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DOMESTIC TOURISM - AN ENGINE TO PROPEL GROWTH OF TOURISM SECTOR

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ABSTRACT

India's share on the international tourist map is a meager 0.64 percentage which represents the international tourist arrival and their contribution to the economy. Comparing the movement of external and internal tourist, in 2012 the total external tourist arrivals in the country were 5 million against 562 million domestic tourist visits. The Domestic travel revenue in 2012 was US\$ 73.8 billion as compared to revenue through foreign tourist of USD 18.2 billion. This means that the domestic tourist contributed 82.2% to total tourism revenue in 2012. In the area of research on tourism great emphasis is given on international tourism and foreign exchange earnings and the contribution of domestic tourism is invariably overlooked. There is no dispute that the inflow of foreign exchange in terms of invisible export is important for the economy but the point of argument is that domestic tourism plays more than equal role in the tourism sector. It is necessary that both the planner and the researchers need to give due importance in furthering the interest of developing and promoting domestic tourism along with international tourism. It should not be given step motherly treatment. International tourism should not be promoted at the cost of domestic tourism. Both have their relevant importance. The idea should be that international tourism should be built on the healthy growth of domestic tourism.

KEYWORDS: *Tourism, Domestic Tourism, Internal Tourism, External Tourism, International Tourism*

1. INTRODUCTION

A Snap Shot of Tourism Sector in India – Fact and Figures:-

- i. As per the UNWTO World Tourism Barometer, December 2013, India's rank in the World Tourism Receipts during 2012 was 16th and rank in international tourist arrivals was 41. The rank of India was 7th among Asia & the Pacific Region in terms of tourism receipts during 2012.
- ii. India was ranked 12th among 184 countries in tourism sector in respect to total contribution to GDP in 2012.
- iii. The tourism sector is able to create 78 jobs per US\$ 18366 of investment in comparison to manufacturing sector which creates only 45 jobs.
- iv. The tourism sector supported 25 million jobs in 2012 directly related to the tourism sector. Constituting 4.9 per cent of the total employment in the country in 2012, this is expected to amount to 31 million jobs by 2023.
- v. The tourism sector applying multiplier impact supported a total employment of 40 million jobs in 2012 constituting 7.7 per cent of the whole economy employment.

- vi. The tourism sector direct contribution to GDP in terms of value was US\$34.7 billion in 2012 and 40.8 billion in 2013.
- vii. The Tourism sector attracted second largest FDI in 2013 USD 3.2 billion.
- viii. The Tourism sector is the third largest foreign exchange earner for India.
- ix. The tourism sector according to a report by World Travel and Tourism Council says the country's economic contribution from tourism is expected to grow by 7.3% in 2014 which will be outperforming the general economy by 2.5 percentage points. x. Tourism and hospitality sector's direct contribution to GDP totaled US\$ 34.7 billion in 2012 and US\$ 40.8 billion in 2013.
- xi. The tourism sector is expected to contribute 7.8% to the GDP for the decade 2013-2023, which is very much above the world average of 4.2%.

2.OBJECTIVE

This paper aims to highlight the importance of domestic tourism, which in the overall scenario of emphases on international tourism gets relegated to the back ground and seems to be neglected.

3.METHODOLOGY

Observational research method has been used for the paper, relying on secondary data.

4. INDIA ON THE INTERNATIONAL TOURISM MAP

Table-1, First Half of Foreign Tourist Arrivals (FTA) in '000 (2009-2014)

Month	2009	2010	2011	2012	2013	2014
Jan	481	569	624	681	699	720
Feb	490	552	636	677	688	738
Mar	442	512	550	623	640	669
Apr	348	372	438	452	452	504
May	305	332	355	372	384	421
Jun	352	385	412	432	444	492

4.1 GLIMPSE OF FOREIGN TOURIST ARRIVAL (FTA) & FOREIGN EXCHANGE EARNING (FEE)

Table-2 Foreign Tourist Arrival (FTA) & Foreign Exchange Earning (FEE)

