

CONTRIBUTION OF TOURISM INDUSTRY IN CREATION OF ECONOMIC OPPORTUNITIES IN INDIA

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ABSTRACT

India is a fast growing economy in the world, with the contradiction that it has a vast percentage of population living with poverty. In order to overcome this problem, we must think of creating economic opportunities. Business sectors apart from government play a key role in this area. Tourism sector, being one of the fastest growing industries in the world and country can contribute maximum in creating economic opportunities. This paper studies the total contribution of tourism sector in creation of economic opportunities focusing upon its direct and indirect contribution in the nation's Gross Domestic Product, providing employment and generation of foreign exchange over a period of past ten years. It also studies the opportunities and challenges present to this sector and suggest measures for its development.

KEYWORDS: Tourism Industry, Economic Opportunities, Impact On Economy, Foreign And Domestic Tourists.

INTRODUCTION

In India, Tourism is one of the fastest growing service industries with enormous potentials for its further expansion and diversification [1]. The events like 20/20 IPL Cricket matches, Commonwealth Games, visit of President Obama of USA and many more have been a big catalyst for prompting tourism in India and making it a large market for travel and tourism. The initiative of Tourism ministry such as the 'Incredible India' campaign is playing an important role in promoting India's culture and attracting tourists in an impressive way. Direct employment created by tourism in India was 15.5 million during 1999-2000. The number of foreign tourists in 2000 was 26.41 lac. Travel & Tourism sector in India contributes INR3,680.4bn (US\$79.6 billion) or 8.8% of the

total GDP in India in the year 2011 [2]. Today, Tourism Industry is a multibillion industry in India and is growing continuously. It is generating huge employment opportunities, earning a large amount of foreign exchange and stabilizing the country's economic and social development. GDP is expected to be at US \$ 187.3 billion by 2019 through travel and tourism. Medical tourism in India has gained considerable popularity in recent years [3]. India has a major cost advantage in this field compared with other countries. For example, Open heart surgery in UK and US are approximately \$ 70,000 and \$ 1,50,000 respectively, while in India it comes in the range between \$ 3000 to \$ 10,000.

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Similarly, Knee, Dental, eye and cosmetic surgeries cost three to four times cheaper in India as compared to Britain. Medical tourist usually gets a package that includes flights, treatment, hotels and usually post-operative vacation and rejuvenation therapies [4]. An empirical relation has been developed by Krishna Murthy [5] between the growth in agriculture and tourism sectors in context of the overall growth of the economy.

The impact of agric tourism on GDP growth is assessed through multiple linear regression method. The contribution of pilgrimage tourism in gross foreign exchange is 15 to 17 percent. Pilgrimage Tourism is the third largest foreign exchange earner for India. It integrates people from different regions of India as people travel across different corners of country and enjoy the hospitality of one another.

Travelers visit famous pilgrim spots like Badrinath, Kedarnath, Mount Kailash, Vaishno Devi, Rishikesh, Haridwar, Amritsar in the north, the Sabarimal, Rameswaram, Madurai and Tirupati in the south, PuriJaggannath temple in the East and ShirdiSai Baba temples, the magnificent churches of Goa in the western part, the Ujjain, Omkareswar, Sanchi and Ajmer in the central India. Pilgrimage Tourism keeps more than 15 per cent of Indians population moving and significant contribution to overall GDP. Adventure, Heritage, Eco, Wildlife etc. are other forms of tourism leading to the contribution in India's GDP.

Here, wildlife viewing brings stress for the animals and alter their natural behavior when tourists come too close. Safaris and wildlife watching activities have a degrading effect on habitat as they often are accompanied by the noise and commotion created by tourists [6]. Neeta Rath [7] discussed pros and cons involved with the development of tourism industry in the country.

