



ROLE OF TRAVEL & TOURISM INDUSTRY IN INDIAN ECONOMY: A STUDY



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ABSTRACT

“So far as I am able to judge, nothing has been left undone, either by man or nature, to make India the most extraordinary country that the sun visits on his rounds. Nothing seems to have been forgotten, nothing overlooked.”

Mark Twain

“Athato Ghumakkad Jigyasa (अथातो घुमक्कड जिज्ञासा) means The person who more Travel more Getting the knowledge . Travelling and Tourism always a mirror of Indian Heritage , Culture and Tradition reflecting economic , environmental and social shifts with the world . Tourism is not only a booming sector but also a largest Service Industry in India This Industry Provides Cultural, heritage medical and Sports tourism. The direct contribution of Travel & Tourism to GDP in 2013 was INR 2,178.1bn (2.0% of GDP) and It is expected that this industry's Contribution to the country's Gross domestic Product (GDP) will Grow at the rate of 7.8% Yearly between 2013-2023. International Tourist arrivals reached to 1.1 Billion in 2014 from 25 Million in 1950. With the help of this paper we will focus how India is emerging as a most popular tourist place in world by providing innovation and creating value for tourists..it examines impact of Indian GDP on the industry. This paper will also discuss Government policies for travelling industry to support all levels

KEY WORDS: - Travel & Tourism Industry, Gross Domestic Product, Economy

INTRODUCTION

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or

excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure

India, a land of diversities, has a varied tourism resource base to offer its visitors. Both domestic as well as foreign tourists have thronged various tourist spots that

adorn almost every nook and cranny of the country. While some tourist spots have emerged as prime ones, drawing numerous visitors from around the world,

The travel and tourism industry is an amalgam of business activities including transportation, Lodging, entertainment, meals, and retail trade. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). Tourism has been a major social Phenomenon of societies all over the world. It is result of natural desire of every human being for new experiences, desire for educated and entertained. The motivations for tourism also include religious and business Interests

Tourism in India broadly classified in north Indian Tourism, East Indian Tourism, West Indian Tourism and South Indian Tourism. Each Part of offers different tourism products the rest of the nation. Tourism in India has come into its own as brand –India Tourism. The Tourism Products Like heliport tourism, medical tourism, wellness tourism, adventure tourism, cruise tourism and caravan tourism has served to widen the net of this sector.

Many Events Like Common wealth Game in 2010, IPL, Asian Games other events helps in the growth of this industry. The Admirable Growth in India Tourism Market, which has benefited many support industries like Aviation, transport, Medical Tourism, Hotel and sports. Last some years has witnessed an good increase in the tourism in India. Government has come up with new idea “Rural Tourism “. The Exotic Train “Place on Wheels “which travel Rajasthan attracts large no of Tourists which rated most luxurious Train of the world.

It is Building of cultural and Traditional embellishes as reflected in its artifacts, Rivers, sea and Mountains thus enabling it to gain a prestige in international arena. Millions of people of Hills areas like, Uttrakhand, Himachal Pradesh, Jammu and Kashmir, Rajasthan and UT Like Daman & Diu, Manipur, Sikkim etc are totally depend on the Travel and tourism

OBJECTIVE OF THE STUDY

The Study has been given the knowledge about the Tour and travel industry system. The other objective are as follows

- (1) To Know the Structure of Indian Tourism Industry.
- (2) To Understand what Tour and Travelling Industry | Contribute in Indian Economy
- (3) How our Cultural, traditional affect by it.
- (4) To Examine the government policies regarding the Travel and Tourism
- (5) To provide information for future research on Economic impact of Growth of traveling Industry.

RESEARCH METHODOLOGY

The study focuses is an attempt of extensive study, based on Secondary data collected from various other research paper, Books, Newspaper, Journal and Magazines article and Media reports

IMPACT OF TRAVEL AND TOURISM ON THE INDIAN ECONOMY AND VICE –VERSA

The industry is likely to see a spurt in growth this year on the back of new visa reforms, according to a report by the World Travel and Tourism Council In 2014, the industry contributed Rs7.64 trillion and 36.7 million jobs to the Indian economy with is poised to grow 7.5% in 2015 over last year, exceeding the 6.9% growth that the global forum has predicted for the South Asian region “It should rise by 6.5% per annum over the next 10 years to Rs4,337.8 billion in 2025 or 6.9% of the total,” the report said, adding that the sector had the potential to contribute 46 million jobs to the India economy by 2025

