



## Tourism – A Potential Sector for Development

### KEYWORDS

Tourism, Foreign Exchange Earnings, Foreign Tourist

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**ABSTRACT** *In modern era, tourism with 9.1 percent growth rate playing crucial role in the economic development of India and brought the status of fifth rank to the country in the world. Tourism sector started playing a prominent role in enhancing Foreign Exchange Earnings year after year by attracting tourist from all over the world. The alleyway played by the top 10 states of India made them attractive tourist destinations. Advertisement about significant places and events, security to the foreign tourists, development of world class infrastructure and amenities in tourist spots and conversant guides help the tourist sector to reap more benefits in forth coming years.*

### Introduction

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses growing number of new destinations. These dynamics have turned tourism into a key driver for socio-economic progress. India is one of the popular tourist destinations in Asia. Bounded by the Himalayan ranges in the north and surrounded, on three sides by water (Arabian Sea, Bay of Bengal and Indian Ocean). India offers a wide array of places to see and things to do. The enchanting backwaters, hill stations and landscapes made India a beautiful country. Historical monuments, forts etc. add to the grandeur of the country. These attract tourists from all over the world.

Dynamic tourism started playing crucial role in the country's economy GDP as well as Foreign Exchange Earnings (FEE). It has the potential to stimulate other economic factors through its forward and backward linkages with a host of sectors like agriculture, manufacturing, transport, hospitality, education, health, banking, etc. Expenditure on tourism induces a chain of transactions requiring supply of goods and services from these related sectors. The consumption demand, emanating from tourist expenditure also creates more employment and has a multiplier effect on the economy. As a result, additional incomes and employment opportunities are generated through such linkages. Thus, the expansion of the tourism sector can lead to large scale employment generation and poverty alleviation. The economic benefits that flow into the economy through growth of tourism in the form of increased national and state revenues, business receipts, employment, wages and salary income, buoyancy in Central, State and local tax receipts can contribute towards overall socio-economic improvement and accelerated growth of the economy.

The present article presents the data relating to changing number of Tourists to India from all over the world along with country wise visitors to India. It also attempts to illustrate the number of foreign tourists visited different states of India. Most important aspect, the Foreign Exchange Earnings (FEE) occurred to India are also outlined. Besides, the article attempts to give the facts and suggest certain measures to attract the foreign tourists hereby can earn more and more foreign exchange to improve the National Income of India.

### Tourism in India

Tourism in India is a large industry. The World Travel and Tourism council calculated that tourism generated \$121 billion or 6.4 percent of the nation's GDP in 2011. It was responsible for 39.3 million jobs, 7.9 percent of its total employment. The GDP of the tourism sector has expanded 229 percent

between 1990 and 2011. The sector is predicted to grow at an average annual rate of 7.7 percent in the next decade. In a 2011 forecast the World Travel and Tourism Council predicted the annual growth to be 8.8 percent between 2011 and 2021. This gave India the fifth rank among countries with the fastest growing tourism industry. In the year 2011, there were nearly 6.3 million foreign tourist arrivals in India, up by over 8 percent from the year 2010 when 5.78 million foreign tourists arrived in India.

The Ministry of Tourism, to reap the full potential of this vibrant tourism sector, started the campaign in 2002 "Incredible India". This dramatically changed the country's image, and attracted domestic tourists' as well foreign tourists from different parts of the world. The growth of inbound tourism in India has been better than the world. India registered a compounded annual growth rate (CAGR) of 9.1 percent during 2001 to 2010 as against 3.6 percent for the world during the same period. UNWTO has forecast that the Travel & Tourism Industry in India will grow by 8 percent per annum, in real terms between 2008 and 2016. Foreign exchange earnings from tourism could show annualized growth of 14 percent during the same period.

**Table I: Foreign Tourist Arrivals: 1997 – 2012**

Year	FTAs in India (In Millions)	Percentage(%) change over the Previous Year
1997	2.37	3.8
1998	2.36	-0.7
1999	2.48	5.2
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	13.8
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	-2.2
2010	5.78	11.8
2011(p)	6.29	8.9
2012 (jan-june)(p)	3.24	7.4@

(p) – previous year

@ - Growth rate over January – June, 2011.

Source - Govt of India, Bureau of immigration, for the period 1997-2010.

Govt of India, Ministry of Tourism —for the period 2011 and 2012.

From the table above it is transparent that the number of tourists in the year 1997 was just 2.37 million, the Government regular intensified programs started attracting different nationals all over the world. The rise in FTAs after the year 2002, may be due to the campaign "Incredible India". Though the country registered a negative growth rate of 2.2 in 2009, it recovered sharply and registered a vigorous growth rate of 11.1 percent with 5.78 million foreign tourist arrivals in 2010. By 2012 June, 3.24 million number of tourist arrivals recorded with almost 7.4 percent growth rate.

#### Tourist arrivals from other countries

Tourists from all over the world coming to India on different purposes. According to the recent surveys the foreign tourist arrivals is increasing year by year on medical grounds. The following depicts the foreign tourist arrivals from different nations.