DIRECT CONTRIBUTION OF TOURISM SECTOR TO INDIA'S GDP

The tourism sector has direct, indirect and induced impacts on the economy. The direct contribution refers to the total spending for travel and tourism within the country by residents and non-residents for leisure and business purposes. It also includes spending by government on tourism services directly linked to visitors, such as maintenance of museums, national parks etc. The direct contribution includes revenues generated by sectors such as hotels, airlines, airports, travel agents, adventure sports, wild life parks, museums and all tourist related services.

TOTAL CONTRIBUTION OF TOURISM SECTOR TO INDIA'S GDP

The total contribution of Travel and tourism includes direct as well as indirect and induced impacts also on the economy. The indirect contribution includes government's total spending on tourist related activities like tourism marketing, aviation, security services, administration, sanitation near tourist spots etc. It also includes domestic purchase of goods and services by the sectors dealing directly with tourists, such as purchase of food and beverages by hotels, fuel and catering services by rail and airways, IT services by travel agents etc.

The induced contribution includes all those spending generated by sectors directly or indirectly engaged by the tourism industry.

DIRECT CONTRIBUTION OF TOURISM SECTOR TO EMPLOYMENT

Direct contribution of tourism to employment includes employment by hotels, travel agents, airlines and other passenger transportation services. It also includes the activities of the restaurant and leisure industries directly

supported by tourists. Figure 3 portrays the direct contribution of tourism sector to employment in our country from 2007 to 2017.

CONTRIBUTION TO THE FOREIGN EXCHANGE

Visitor exports are a key component of the direct contribution of Travel & Tourism. Tourism sector is the third largest foreign exchange earner for the country. Figure 5 depicts the growth of Foreign Visitor Exports and international tourist arrivals in India over the period of 10 years. Around 8.89 million foreign tourists arrived in India in 2016 which generated 1,529.3 billion rupees in visitor exports. In 2017, this is expected to grow by 5.4%, and the country is expected to attract 9,450,000 international tourist arrivals.

Share of India in International Tourist Arrivals is only 0.68%. India's rank in International Tourist Arrivals is 40th and share of India in International Tourism Receipts 1.71%. India's rank in International Tourism Receipts (As per RBI's estimate) is 14th.

This shows that despite being such a large country with wide variety we lag much behind in foreign tourist arrivals which are a major source of foreign exchange. A clear cut distinction is required not only in domestic and foreign tourist needs, but the country wise segmentation is also essential to grab more tourists from those markets.

DOMESTIC TOURIST VISITS IN INDIA

Ministry of Tourism compiles data on tourist arrivals and visits to States/ Union Territories (UTs) on the basis of details received from various sources namely Bureau of Immigration and States /UTs.

During 2016, the number of Domestic Tourist Visits (DTV) to the States/ UTs was 1653

million approximately as compared to 1432 million in 2015 registering a growth of 15.5 %.

While significantly a higher double digit growth rate of 16.5% has been witnessed correspondingly in the month of January 2017 over January 2016, a similar higher growth rate is observed in the (DTVs) during 2016, recording a marvelous growth rate of 15.5% over 2015.

The contribution of the top ten States/ UTs during 2016 stands at about 84.2% to the total number of DTVs. The top 10 states/UTs of India in number of domestic tourist visits in 2016 is Tamil Nadu, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Karnataka, Maharashtra, West Bengal, Telangana, Gujarat and Rajasthan.

CONCLUSION

Tourism has developed as the largest industrial sector in India thereby generating 1 out of 11 jobs, contributing 9.5 percent to the nations GDP and contributing as the third largest foreign exchange earner after gems, jewellery and readymade garments. The sector contributes 34.3 percent directly, 53.2 percent indirectly and 12.5 percent by induced means to the GDP. The contribution to GDP can be divided as 88 percent by domestic tourists and 12% by foreign visitors. Tourism industry, in current scenario, is contributing significantly in creating economic opportunities and is crafting developments in remote areas of India through the theme of rural tourism.

The policies and support of government has ensued a tremendous growth in tourism in India at various levels. More of serious efforts by government, implementation of policies and rules, creation of awareness are certain points to be stressed upon so that the huge potential of tourism industry can be exploited for the development of country's economy.

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