INDIA: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP

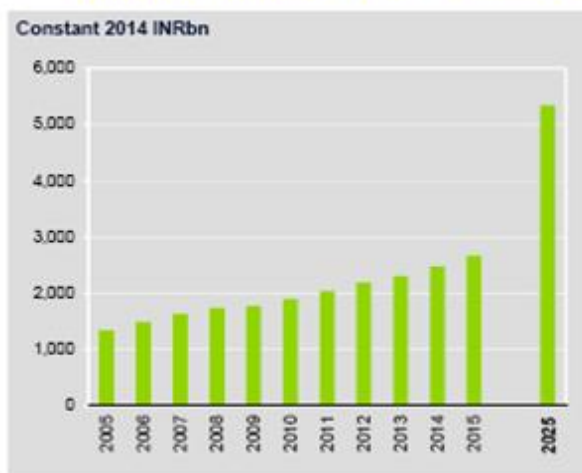


Table-1

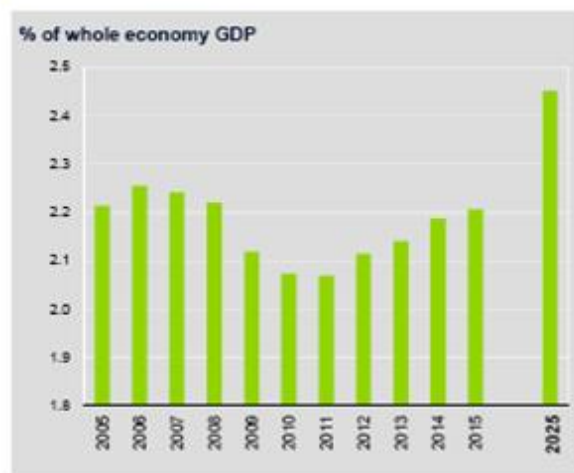


Table-2

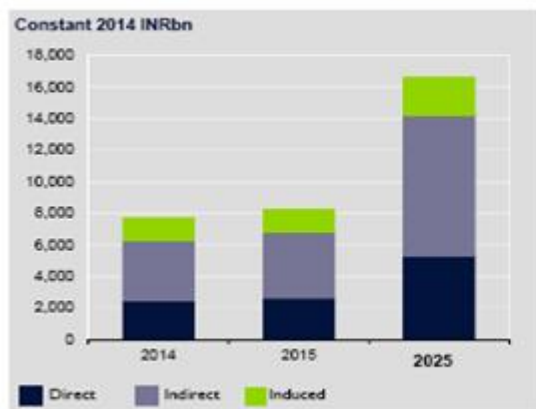


Direct Contribution of tour and tourism to GDP reflects the internal Spending on Travel & Tourism .it was INR 2478.2 (2.2% of GDP) This is forecast to rise by 7.6 % to INR 2667.5bn in 2015. It also expected to Grow By 7.2

P.A to INR 5339.2 Bn (2.5% of GDP) By 2025 .India has 7th Ranking in direct contribution & 9th ranking in total contribution in the world out of 184 countries .
Source :- A world Tour and travelling Council Report 2015

TOTAL CONTRIBUTION OF TRAVEL AND TOURISM TO GDP

INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP



*All values are in constant 2014 prices & exchange rates

Table-3

Total Contribution of tour and tourism to GDP reflects Direct and Indirect Jobs ,Investment 6 Spending on Travel & Tourism .it was INR 7642.5 Bn (6.7% of GDP) This is forecast to rise by 7.5 % to INR 8218.0bn (6.8%) in

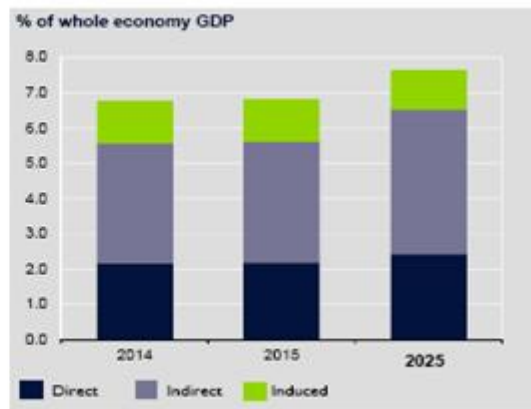


Table-4

2015. It also expected to Grow By 7.23% P.A to INR 16587.0 Bn (7.5% of GDP) By 2025.India's Ranking is 9th in total contribution to GDP

Source :- A world Tour and travelling Council Report 2015

Foreign tourist arrivals in India (1997-2014)

As you seeing in **Table No-5** Foreign Tourist arrival Phase 1997 to 2002 was worst in which growth was not increasing while Period from 2003 to 2007 was excellent for Indian Tourism Industry. But Because of Slowdown in world economy it has been decreasing but now a days it is taking Accelerator hoping by double in till 2022.