**Table – II Source Countries for Foreign Tourist Arrivals (FTA) in India in 2011.**

S.N.	Source Country	FTA (in million)	Percentage share
1	USA	1.004	15.97
2	UK	0.791	12.57
3	Bangladesh	0.399	6.34
4	Sri Lanka	0.305	4.85
5	Canada	0.255	4.05
6	Germany	0.253	4.02
7	France	0.237	3.76
8	Malaysia	0.218	3.46
9	Japan	0.189	3.01
10	Australia	0.186	2.96
	Total of top 10 countries	3.837	60.98
	others	2.453	39.02
	All Countries	6.290	100.00

Source: Government of India, Bureau of Immigration.

The table above illustrates that the country USA is alone have 15.97 percent share in foreign tourist arrivals in India in 2011. UK also has a significant share of 12.57 percent. The top 10 countries mentioned above have a share of 60.98 percent and the rest of countries have 39.02 percent. In the year 2011, 6.290 million foreign tourists visited all over the world.

#### Foreign tourist arrivals to top 10 states in India

Foreign tourist arrivals to different states illustrated in the table below. The contributing factors for a better tourism provided by these states enabled them to attract more foreign tourist and also earn more income.

**Table III: Share of Top 10 States/ UT<sub>s</sub> of India in Number of Foreign Tourist Visits in 2011**

Rank	State/UT	Foreign Tourists	Percentage Share
1	Maharashtra	4815421	24.7
2	Tamil Nadu	3373870	17.3
3	Delhi	2159925	11.1
4	Uttar Pradesh	1887095	9.7
5	Rajasthan	1351974	6.9
6	West Bengal	1213270	6.2
7	Bihar	972487	5.0
8	Kerala	732985	3.8
9	Karnataka	574005	2.9
10	Himachal Pradesh	484518	2.5
	Total of top 10 States	17565550	90.1
	Others	1929329	9.9
	Total	19494879	100

Source: State/UT Tourism Departments.

Table above reveals that Maharashtra state leads over all other states, with almost quarter share (24.7 percent), in total foreign tourist visits. The business capital of India located in Mumbai is one of the prime reasons for more number of foreign tourist arrivals to the state. Tamil Nadu with 17.3 percent and Delhi with 11.1 percent follow Maharashtra respectively. The mentioned top 10 states share 90.1 percent share in total foreign tourist visits in 2011. The remaining states share was 9.9 percent of the total foreign tourist visits.

#### Foreign Exchange Earnings through Tourism: 1997 – 2012

Foreign Exchange Earnings are said to be more crucial in attaining a favorable Balance of Payments situation especially in the current account. There by maintain the exchange value of unit of accounts of any country. It's an indicator of economic development, as also value of currency of a country. In arena of International Trade, Tourism enables a country to accumulate more and more Foreign Exchange Earnings reserves.

**Table –IV Foreign Exchange Earnings from Tourism in India: 1997- 2012.**

Year	FEE (in US \$ million)	Percentage change over the previous year
1997	2889	2.0
1998	2948	2.0
1999	3009	2.1
2000	3460	15.0
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010 #	14193	27.5
2011 #	16564	16.7
2012 # (Jan – June)	8455	8.2@

# Advance Estimates, @ Growth Rate over Jan – June, 2011.

Source: (i) Reserve Bank of India, for the period 1997 -2009.

(ii) Govt of India, Ministry of Tourism, for 2010, 2011 and 2012.

The table above depicts that the foreign exchange earning in year 1997 was just US\$ 2889 million leisurely rose to US\$ 3009 million by 1999, and a momentous change taken place in year 2000, recorded US\$ 3460 million foreign exchange earnings. In the year 2003, 43.8 percent change over the previous year has taken place, which was the highest percentage of change for the entire period. On 26<sup>th</sup> November 2008, the terrorist organization **lashkar –e- taiba** made attacks in south Mumbai, this may be one of the prime reasons for the negative growth in 2009. The year 2009 recorded a negative growth of 5.9 percent it recovered vigorously, with the common wealth games in 2010 with 27.5 percent change. The year 2011, recorded highest earnings US\$16,564 million since 1997.

#### Conclusion

Tourism a sun rising sector witnessed sky-scraping growth rate between the years 1990 and 2011, and about to yield lofty earnings. According to World Travel and Tourism estimation, Tourism sector generating nearly 6.4 percent of the nation's GDP in India. The facilities provided by the Government attracted tourists from all over the world in ever increasing order evidently resulted in mounting Foreign Exchange Earnings (FEE). Nearly 10 states attracting higher number of Foreign Tourists all over India. Government of India and Governments of respective states are responsible in this

note worthy success. Other states which have the potential of tourist development have to emulate the success stories of successful states. Advertisements about significant places and events, assuring security to foreign tourist, knowledgeable guides, providing world class infrastructure and amenities in tourist spots may reap higher benefits to tourist sector.

**REFERENCE**

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