Foreign Tourist Arrivals and Foreign Exchange Earnings During the years 2000-2012						
Year	Foreign Tourist Arrivals (in nos.)	Percentage Change Over Previous Year	Foreign Exchange Earnings in Crore	Percentage Change Over Previous Year	Foreign Exchange Earnings (Million US\$)	Percentage Change Over Previous
200	27,26,214	14.3	20,729,	37.6	4,463	43
200	34,57,477	26.8	27,944	34.8	6,170	38
200	39,18,610	13.3	33,123,	18.5	7,493	21
200	44,47,167	13.5	39,025	17.8	8,634	15
200	50,81,504	14.3	44,360	13.7	10,729	24
200	52,82,603	4.0	51,294	15.6	11,832	10
200	51,67,699	-2.2	53,700*	4.7	11,136*	(-)5.9
201	57,75,692	11.8	64,889#	20.8	14,193#	27
201	63,09,222	9.2	77,591#	19.6	16,564#	16
201	66,48,318	5.4	94,487#	21.8	17,737#	7
# Advance Estimates		*Revised Estimates				

Source: Ministry of Tourism, Annual Report 2012-13

India's share in world tourist arrival is a meager 0.64 percentage; this means that we have a vast opportunity to tap from, only if we are able to meet the challenges.

5. DOMESTIC TOURISM IN INDIA

When we discuss or debate about tourism we invariably talk about international tourism and forget about the value and importance of domestic tourism to the economy. Domestic tourism can be defined as, "the tourism of resident visitors within the economic territory of the country of reference". According to Frédéric Pierret, UNWTO Executive Director in his book, Domestic Tourism he say "Domestic tourism (DT), historically speaking, is in fact the first form of tourism that was practised and today it continues to account for the most part of this activity." Likewise, the UNWTO's economists estimate that at the global level domestic tourism represents:

- 73% of total overnights
- 74% of arrivals and 69% of overnights at hotels
- 89% of arrivals and 75% of overnights in other (non-hotel) accommodations

5.1 DOMESTIC TOURISM CONTINUES TO GROW AT DOUBLE DIGIT DURING 2011

The number of domestic tourist visits (DTVs) to the States/ UTs during 2011 was 851 million as compared to 748 million in 2010 and 669 million in 2009. During 2011, the number of domestic tourist visits to States/UTs registered an increase of 13.8% over 2010 as compared to increase of 11.8% in 2010 over 2009.

Table-3, The top ten States in terms of number of domestic tourist visits (in millions), during 2011,

Figures in Millions

States	Domestic Tourist Visit (DTV)
Uttar Pradesh	155.4
Andhra Pradesh	153.1
Tamil Nadu	137.5
Karnataka	84.1
Maharashtra	55.3
Madhya Pradesh	44.1
Rajasthan	27.1
Uttarakhand	25.9
West Bengal	22.3
Gujarat	21.0

Table-4 (Figures in Millions)

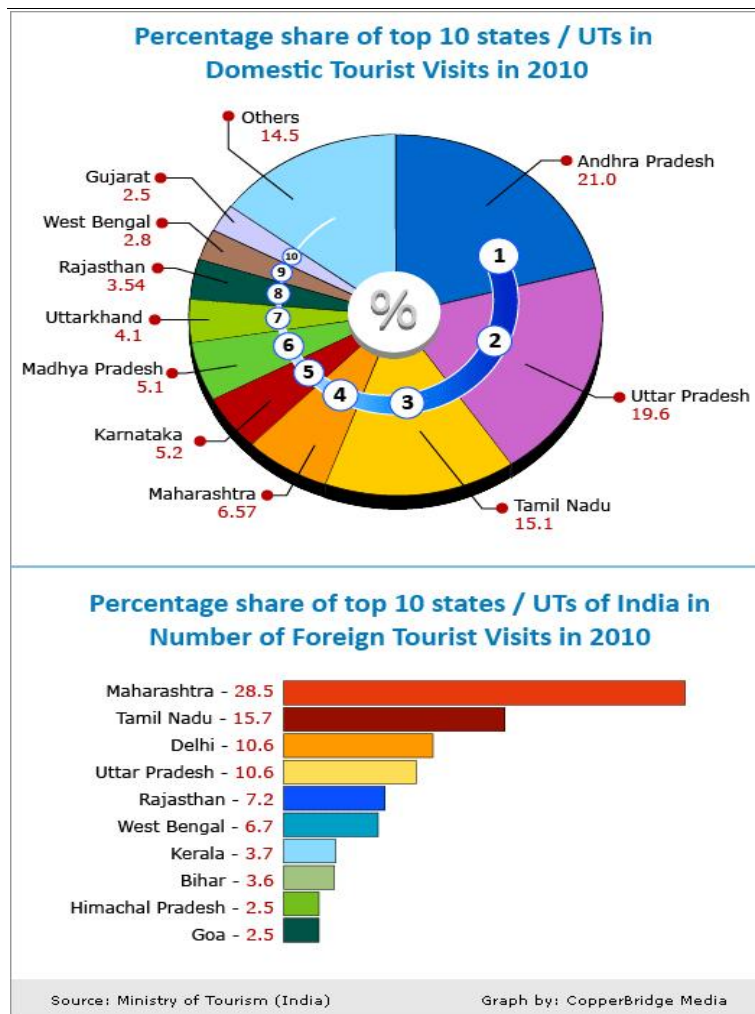
States	Foreign Tourist Arrival (FTA)
Maharashtra	4.8
Tamil Nadu	3.4
Delhi	2.2
Uttar Pradesh	1.9
Rajasthan	1.4
West Bengal	1.2
Bihar	0.97
Kerala	0.73
Karnataka	0.57
Himachal Pradesh	0.48