Year	Number (millions)	% change	Year	Number (millions)	% change
1997	2.37	3.8	2006	4.45	13.5
1998	2.36	-0.7	2007	5.08	14.3
1999	2.48	5.2	2008	5.28	4
2000	2.65	6.7	2009	5.17	-2.2
2001	2.54	-4.2	2010	5.78	11.8
2002	2.38	-6	2011	6.31	9.2
2003	2.73	14.3	2012	6.58	4.3
2004	3.46	26.8	2013	6.97	5.9
2005	3.92	13.3	2014	7.7	10.6

Source :- <http://tourism.gov.in/Pages/AnnualReportArc.aspx>(Table-5)

Country wise Number of Tourist Arrival in India

Rank	Country	Number	Share in %
1	United States	1085309	15.58
2	UK	809444	11.62
3	Bangladesh	524923	7.53
4	Sri Lanka	262345	3.77
5	Russia	259120	3.72
6	Canada	255222	3.66
7	Germany	252003	3.62
8	France	248379	3.56
9	Malaysia	242649	3.48
10	Japan	220283	3.16
Total of top 10		4,159,677	59.7
Other countries		2,807,924	40.3
Grand total		6,967,601	100

Sources :- "India Tourism Statistics at a Glance 2013" (Table-6

Table No-6:- Indicates that we are getting a large no of tourist has come from USA and UK .Both these countries has maximum share in tourist arrival but we have to look other countries because it always harmful for dependence of one or two countries .if we wants to increasing numbers we have to increased the number from the other countries like Japan,Arab Countries specially China . China has no-1 in population and our neighbor country still it is not in our top ten List .

Table No-7:- is showing the States which attract the large no of FTA .Maharashtra and Tamil Nadu has maximum share in it . Uttrakhand, Himanchal Pradesh,J&K are doing good in domestic tourism but not attracting foreign tourist. 29 States and 7 UT only 10 States has got 90% Market share rest have 10%.

Rank	State/UT	Number	Share in %
1	Maharashtra	4,156,343	20.8
2	Tamil Nadu	3,990,490	20
3	Delhi	2,301,395	11.5
4	Uttar Pradesh	2,054,420	10.3
5	Rajasthan	1,437,162	7.2
6	West Bengal	1,245,230	6.2
7	Kerala	858,143	4.3
8	Bihar	765,835	3.8
9	Karnataka	636,378	3.2
10	Goa	492,322	2.5
Total of top 10 states		17,937,718	89.9
Others		2,013,308	10.1
Total		19,951,026	100

Sources :- "India Tourism Statistics at a Glance 2013"(Table No-7)

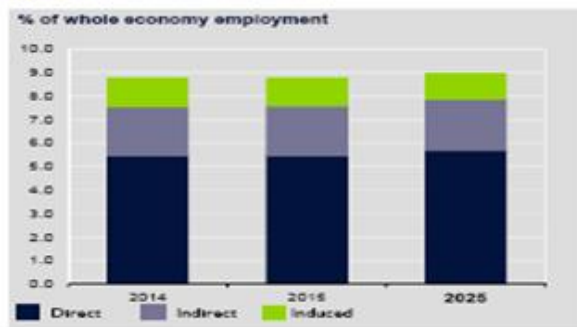
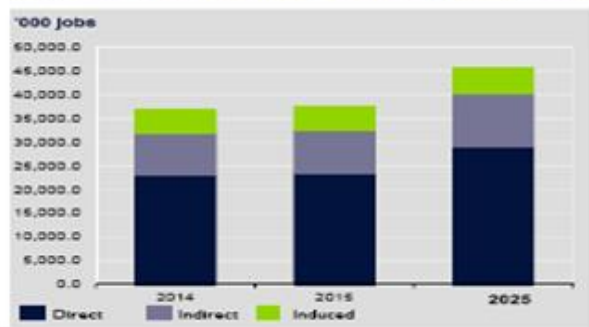
FOREIGN EXCHANGE EARNINGS FROM TOURISM IN INDIA (1997-2014)

