

Prospects of Tourism Industry in India: A Micro Study

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Abstract

Tourism is travel for recreational, leisure, or business purposes, usually of a limited duration. Tourism is commonly associated with trans-national travel, but may also refer to travel to another location within the same country. Tourism is a major engine of economic growth and important sources of foreign exchange earnings in India. Travel and tourism industry is the second highest foreign exchange earner for India. It is also a major contributor to the national integration process of the country and encourages preservation of natural as well as cultural environments. India's travel and tourism sector ranks seventh in the world in terms of its total contribution to the country's Gross Domestic Product, shows a new report by the World Travel & Tourism Council.

In the present paper the prospects of Indian tourism industry has been studied. For this purpose, data has been collected from secondary sources such as Market Research Division, Ministry of Tourism, Government of India and Incredible India (2018). Compound Annual Growth Rate (CAGR) and Trend Analysis have been calculated. Results showed that tourism is the largest service industry in India, with a contribution of Compound Annual Growth Rate (CAGR) was increases in International Tourist Arrivals and also increases in Foreign Exchange Earnings. Tourism in India is the industry was the culture, tradition and heritage of a country is utilized in profit making way. It's a platform to expose nation's legacy. Economically tourism plays a vital role in hiking the GDP and to provide direct and indirect employment opportunities to the people. Through the findings we can conclude that the main service sector of tourism were in strong growth and prospects which results in sustainable development of the nation.

Keywords: Tourism Industry, Travelers, Foreign Exchange Reserve, Economy Development.

Introduction

India was a late starter in this field and the Indian Government did not realize its economic significance till the 1970's. Now, tourism has been given the status of an Export industry by the Ministry of Tourism and the Planning Commission. Today, tourism is a major source of income for many countries, and affects the economy of both the source and host countries, in some cases being of vital importance. The significant feature of tourism industry is that it employs a large number of people and generates employment opportunities, particularly in remote and backward areas. It also contributes to the economic development of an area and a country as a whole. Due to the increase of both domestic and foreign tourist arrivals to India, the Indian planners have given high priority to the expansion of infrastructural facilities.

Review of Literature

Shalini N. Tripathi & Masood H. Siddiqui (2010) mentioned that tourism and hospitality have become key global economic activities as expectations with regard to our use of leisure time have evolved, attributing greater meaning to our free time. While the growth in tourism has been impressive, India's share in total global tourism arrivals and earnings is quite insignificant. It is an accepted fact that India has tremendous potential for development of tourism

Archana Bhatia (2013) mentioned that tourism today is a leisure activity of the masses. People today travel to international destinations to break the regular monotony of life. They are mainly attracted by either the scenic beauty of its nature or by fascinating leisure, sports and adventure activities offered by the destination. But every destination has some internal strengths and weaknesses that either enhance its capacity to attract foreign visitors or diminish it. Similarly from the external environment can originate various opportunities or threats as well.

Anushree Banerjee (2014) stated that the major issues that are restraining the industry from achieving high economic value are shortage of qualified personnel, shortage of tourism training institutes, shortage of well qualified trainers, working conditions for the employees. Policies which can help the employees to work in supportive environment are also a point of concern. The paper is an attempt to judge the work done by the HRD team of the tourism industry with special reference to Jet Airways India Ltd. This in turn can enhance the capabilities and motivate them to work more efficiently.

Murugaiyan and Sasijeyanthi (2017) in the research article explain the tourism industry is the mainstay of Macao's economy. Tourism is travel for pleasure; Also the theory and practice of touring, the business of attracting, accommodating, and entertaining tourists, and the business of operating tours. Domestic tourism is as important for India as international tourism. The money spent by domestic tourist has the same impact on the local economy as the money spent by foreign tourist. Hence the present study concentrates the demographic profile of the respondents and the various attitude of domestic tourist in Madurai district. The various statistical tools used by the respondents are percentage analysis, chi – square test and so on.

Objectives of the Study

The objectives of the study are as follows:

1. To know the origin and history of tourism industry in India.
2. To identify the prospects of tourism industry from 2000 to 2018 in India.

Sampling and Methodology of the Study

The present research paper is mostly based on secondary data sources. We have collected secondary data required for this paper from Reports of the Ministry of Tourism, Govt. of India 2018, India Tourism Statistics at a Glance 2018, Statistical Handbook of India, and other related information has been collected from the policy papers as well as research papers published in various journals. All collected data was analyzed with the help of trend line analysis done in the following aspects are Foreign tourist arrivals (FTAs), Foreign exchange earnings (FEEs), Domestic and foreign tourist's visits were the base data observed for the period of 18 years from 2000 to 2018 from the website. Compound Annual Growth Rate (CAGR).

