



Contributions of Tourism – An Analysis

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ABSTRACT

Tourism has become a major driver of economy because of its revenue generating potentiality. Of course, there are arguments and counter-arguments for the development of tourism sector considering its positives and negatives. This paper examines the pros and cons of development of tourism on commercial lines. The paper highlights the contributions of tourism particularly to the foreign exchange kitty. It concludes that the tourism is a composite product and the efforts from all the corners of the economy lead to sustainable development of tourism.

Keywords : Tourism, Foreign tourist arrivals, foreign exchange, infrastructure.

Introduction

Travel and Tourism Industry is one of the gigantic industries in the world. Tourism, particularly in emerging and third world countries, is projected as an engine of economic growth. Of course, there are anti-tourism and pro-tourism arguments prevalent in the world. Anti-tourism proponents emphasize on environmental degradation, drug trafficking, cross-cultural ill-effects, commercial sex, etc on account of commercialization of tourism and elevating it to the level industry. Pro-tourism advocates have tried to unveil the brighter side of tourism by focusing on benefits it showers on the economy. They state that the tourism enhances international relations through global cultural exchange; creates awareness of need for environmental protection; acts as catalyst in wealth creation and as whole it cements the bonding amongst people.

It is well known fact that tourism industry is labour-intensive. Ratio of employment creation to the funds invested is more in the tourism sector than that of any other sectors of the economy. It (i.e., tourism sector) offers varied job opportunities to specialized persons to unskilled workforce. It creates employment even in remote areas. Thus, it removes the barriers to growth and ultimately results in all-pervasive and inclusive growth. Tourism industry is a tool for creation and generation of wealth. The share of tourism industry in the world's GDP (Gross Domestic Product) in 1994-95 was 10 percent which was higher than the world's military budgets put together. Hence, considering the socio-economic potentialities of tourism sector, it is felt all over the world that there is a necessity to develop tourism sector. However, the concerns of anti-tourism proponents are to be kept in mind while designing a policy framework for the development of tourism. Those concerns drive the policy makers, administrators and supervisors on to the right track.

India is bestowed with rich heritage and cultural tradition. It can tap the potentialities. Tourism sector in India has recorded phenomenal growth during the last couple of decades. However, there is a lot left untapped. The following data substantiates the wealth-generating capability of tourism industry.

Table-1: A Comparative Statement of International Tourist Arrivals

Year	International Tourist Arrivals (in million)		Foreign Tourist Arrivals (FTAs) in India (in million)	India in the World		India in Asia and the Pacific	
	World	Asia and the Pacific		Percentage of Share	Rank	Percentage of Share	Rank
1997	593.0	89.0	2.37 (3.8)	0.40	---	2.67	---
1998	611.0	88.3	2.36 (-0.7)	0.39	47	2.67	---
1999	633.8	97.6	2.48 (5.2)	0.39	46	2.54	---
2000	683.3	109.3	2.65 (6.7)	0.39	50	2.42	11
2001	683.4	114.5	2.54 (-4.2)	0.37	51	2.22	12
2002	703.2	123.4	2.38 (-6.0)	0.34	54	1.93	12
2003	691.0	111.9	2.73 (14.3)	0.39	51	2.44	11
2004	762.0	143.4	3.46 (26.8)	0.45	44	2.41	11
2005	803.4	154.6	3.92 (13.3)	0.49	43	2.53	11
2006	846.0	166.0	4.45 (13.5)	0.53	44	2.68	11
2007	894.0	182.0	5.08 (14.3)	0.57	41	2.79	11
2008	917.0	184.1	5.28 (4.0)	0.58	41	2.87	11
2009	882.0	180.9	5.17 (-2.2)	0.59	41	2.86	11
2010	940.0	203.8	5.58 (8.1)	0.59	40	2.74	11

Note: 1. Figures given in the parentheses are change (of arrival of FTAs) in percentage over the previous year. They have been calculated by considering actual figures without rounding off to the nearest million (compiled). Hence, they should not be compared with data which are expressed in terms of million.

2. Data for 2010 are provisional.

Source: India Tourism Statistics at a Glance, Market Research Division, Ministry of Tourism, Government of India, New Delhi, July, 2011.

From the analysis of the data in the above table the following inferences can be drawn:

1. It can be observed that foreign tourist arrivals registered a growth rate of 58.52%, 128.08% and 135.44% in the world, the Asia & the Pacific region and in India respectively from the year 1997 to 2010. One can easily notice the dominance of India in attracting foreign tourists during this period. As a result of this, India would be able to move up the ladder from 47 to 40 in terms of ranking in the world during the same period. It is also noticed that

India, during the period under review, was not able to improve (remained at the 11th position) its ranking when compared to that of the Asia & the Pacific region though the average growth rate of FTAs in India exceeded than that of the Asia and the Pacific region.

2. During the period 1997 – 2002, India has experienced oscillation in FTAs. If one starts to identify the reasons, among others things, insecurity caused by terrorist attacks may be a prominent cause. Coimbatore bombings in February 1998, terrorists attack on Jammu and Kashmir Assembly Complex in Srinagar and on the Indian Parliament complex New Delhi in 2001, attack on Aksharadhama temple in Gujarat and army camp near Jammu in 2002 are few of the incidents took place during the period.
3. During the period 2003 – 07, FTAs posted double digit growth rate in all the years. Year on Year (YoY) growth rate was excellent in 2004. The ranking in that year found a sudden jump to 44 from 51 in the immediate preceding year. YoY growth rate was worst hit, during the period under review, in 2002 and 2001. This negative growth resulted in stumble in ranking of India in the world and the Asia & the Pacific.

