foreign tourist visited to India which has given foreign exchange earning to the Country. Here, we have focused the growth and performance of the Indian tourism industry. **Subash (2015)** found that the travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. Its contribution to the global Gross Domestic Product and employment has increased significantly. The Indian tourism industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India is a sun rise industry, an employment generator, a significant source of foreign exchange for the country and an economic activity that helps local and host communities. **Dayananda and Leelavathi (2016)** revealed that Tourism helps in the significant growth of economic, social, cultural, educational and political sectors. Marketing and promotion are of vital importance in tourism sector due to the competitiveness of tourism industry both within and between tourism generating nations. Tourism sector creates direct, indirect and induced employment. It produces a vast spectrum of employment from highly qualified

and trained managers of star hotels to room boys, sales girls and artisans. 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.

3. RESEARCH METHODOLOGY

The present study is of analytical nature and makes use of secondary data. The relevant secondary data are collected from various publications of Ministry of Tourism Government of India; websites, Annual reports, World Bank reports, DIPP, research reports, already conducted survey analysis Published by UNCTAD, UNWTO etc. The present study considers data starting from 2000 to 2017.

3.1 Objectives of study:

- a) To study and analyze the emerging trends of Tourism industry in India.
- b) To study the significance of Tourism Sector as a gateway for India's growth.
- c) To study and analysis the relationship between foreign tourist arrival and Foreign Exchange Earnings

3.2 Hypothesis:

Null Hypothesis: There is no relationship between Foreign Tourist arrival and generation of Foreign Exchange in India.

Alternative Hypothesis: There is perfect relationship between Foreign Tourist arrival and generation of Foreign Exchange in India.

3.3 Analytical Tools & Technique:

In order to analyze the collected data the statistical tool (SPSS) such as correlation model is used. Correlation coefficient is a statistical measure that determines the degree to which two variable's movements are associated. In the current study found the linear relationship between variables such as Foreign Tourist Arrival and Foreign Exchange.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Expected Role of Tourism Sector in Indian Economy as an (Inclusive growth).

Particular	India (% growth)	World (% growth)
Direct contribution to GDP	6.4	4.2
Total contribution to GDP	7.0	4.2
Visitors exports to total exports	4.3	4.2
Contribution to capital investment	6.5	5.1
Direct contribution to employment	2.1	2.0
Total contribution to employment	1.9	2.4

Source: WTTC, Travel & Tourism, 2016.

4.2 Foreign Direct Investment and Tourism

The hotel and tourism industry is among the top 10 sectors attracting foreign direct investment (FDI). According to the Hotel and Tourism industry is presently occupying 3.28% share of total FDI equity inflows .Given the role of Hotel and Tourism industry in Inclusive growth, this sector is declared as high priority sector for Investment and 100% foreign direct investment (FDI) is permissible in the sector on the automatic route. This investment is permitted in construction of hotels and other tourism related projects and operations such as airport expansion projects. The term hotels include restaurants, beach resorts, and other tourist complexes providing accommodation and/or catering and food facilities to tourists. Tourism related industry is also broadly defined that comprises travel agencies, tour operating agencies, tourist transport operating agencies and other units providing facilities to tourists. In addition, a five year tax holiday is granted to organizations that set up hotels, resorts and convention centers at specific destinations.

Sectors	Amt. (USD million)	% share of total FDI Inflows
Hotel & Restaurants	6398.87	3.04
Tourism	426.41	0.20
Other (Hotel& Tourism)	84.90	.04
Total	6910.19	3.28

Source: Ministry of Tourism.

Foreign Tourist Arrivals and Foreign Exchange Earnings During the years 2000-2015

Year	Foreign Tourist Arrivals (in nos.)	Percentage Change Over Previous Year	Foreign Exchange Earnings in Crores	Percentage Change Over Previous Year	Foreign Exchange Earnings (Million US \$)	Percentage Change Over Previous Year
2000	26,49,378	6.7	15,626	20.6	3,460	15.0
2001	25,37,282	-4.2	15,083	-3.5	3,198	(-)7.6
2002	23,84,364	-6.0	15,064	-0.1	3,103	3.0
2003	27,26,214	14.3	20,729,	37.6	4,463	43.8
2004	34,57,477	26.8	27,944	34.8	6,170	38.2
2005	39,18,610	13.3	33,123,	18.5	7,493	21.4
2006	44,47,167	13.5	39,025	17.8	8,634	15.2
2007	50,81,504	14.3	44,360	13.7	10,729	24.3
2008	52,82,603	4.0	51,294	15.6	11,832	10.3
2009	51,67,699	-2.2	53,700*	4.7	11,136*	(-)5.9
2010	57,75,692	11.8	64,889	20.8	14,193	27.5
2011	63,09,222	9.2	77,591	19.6	16,564	16.7
2012	66,48,318	5.4	94,487#	21.8	17,737#	7.1
2013	69,67,601	5.9	1,07,671#	14.0	18,445#	4.0
2014	76,79,099	10.2	1,23,320#	14.0	20,236#	9.7
2015	80,27,133	4.5	1,35,193#	2.6	21,071#	4.1
2016	88,04,411	9.7	1,54,416#	14	22,923#	9.8
2017	100,81,500	15.6	1,80,379#	17	27,693	20.6
# Advance Estimates		*Revised Estimates				