COMPOUND ANNUAL GROWTH RATE (CAGR):

The compound annual growth rate (CAGR) is a business and invest term that is used to refer the mean annual growth rate of an investment over a certain period of time usually longer than one year. The formula for calculating compound annual growth rate is,

$$\text{CAGR} = ((\text{End Value}/\text{Start Value}) ^ {1/ (\text{Periods})}) - 1$$

Results and Discussion

Growth of Tourism Industry in India

A growth of Tourism industry in India since 2000 to 2018 is continually growing in respect of number of foreign tourists' arrivals and foreign exchange earnings. According to the annual report of tourism industry of 2017-18, the progress of Tourism industry is shown in the Table No.1

Table No1: Foreign Tourist Arrivals (FTAs) in India, 2000-2018		
Year	FTAs from Tourism in India (in Million)	Percentage (%) change over the years
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
2014	7.68	10.2
2015	8.03	4.5
2016	8.80	9.7
2017	10.04	10.14
2018	10.56	5.2

Source: Indian Tourism Statistics at a Glance 2018.

Chart No.1

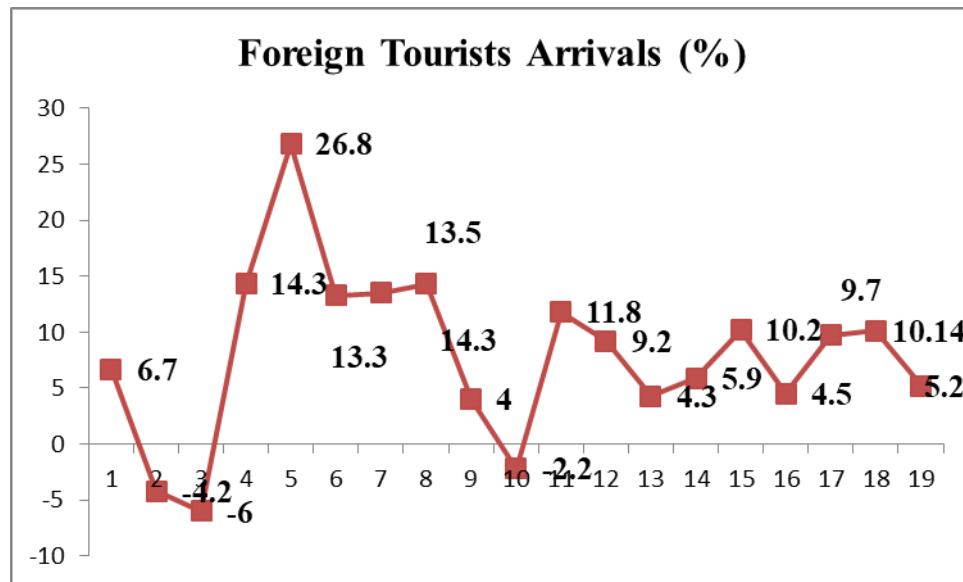


Table No1 indicates the growth of foreign tourists' arrival in India. If we consider the trends in foreign tourists arrivals in India since 2000 to 2018 there is continuous growth. The Figure No 1 depicts the trend line in foreign tourists' arrivals. From the compound annual growth result express that during 2004 the change of growth rate was high of 26.8 per cent and during 2002 the change of growth rate was very low of -6.0 during study period.