Table-5, Number of Domestic Tourist Visits (DTVs) to all States/ UTs in India, 2003-2013

Year	No. of Domestic Tourist Visit to States/UT's (in Million)	Percentage (%) change over the previous year
2003	309.04	14.6
2004	366.27	18.5
2005	392.01	7.0
2006	462.32	17.9
2007	526.56	13.9
2008	563.03	6.9
2009	668.8	18.8
2010	747.7	11.8
2011	864.53	15.6
2012	1045.05	20.9
2013	1145.28	9.6

Source: Compiled by the author

Figure-1



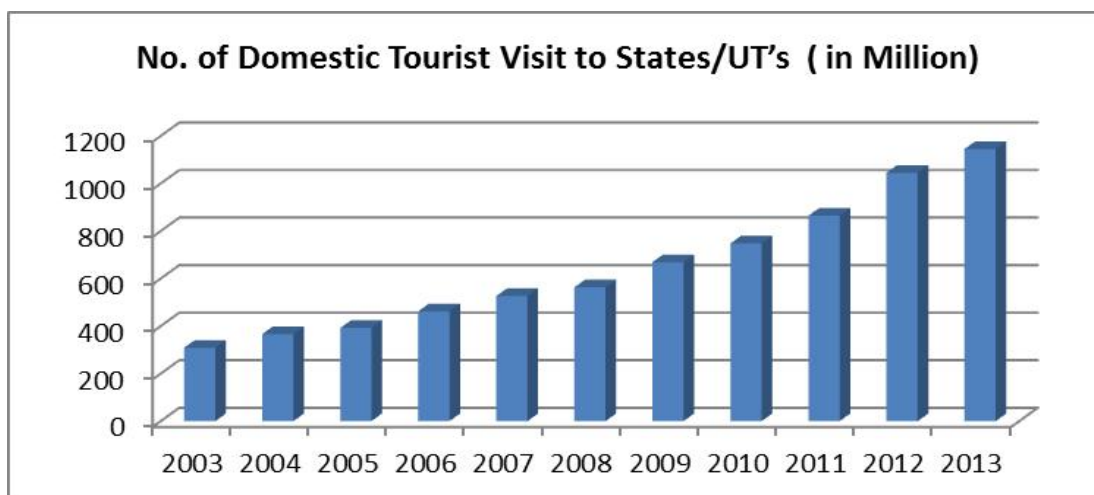
When we compare the movement of foreign and domestic tourist we see that there is a wide gap between the two. It is the domestic tourist who dominates the tourist circuit of the country. In 2012 the total foreign tourist arrivals in the country were 5 million against 562 million domestic tourist visits. The Domestic t

ravel revenue in 2012 was US\$ 73.8 billion as compared to revenue through foreign tourist of USD 18.2 billion. This means that the domestic tourist contributed 82.2% to total tourism revenue in 2012. “Domestic travel is expected to be the primary driver of the sector’s growth. High disposable income and the advent of better locations are driving this growth”.

