



Tourism in India and Its Importance in National Economy

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Abstract

Tourism is one of the world's largest and fastest growing industries. Unlike other industries, it has to depend largely on a number of allied industries. Like hotel, restaurant. Transport etc. It is, therefore, properly called a combination of inter-related industries.

India is really a Tourists Paradise. Tourism helps in a 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, and indirect employment. It produces a vast spectrum of employment from highly qualified and trained managers of star hotels to room boys, sales girls and artisans with its faster growth new horizons of employment open up for youth of the developing countries. 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. It has become the fastest growing service industry in the country with great potentials for its further expansion and diversification. This paper analyses the change in number of tourist arrivals from 1997 to 2017, in economic growth and the development of tourism. The number of tourist arrivals is directly proportional to the economic growth. India witnessed a grand total of 6.64 million foreign tourist arrivals with annual growth rate of 4.3% in 2012. It rose to 8.69 million in 2017. It is the second largest foreign exchange earner in India recording estimated earnings of Rs. 94487 crore in 2011-12. And rose to Rs 1,52,570 crore in 2017, with world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030. The domestic tourism is also a major factor which is contributing to the growth in tourism sector.

Key Word:- Tourism, Employment, Gross Domestic Product, Investment, foreign exchange, Tourist Arrivals.

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1. INTRODUCTION

Just thirty years ago tourism was scarcely known as an industry worth promotion but picture has changed and now tourism is a magnificent industry which have immense economic advantages to those countries which encouraged it in incomes, the easy safe and cheaper transportation and the willingness of the governments to offer incentives, including permission to international hotel chains and airlines to operate freely, has given a big boost to tourism. The perspective of this unique business have fascinated everyone that is why in economical and social quarters people have started to call tourism as an industry.

A major world industry, tourism generates an income of 100 billion US Dollars per annum while the world tourism traffic exceeds 800 million. Tourism is the biggest business in world today and the faster growing sector. It is already twice the size of oil industry. It is a business from which everyone benefits; from the airlines companies and travel agents to the craftsmen in villages scattered all over from big hoteliers and shop keepers to the small traders, taxi drivers, waiters and so many hundreds more¹.

The establishment of a separate ministry gave a big boost and new dimensions to the tourism and gradually it started to be recognized as an industry, highly capable of foreign exchange earning and employment provider. Though in the beginning a few so-called stalwarts in political and academic spheres; who were not keeping themselves with the tune of time hesitated to award the industry status to tourism but thanks to Government of the India which showed its fullest determination and encourage to promote tourism as an industry.

India's position in the world of tourism is insignificant. China ranks eighth, followed by the United States, France, Italy, Britain, Austria, Germany and Hong Kong in 1996, in terms of tourism receipts. India has only 58,041 rooms in its hotels while Las Vegas alone has 100,000 rooms. Bangkok provide more room than the whole of India. Now Indian Hotel Industry has geared itself to meet the projected 1.25 lakhs room requirements in the next 5 years to meet the hotel accommodation demand of the anticipated 10 million foreign tourist in India by the end of this decade.

The tremendous growth of tourism is clear by the profits earned by Public Sector Indian Tourism Development Corporation (ITDC). It earned a record profit of Rs. 5.08 crore in the year ending on March 31, 1986 while this figure was Rs. 1.25 crore in the previous year².

1. (A) Foreign Tourists Visiting India

Year	No. of Tourists
1951	16,829
1955	33,269
1960	1,23,095
1965	1,47,900
1970	2,80,281
1975	4,65,265
1980	8,00,150
1981	8,53,148
1982	8,60,178
1983	8,84,731

1984	8,35,503
1985	8,36,908
1986	10,80,050
1987	11,63,774
1988	12,39,992
1989	13,37,232
1990	13,29,950
1991	16,77,503
1992	16,67,651
1993	17,64,830
1994	18,86,433
1995	21,23,633
1996	22,87,860
1998	23,62,420
2000	24,49,370

Source: Ministry of Tourism, Government of India.