Source: Ministry of Tourism, Annual Report 2016-17.

4.3 Foreign Tourist Arrivals (FTAs)

During 2011 FTAs in India were 6.31 million with a growth of 9.2% over 2010. FTAs during 2012 were 6.65 (provisional) million with a growth of 5.4%, as compared to the FTAs of 6.31 million during 2011.

4.4 Foreign Exchange Earnings (FEE) from Tourism

Tourism is an important sector of Indian economy and contributes substantially in the country's

Foreign Exchange Earnings. FEEs from tourism, in rupee terms, during 2011 was Rs.77, 591 crore (provisional), with a growth of 19.6%, as compared to the FEEs of Rs.64, 889 crores (provisional) during 2010.

During 2012, the Foreign Exchange Earnings (FEEs) from tourism registered a growth of 21.8% from Rs.77,591 to Rs. 94,487 crore (provisional) when compared to FEEs during 2011. A statement giving FTAs in India and FEEs from tourism from the years 2000 to 2012.

4.3 Relationship between Foreign Tourist Arrival and Foreign Exchange Earnings

YEAR	FTA	FOREIGN EXCHANGE
2000	2649378	15626
2001	2537282	15083
2002	2384364	15064
2003	2726214	20729
2004	3457477	27944
2005	3918610	33123
2006	4447167	39025
2007	5081504	44360
2008	5282603	51294
2009	5167699	53700
2010	5775692	64889
2011	6309222	77591
2012	6648318	94487
2013	69,67,601	1,07,671
2014	76,79,099	1,23,320
2015	80,27,133	1,35,193
2016	88,04,411	1,54,416
2017	10081500	10081500

CORRELATIONS

		FTA	Foreign Exchange
FTA	Pearson Correlation	1	.970(**)
	Sig. (2-tailed)		.000
	N	18	
Foreign Exchange	Pearson Correlation	.970(**)	1
	Sig. (2-tailed)	.000	
	N		18

** Correlation is significant at the 0.01 level (2-tailed).

Above table analysis that Foreign Tourist arrival and generation of Foreign Exchange have perfect correlation between these two variables ($r = .970$). It also analyses that both of these variables have perfect relationship between them. So under this case Null Hypothesis is rejected and Alternative Hypothesis is accepted i.e. there is perfect correlation between Foreign Tourist arrival and generation of Foreign Exchange.

5. CONCLUSION

The tourism industry of India is economically important and grows rapidly. Given the role of travel & tourism sector in 'inclusive growth', the Indian government has taken varied initiatives for stimulating domestic and international investments in this sector. India's travel and tourism sector ranks 7th in the world in terms of its total contribution to the country's GDP, as per a new report of the WTTC. According to data, the travel and tourism sector generated Rs 14.1 trillion (USD208.9 billion) in 2016, which is world's 7th largest in terms of absolute size; the sum is equivalent to 9.6% of India's GDP. India is expected to establish itself as the third largest travel and tourism economy by 2028 in terms of direct and total GDP, a 2018 economic impact report by World Travel & Tourism Council (WTTC) has said. The WTTC report, also said India will add nearly 10 million jobs in the tourism sector by 2028 and that the total number of jobs dependent directly or indirectly on the travel and tourism industry will increase from 42.9 million in 2018 to 52.3 million in 2028. Calling India the seventh largest travel and tourism economy in the world, Gloria Guevara, president and chief executive of WTTC, said India should be working on improving tourist infrastructure.

While analyzing the foreign tourist arrivals and foreign earnings in India during last twelve years perfect correlation was observed and so far as its positive impact is concerned it was noticed on Generating Income and Employment, Source of Foreign Exchange Earnings which 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. Thus Tourism has strong linkage with the economic growth and development in India.

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