Table-6, Top Ten State wise DTV - for 2013

Rank	State/UT	Domestic Tourist visit in 2013	
		Number of Tourist	Percentage share (%)
1	Tamil Nadu	244232487	21.3
2	Uttar Pradesh	22653109	19.8
3	Andhra Pradesh	152102150	13.3
4	Karnataka	98010140	8.6
5	Maharashtra	82700556	7.2
6	Madhya Pradesh	63110709	5.5
7	Rajasthan	30298150	2.6
8	Gujrat	27412517	2.4
9	West Bengal	25547300	2.2
10	Chhattisgarh	22801031	2.0
Total of Top 10 States		972746131	84.9
Others		172534312	15.1
Total		1145280443	100.0

Figure-2



Source: Prepared by the Researcher on the basis of data from 'India Tourism Statistics at a Glance 2013'

5.2 EXPECTED SHARE OF TOURISTS BY EXPENDITURE

Domestic travelers are expected to contribute around 83.5 per cent to total tourism revenues by 2023. The Domestic Tourism's Compounded Annual Growth Rate (CAGR) between 2006 to 2013 was 12.6%. The Gross Domestic Product (GDP) contribution in terms of value in the same period has seen growth from \$25.2 Billion in 2006 to \$ 40.8 billion in 2013 (estimated). Domestic tourism is expected to contribute \$ 75.7 billion in 2023. Domestic tourism expenditure in India valued at INR2.9 trillion (US\$49.8 billion) in 2013, while inbound tourism expenditure totaled INR344.2 billion (US\$5.9 billion). As suggested by these figures, domestic tourist volumes were higher: 1.2 billion tourists in 2013, compared to 6.8 million inbound tourists in same period.

The country had 740 million domestic travelers across segments in 2011 and the figure is set to grow. Younger demographics of the travelers and their changing preferences have opened many opportunities for the hospitality sector.

6. REASONS FOR GROWTH OF DOMESTIC TOURISM

i. Increase in Disposable Income:

The McKinsey (2007) report *The 'Bird of Gold': The Rise of India's Consumer Market* predicts that by the year 2025, India's middle class is expected to swell almost 12-fold from its size of 50 million people to over 583 million - some 41% of the population. This will trigger explosive growth in the consumer market taking it to \$1.5 trillion, making India the world's fifth-largest consumer economy by 2025. Moreover, middle-class India's discretionary spending will rise to 70% of all spending by 2025 from

39% [at the time of survey] With the buoyant growth in the Indian economy, the Indian middle class will have higher disposable income. According to a survey it has been identified, by about 94% of the respondents as a key factor for the increased domestic travel across the country. Thus, as people acquire more disposable income, the demand for travel and tourism will grow exponentially. Moreover, there will be more such people with disposable incomes as the demographic transition in the country would produce a huge surge in people in the 20-60 years age group. Domestic tourism, thus, poses many opportunities for the tourism industry and meeting the needs of the expanding middle class will be the key to it in India.

ii. Depreciation of the Rupee:

Depreciation of the rupee since August 2011 has increased the cost of travelling abroad. Therefore the outbound tourists have rescheduled their travel plans towards domestic travel. Thus the devaluation of the rupees has brought benefits in disguised for the domestic tourism sector in India. More and more people have started looking to destinations in India. According to Travel Agents Federation of India (TAFI) there has been 15-20 fall in outflow of tourist from India. These have turned their plans inwards.

iii. India's growing middle class:

Retired Pensioners on the move: The above sixty years of age group (senior citizens) in the middle class are on the rise, as per McKinsey report. They are economically comfortable, are free from family responsibilities and

therefore are expected to spend on travel, for once going the trend of other developed nations. Travel cost for senior citizens (road, rail and air) is cheaper because of concessions. They are been taken care off by hotels with respect to their medical aid and dietary requirements. All these factors together will facilitate their increase in domestic travel.

iv. Healthy economic growth and rising income levels:

According to NCAER (National Council of Applied Economic Research) population study, favorable growth in the Indian economy, rise in middle class number (expected to increase from 31.4 million in 2010 to 113.8 million by 2025-2026) and increasing levels of disposable income with increased affinity for leisure travel among them is bound to propel domestic tourism.