The fall in the number of tourists in the year 1984-85 was apparently due to some political problems. But 1986-87 is a remarkable year for Indian tourism as the number of foreign arrivals exceeded the millionth mark.

(B) Tourist arrivals in India from 2000 to 2017

Year	Foreign Tourist Arrivals In Numbers	Domestic Tourist Visits In Numbers	Total Number Of Tourist Arrivals
2000	2449370	220106911	222756289
2001	2537282	236469599	239006881
2002	2384364	269598028	271982392
2003	2726214	309038335	311764549
2004	3457477	366267522	369724999
2005	3918610	392014270	395932880
2006	4447167	462321054	466768281
2007	5081504	526564478	531645982
2008	5282603	563034107	568316710
2009	5167699	668800482	673968181
2010	5775692	747703380	753479072
2011	6309222	864345107	870654392
2012	6648318	1044992334	1051641552
2013	6967601	1145312584	1152280185
2014	7679099	1281604781	1289283880
2015	7987112	1391004975	1398992087
2016	8292114	1408006792	1416298906
2017	8691218	1498107812	1506799030

Source: Ministry of tourism, Government of India

The Tourist arrival to the India showed a tremendous growth over the years. The number of foreign tourist inflow into India during the year 2000 was 2649378. On the other hand the flow of number of domestic tourist was 220106911.

In all other years, we can see a rapid growth in the number of foreign tourist arrivals except 2002 and 2009 where there is decrease in foreign tourist arrivals. But the domestic tourist arrival showed a rapidly growth in all two years the total number of tourist arrival in the year 2017 was 1506799030 including 7679099 foreign tourists and 1498107812 domestic tourist.

2. GENERATION OF FOREIGN EXCHANGE

The foreign exchange earnings of the country increased from Rs. 2613 crore in 1990 to Rs. 152570 crore in 2017. The average annual growth rate of foreign exchange earnings was 14.5 percent in 2017. Foreign Exchange earnings from tourism show an increasing trend over the years. It was 152570 crore in 2017 as compared to Rs. 146465 crore in 2016. The growth rate of the earnings in 2017 was 8.3 percent as compared to in 2016 percent. On the other hand, foreign exchange earning in US \$ term in 2017 were US \$ 25610 million with a growth rate of 8.65 percent as compared to US \$ 23570 million in 2016.

Foreign Exchange Earning From 2000 To 2017 In India

Year	Foreign Exchange Earnings (Crore Rs.)	Foreign Exchange Earnings (Million Us \$)
2000	15626	3460
2001	15083	3198
2002	15064	3103
2003	20729	4463
2004	27944	6170
2005	33123	7493
2006	39025	8634
2007	44360	10729
2008	51294	11832
2009	53700	11136
2010	64889	14193
2011	77591	16562
2012	94487	17737
2013	107671	18445
2014	123320	20236
2015	135450	21948
2016	146465	23570
2017	152570	25610

Source: Ministry of Tourism, Government of India

3. MODERN TOURISM

In India, organized tourism in modern sense of the world, started only twenty year ago, when a small tourist traffic section was set up by the Government of India in the Ministry of Transport. It was treated like foster child. It was never treated as a business proposition and its commercial

aspects was completely ignored. The attitude was : "Tourists will have to come to India so long as 'Taj Mahal' is there". The Tourist Traffic Division during the course of years expanded its activities and grew into a department of Government of India with a network of tourist offices in India as well as abroad³. Attempts are also being made to attract more tourist. Greater emphasis is being laid on publicity and in providing most satisfactory services to the foreign visitors, who come to our country.

4. ROLE OF INDIAN TOURISM DEVELOPMENT CORPORATION

Indian Tourism Development Corporation was established on 1st October, 1966 by merging three different corporations:

- (i) Hotel Corporation of India;
- (ii) Indian Tourism Transport Undertaking;
- (iii) Tourism Corporation of India. The aim of new corporation is to help in creating a suitable tourism infra-structure.