Foreign Exchange Earnings from Tourism Sector

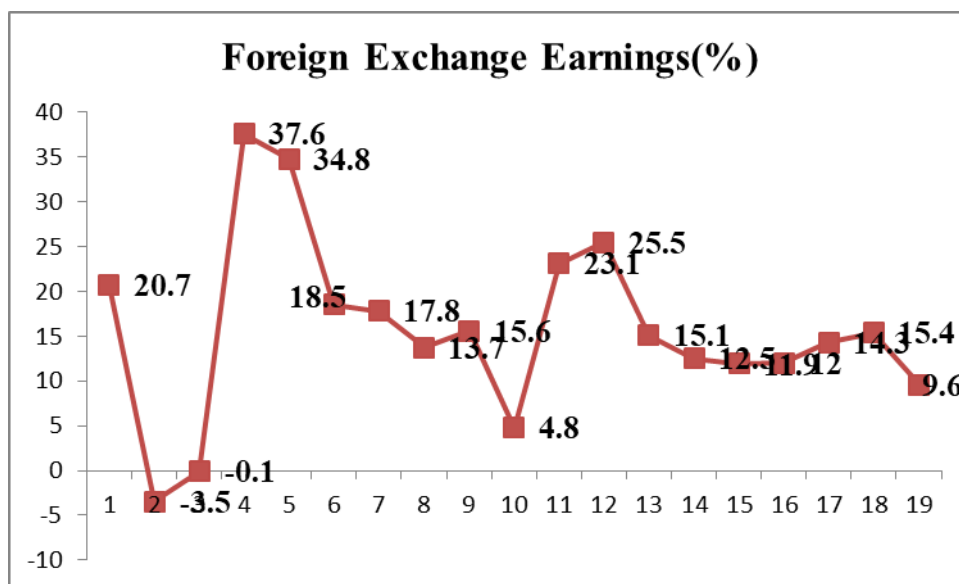
It is necessary to consider the economic significance of tourism industry in India. The total fess collected from the foreign tourists arrival in India and the changes in it since 2000 to 2018 gradually increased from 15626 in Rupees to 194882 in Rupees. It indicates that tourism industry has given continuously 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 RS in Crore)		
Year	FEE from Tourism in India	Percentage (%) change over the previous year
2000	15626	20.7
2001	15083	-3.5
2002	15064	-0.1
2003	20729	37.6
2004	27944	34.8
2005	33123	18.5
2006	39025	17.8
2007	44362	13.7
2008	51294	15.6
2009	53754	4.8
2010	66172	23.1
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	194882	9.6

Source: Indian Tourism Statistics at a Glance 2018.

The above table indicates the growth of foreign exchange earnings in India. If we consider the trends in foreign exchange earnings in India since 2000 to 2018 there is continuous growth. The Figure No 1 depicts the trend line in foreign exchange earnings. From the compound annual growth result express that during 2003 the change of growth rate was high of 37.6 per cent and during 2001 the change of growth rate was very low of -1.35 during study period.

Chart No.2



State wise 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 Tamil Nadu, Maharashtra, UP, Delhi, Rajasthan, West Bengal, Punjab, Kerala, Bihar and Goa. The number of foreign tourists’ visit frequently visits to the important places to these states. The total number of foreign tourists visits to these states in 2018 shown in the Table No. 3

Table No 3 : Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2018		
Rank State/UT	Foreign Tourist Visit in 2018 (P)	
	Number	Percentage Share %
Tamil Nadu	6074345	21.0
Maharashtra	5078514	17.6
Uttar Pradesh	3780752	13.1
Delhi	2740502	9.5
Rajasthan	1754348	6.1
West Bengal	1617105	5.6
Punjab	1200969	4.2
Kerala	10964407	3.8
Bihar	1087971	3.8
Goa	933841	3.2
Total of Top 10 States	25364754	87.9
Others	3507630	12.1
Total	28872384	100

Source: Indian Tourism Statistics at a Glance 2018.

Table No3 indicates the share of 10 important states of India in respect of the development of tourism industry. Tamil Nadu, Maharashtra, UP and Delhi are the four most important states which contributes 61.2% of foreign tourists arrival in 2018. Remaining states are also important regarding foreign tourists visits. The share of these 10 states about 87.9% in total tourists' arrival in India.

Summary and Conclusion

- . It is identified that the Foreign Tourists Arrivals to India, From the compound annual growth result express that during 2004 the change of growth rate was high of 26.8 per cent and during 2002 the change of growth rate very low of -6.0 during study period.
- It is captured that the trend line in foreign exchange earnings. From the compound annual growth result express that during 2003 the change of growth rate was high of 37.6 per cent and during 2001 the change of growth rate was very low of -1.35 during study period.
- It is find that the share of 10 important states of India in respect of the development of tourism industry. Tamil Nadu, Maharashtra, UP and Delhi are the four most important states which contributes 61.2% of foreign tourists arrival in 2018.

Tourism in India is the industry was the culture, tradition and heritage of a country is utilized in profit making way. It's a platform to expose nation's legacy. Economically tourism plays a vital role in hiking the GDP and to provide direct and indirect employment opportunities to the people. Through the findings we can conclude that the main service sector of tourism were in strong growth and prospects which results in sustainable development of the nation.

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