v. Changing consumer lifestyles:

Almost sixty five percent of the population is between the age group 15-64. The younger Indians are ready to explore new destinations and diverse tourism offering such as rural, adventure and other forms.

vi. Easy finance availability:

Increased adoption of credit culture and availability of holidays on Equated Monthly Installments (EMI) is another growth driver. Through the EMI route travelers can first go on a holiday, return and clear the outstanding amount on monthly basis. It is a convenient way to travel first and pay later. This option allows the traveler to travel to new destination nationwide every time without any stress or burden on the budget.

vii. Educational Trips: The growth in higher education and introduction of new courses where field visits are emphasized on has opened avenues to expose students to the vast variety of unseen and unexplored India. The tour operators have been successfully tapping this new potential. This inters or intra state trips for educational institutions have a twofold advantage. While it brings numbers into the state, students are the most probable clientele to become repeat tourists, desirable for any market in the long run.

viii. Government initiatives: In recent times the Government of India has declared tourism as a high priority sector. It has allowed Foreign Direct Investment (FDI) of up to 100 percent in tourism construction projects including development of hotels, resorts and recreational facilities. Indian ministry of tourism has approved more than 100 rural tourism projects in order to promote rural tourism and to identify sites which have significant tourism potential. Some important schemes initiated by Indian government include –capacity enhancement for rural tourism scheme, assistance for higher revenue generation projects scheme, integrated development of all important tourist circuits and scheme for Infrastructure/Product and destination development.

ix. Promoting Tourism Campaigns:

Government efforts to promote tourism through campaigns such as: 777 days of the Indian Himalaya, which focused on how the six Himalayan states of India -Jammu & Kashmir, Himachal Pradesh, Uttarakhand, West Bengal, Sikkim and

Arunachal Pradesh can work towards promoting and developing the Himalayas as a tourist destination for domestic as well as foreign tourists.

The Kashmir Festival 2013 projected to showcase the culture of Jammu & Kashmir through performances by the cultural troupes of the State and promotion of adventure tourism activities like Shikara Races, Cycle Races, Canoeing, River Rafting, Para Gliding, Painting, Swimming Competition, Horse Races etc.

- x. Better access and improved Infrastructure:** Land transport is predominantly used by domestic tourist in comparison to international tourist. Almost 88 percent of the Indian domestic tourist use land transport in comparison to 51 percent by international tourism. This reduces the cost of trips as the destinations are nearer. The Indian Railways with wide network and upgradation of onboard rail facilities on one hand and comparative low cost airline availability adds to the options for the domestic tourist to manage their travel better. Now domestic tourist have better and multiple choice accommodation facilities to suit their budget.

7. CONCLUSION

Growth of Domestic tourism can help to overcome the social conflict that India is prone to because of its diversity. According to World Travel and Tourism Council (WTTC) by 2020, Indian Tourism Industry is expected to contribute Rs 8, 50,000 crores. Tourism industry in India and this refers domestic tourism along with international tourism holds tremendous potential for India's economy which eventually provide impetus to other

industries, create millions of new jobs and generate enough wealth to help pay off the international debt. This is the main reason that tourism today it is included amongst the Core Sectors of the Indian Economy. The tourism industry has helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction and even poultry. While the direct contribution to GDP is estimated at INR 2222 billion in 2013, the total contribution is estimated at INR 7416 billion in the same year. These have further been forecasted to rise at a growth rate of 12 per cent over the next decade. While the sector supported 25 million direct and 40 million total jobs in 2012, these have been forecasted to increase at a growth rate of 2.1 per cent by 2023. To encash from the boost in tourism sector the Government of India requires an approx. of Rs. 229658 Crores (56014 USD mn) of investment over a period of 20 years for creating Connectivity Infrastructure, Tourism Infrastructure, Tourism Products, Capacity Building, and Promotion & Marketing. Both international tourism and domestic tourism are two sides of the same coin. Each requires the supports of the other. In future research, the researcher should not neglect the importance of domestic tourism. We need to accept the fact that it is domestic tourism which propels the sector rather than the other way.

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