Its main objectives are construction and management of hotels, restaurants, travel lodges, provision of transport facilities to tourists, entertainment facilities by way of cultural shows, production and sale of tourist publicity material and provision of shopping facilities to tourists⁴.

Federation of Hotel and Restaurant Association of India:

The Federation of Hotel and Restaurant Association of India is another important institution which represents the voice of India's hospitable industry. It tries to study and solve the various problems confronted by its member - Restaurant and Hotel owners. It tries to make a substantial contribution to the promotion of tourism. Among the states, Rajasthan has been the pioneer state to set up an independent department to look after the promotion of tourism. It was established in 1956. Tourist traffic to Rajasthan increased from 1500 in 1956 to 28000 in 1966.

5. IMPORTANCE OF TOURISM IN NATIONAL ECONOMY

Travellers from far and wide used to visit India from times immemorial. They were fascinated by our rich and diverse cultural heritage. We are anxious to preserve it for centuries. Tourism in modern times has been recognized as an Industry and Central Government / State Government have given it a push in their respective regions. The Central organization has rightly provided the requisite policy framework for development of Tourism on healthy lines and drawn up a comprehensive National Tourism Policy. Its main components are - Diversification from culture - Oriented Tourism to Holiday / Leisure Tourism and exploration of new Tourist generation markets⁶.

India has at last realized that Tourism can become a much larger "Foreign Exchange Earner" than at present. It gets only about half a percent of worlds' Tourists, so far we have banked on "Cultural Tourism" - Little done to provide necessary facilities - one could hardly get even a glass of water at Fatehpur Sikri (Agra) where a Tourist complex has come up. A Golf course at a cost of Rs. 9 crores has been set up in Gulmarg (Kashmir). An ambitious plan for putting up world's largest cable car route is in way.

As Tourism is the major source of Foreign Exchange, the Central Government has made Fifty percent of Hotel Revenue earned in foreign exchange as Income Tax Free and balance will also not be taxed if it is re-invested in Tourism.

Steps are being taken by Government of India to improve the Transport Infrastructure. An investment of Rs. 20,000 crores in Civil Aviation is envisaged by the end of twentieth century. Forty two aircrafts for Air India and Fifty for Vayudoot, one hundred ninety three for Indian Airlines will be purchased under this plan Rs. 3000 crores will be invested in upgradation of Airports and related activities.

Tourism is an Industry without smoke and it is Education without classroom: Tourism is like a cultural and technological ambassador, it is an industry and economic multiplier. It is an instrument of social progress and also an essential part of right of leisure. Tourism is a promoter of National Integration and International understanding, goodwill and peace.

6. ECONOMIC IMPORTANCE OF TOURISM

Tourism is also of great significance. Travel is the fourth dimension of Modern Economics. Travel demand is fairly heterogeneous and is characterized by motivating factors on one hand and satisfaction of demand on the other.

Modern Tourism is a direct product of the economic and social progress, promoted by technological and scientific advances, higher real income, longer leisure time, demographic expansion and cheap/varied tourist plant facilities, provide essential conditions for growth of Tourism.

Due to rapid growth and remarkable development of Tourism, Tourism has developed into a mass activity turning it into an immense enterprise. The innovations in industrial and production technology providing more leisure, increase in disposable income of the people with the expansion of economic prosperity, diffusion of modern transport technology, widespread use of improved communication system and promotion of marketing facilities have all contributed to the rapid growth to tourism.

7. TOURISM- A CATALYST TO ECONOMIC GROWTH

Tourism is catalyst to economic growth and foreign exchange earnings. It is a multi-billion dollar activity. The second largest industry after oil and largest single employer in the world. Apart from removing regional imbalances and opening new growth centres, providing employment opportunities for young men and women, yielding tax revenues to the government sustaining many trades like handicraft etc.