Table-2: A Comparative Statement of International Tourism Receipts

Year	International Tourism Receipt (in US \$ billion)		Foreign Exchange Earnings in India (in US \$ million)	India in the World		India in Asia and the Pacific	
	World	Asia and the Pacific		Percentage of Share	Rank	Percentage of Share	Rank
1997	442.8	82.6	2889 (2.0)	0.65	---	3.50	---
1998	444.8	72.3	2948 (2.0)	0.66	34	4.08	---
1999	458.2	79.1	3009 (2.1)	0.66	35	3.80	---
2000	475.3	85.3	3460 (15.0)	0.73	36	4.06	10
2001	463.8	88.1	3198 (-7.6)	0.69	36	3.63	12
2002	481.9	96.5	3103 (-3.0)	0.64	37	3.22	13
2003	529.3	93.7	4463 (43.8)	0.84	37	4.76	9
2004	633.2	124.1	6170 (38.2)	0.97	26	4.97	8
2005	679.6	135.0	7493 (21.4)	1.10	22	5.55	7
2006	744.0	156.9	8634 (15.2)	1.16	22	5.50	7
2007	857.0	187.0	10729 (24.3)	1.25	22	5.74	6
2008	939.0	208.6	11832 (10.3)	1.26	22	5.67	6
2009	851.0	203.1	11394 (-3.7)	1.34	22	5.61	6
2010	919.0	248.7	14160 (NA)	1.54	16	5.71	6

Note: 1. Figures given in the parentheses are change (of FEE) in percentage over the previous year. They have been calculated by considering actual figures without rounding off to the nearest US \$ million (compiled). Hence, they should not be compared with data which are expressed in terms of US \$ million.

2. Data for 2010 are provisional.

Source: India Tourism Statistics at a Glance, Market Research Division, Ministry of Tourism, Government of India, New Delhi, July, 2011.

It can be observed from the data in the above table that the tourism sector plays significant role in contribution to foreign exchange kitty. The following points based on further analysis shed more light on the development tourism in India.

1. During the period 1997-2010, Foreign Exchange Earnings (FEE) has grown by almost five (4.90) times in India. During the same period, international tourism receipts in the world and in Asia & the Pacific region have grown by more than two times and three times respectively. India's progress in FEE is remarkably good which surpasses by huge margin the growth rate of international tourism receipts in the world. It is substantiated by the percentage share of tourism receipts of India in the world. Share of tourism receipts of India in the world was 1.54 percent in 2010 compared to just about 0.65 percent in 1997 posting a growth of more than the double. The rank of India in the world moved from 34 to 16 during the same period.
2. Year on Year (YoY) growth rate of FEE was very good in 2003 followed by 2004. It may be noted that YOY growth rate in FTAs in India was 14.3 percent resulting in 43.8 percent YoY growth rate of FEE in India in 2003. It can also be observed from the data in Table-1 and Table-2 that there is a positive relationship between YoY growth rate of FTAs and FEE. Hence, the higher number of FTAs results in higher growth rate of FEE.

It is very clear from the facts and figures that India has a great potential for growth in tourism sector. It is to be tapped by well-designed policies and programmes. Tourism industry, as stated already all-pervasive, has capability to drive the economy by stimulating other sectors like agriculture, horticulture, handicrafts, transport, construction, etc resulting in a great synergy. WTTC projects that tourism in India could contribute Rs. 8,50,000 crore to the GDP by 2025. Hence, it is imperative that India has to craft state of the art infrastructure to create an image in the world. Incredible India has already positioned a brand image in the world. She (India) should capitalize the opportunity. It is possible only through the well-thought out plans, designing of tourism products and making the stay of the tourists very much comfortable. This also enthruses the Indian tourists. This requires integrated approach of public-private participation and urban-rural involvement. It means that there should be a convergence of competing stakeholders to reap the fruits of tourism development.

Conclusion

Government of India has taken a number of initiatives, though not adequate enough, to meet the needs of the tourism industry. Indian Railways provides significant services in linking various parts of India. It runs tourist trains besides its normal lines. It has established (in 1999) Indian Railway Catering and Tourism Development Corporation Limited. Golden Quadri-lateral Highway Project and North-South and East-West Corridors are big steps in developing much required road transport system. Pradhan Mantri Gram Sadak Yojana (PMGSY-2000) is a welcome step in improving the rural infrastructure. Modernisation of airports at metros and major cities and establishment of new airports in tier-II cities has also given a big boost for movement of people. Government has also taken steps to entertain 100 percent Foreign Direct Investment (FDI) in tourism projects.

Tourism is a composite product. It encompasses various key sectors of economy like transportation, accommodation, entertainment, financial services, etc. The sustainable development of tourism sector requires an integrated approach from all the concerned sectors of the economy. The tourism is so vast that it includes almost all sectors of the total system.

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