Today millions seem to enjoy the prospect of moving from one continent to another in a matter of hours. Prosperity and leisure coupled with the quest for pleasure and recreation are the principal motivating factors which sustain the development of mass movement of people. The force behind this phenomenon is '**Tourism**' - one of the greatest twentieth century paradoxes - "The Leisure Industry." The tourism is a highly labour industry offering employment to both semi-skilled and unskilled. Tourism is an important means of promoting cultural exchanges and international cooperation.

The Complex nature of Tourism phenomenon implies that various academic disciplines are involved-Economics, Psychology, Sociology, Geography, Management, Marketing, Planning, Statistics and Market Research.

Social Tourism is a type of tourism practiced by low income groups and which is rendered possible and facilitated by entirely separate and easily recognizable services. Social Tourism is the

type of tourism practiced by those who would not be able to meet the cost without social intervention:

- (i) Majority of social tourists are manual workers, and
- (ii) Social tourism is subsidized by the States, local authorities, trade unions, employees clubs to which the worker belongs.
- (iii) It involves travel outside the normal place of residence, preferably to a different environment. Some governments have enacted special legislation on social tourism directed mainly to –
 - (i) Holidays for certain groups of workers specially young.
 - (ii) Assistance in creating suitable accommodation facilities.
 - (iii) Holiday financing.
 - (iv) Special incentives.

Tourism is now rightly added to the long list of establishment industries with tremendous economic and social potentiality. The income generation and employment capabilities of the industry are quite considerable. The income generation and employment capabilities, this industry are quite considerable. By 1979, this earning rose to 450 thousands millions dollars whereas the world travel revenue was estimated to thirty thousands million dollars in 1929.

Tourism is also being recognized as a source of employment. It is a major source of income and employment for individuals in many places deficient in natural resources.

Apart from the Economic significance, the Social Significance of Tourism is equally important. In the field of International relations, tourism plays a positive role. It is a potential force for bringing about world peace and international understanding. The mutual understanding and appreciation is equally important at the national level particularly for a country like India, with varied cultural, religious and linguistic groups. This could be better developed by positive actions taken by the central and State Governments to develop "Domestic Tourism".

Tourism is an important human activity of great significance. It has socio-cultural, educational and political significance as well. Tourism had become one of the pivotal concerns of nations and the international community.

The complex nature of tourism phenomenon implies that various academic disciplines are involved in its study. Some basic disciplines such as Economics, psychology, sociology and Geography contribute a great deal. Certain newer disciplines of management and marketing have been introduced and they play a significant role. Techniques such as planning, statistics and market research are also involved and are used extensively by tourism enterprises. Tourism plays a significant role in the prosperity of any nation.

8. CONCLUSION

Tourism sector is one of the fast growing service sectors in the world. It acts as a powerful instrument for economic growth. India a unique and perfect destination for both domestic and foreign visitors. India's wide variety of flora; fauna, tourist destination health and wellness centers, eco-tourism sports, adventure activates, culture, heritage, educational institutions etc attract both domestic as well as foreign tourists towards it. The increase in the tourist arrivals have resulted in the rapid growth of tourism sector in India. The growth of tourism sector has resulted in employment generation, foreign exchange earnings, promotion of modern tourism, expansion of infrastructure facilities, capital investment, socio-economic growth; increasing in the

contribution to G.D.P and so on India has evidenced sustainable and inclusive economic growth due to the wide expansion of tourism sector.

Tourism is a multi-dimensional and service oriented industry all divisions of the central and state governments, private sector and voluntary organizations become active partners in the attempt to attain sustainable growth in tourism of the country. The total number of foreign tourist arrivals in the country has augmented several times. It showed an increasing trend except few years during the study period.

The foreign exchange earnings of the country through tourism has increased more than seven times from 2000 to 2017. It proves that the economical, political and social amity has positive impact on the arrival and receipts of the tourist industry in countries.

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