Year	Amount (US\$ million)	% change
1997	2,889	2
1998	2,948	2
1999	3,009	2.1
2000	3,460	15
2001	3,198	-7.6
2002	3,103	-3
2003	4,463	43.8
2004	6,170	38.2
2005	7,493	21.4
2006	8,634	15.2
2007	10,729	24.3
2008	11,832	10.3
2009	11,136	-5.9
2010	14,193	27.5
2011	16,564	16.7
2012	17,737	7.1
2013	18,445	4
2014	19,756	6.6

Table No-7:- It is showing that foreign Funds it is clear period(1997-2003) was not so good .Period from 2004 to 2008 was golden period of tourism industry maximum growth has been noticed during the period. Foreign funds in the industry is increasing but slow rate .NDA government has focusing on the industry .On arrival visa to 12 countries people ,Incredible India ,FDI limit increased in Hotel industry ,Hospital expansion & insurance scheme will help in growth of the industry . This industry provides 2.2% share in GDP while we hope that it will be raising 2.5 to 2.8 till 2025.

Source :- <http://tourism.gov.in/Pages/AnnualReportArc.aspx>(Table No-7)

INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Source :- A world Tour and travelling Council Report 2015

Direct Contribution :- Travel & Tourism generated 23024000 jobs directly in 2014(5.5% of total employment) and this forecast to grow by 1.9% in 2015 to 23,455,500 Jobs (5.6% of total employment) This includes employment by hotels, travel agents, airlines . By 2025 Travel & tourism will account for 29,020,000 jobs directly ,an increase of 2.2% P.A over the next 10 Years .

Total Contribution:- Total Contribution of travel & tourism to employment (including wider effects form investment ,the supply chain and induced income impacts) was 36,695,500 jobs in 2014 (8.7% of Total employment) this is forecast to rise by 1.8% in 2015 to 37,365,000 Jobs (8.7% of total employment) By 2025 ,Travel & tourism is forecast to support 45,566,000 Jobs 9% Of total increase of 2.0p.a over the period

HOW TOURISM CAN CONTRIBUTE TO ECONOMIC CONSERVATION.

The main Positive economic impacts of tourism relate to Economy are as follows

1. Generating Income and Employment:

The Rapid expansion of international tourism has led to significant employment creation .This industry provides 23.02 Million Jobs in Indian Economy in 2014

2. Foreign Exchange Earnings: Tourism is most impotent source of foreign exchange earnings In India. This has favorable impact on the balance of payment of the country. The tourism industry in India Generated about US\$19756 Million in 2014 and that is expected to increase to US\$275.5 billion by 2018 at a9.4% annual growth rate.

3. Preservation of National Heritage and Environment: Tourism helps preserve several places which are of historical importance by declaring them as heritage sites.

4. Developing Infrastructure: Tourism tends to encourage the development of multiple-use of Infrastructure that benefits the host community, including various means of transports, health care Facilities and sports centers.

5. Promoting Peace and Stability: Tourism industry can also help promote peace and stability in Developing country like India by providing jobs, generating income & diversifying the economy..

6 .The Multiplier Effect: The flow of money generated by tourist spending multiplies as it passes through Various sections of the economy.

7. Regional Development: The underdeveloped regions of the country can greatly benefit from tourism Development. Many of the economically backward regions contain areas of high scenic beauty and Cultural attractions.

8. Economic Value Of Cultural Resources: Tourism provides monetary incentives for the development Of many local crafts and culture, thus it has an effect on the income of the local artisans and artists

9.Promotion of International Under standing: Tourism can also become an effective tool to develop a Better understanding and interaction amongst people of different countries.

NEGATIVE EFFECT ON INDIAN ECONOMY

1. Undesirable Social and Cultural Change: Tourism sometimes led to the destruction of the social fabric of a community. The more tourists coming into a place, the more the perceived risk of that place Losing its identity.

2. Increase Tension and Hostility: Tourism can increase tension, hostility, and suspicion between the tourists and the local communities when there is no respect and understanding for each other's culture and way of life.

3. Creating a Sense of Antipathy: Tourism brought little benefit to the local community. In most all inclusive Package tours more than 80% of travelers' fees go to the airlines, hotels and other international Companies, not to local businessmen and workers.

4. Adverse Effects on Environment and Ecology: One of the most important adverse effects of tourism on the environment is increased pressure on the carrying capacity of the ecosystem in each tourist locality.

5. Import Leakage: This commonly occurs when tourists demand standards of equipment, food, drinks, and other products that the host country cannot supply, specially developing countries.

6. Seasonal Character Of Job: The job opportunities related to tourism industry are seasonal in nature as they are available only during the tourist season.

7. Increase In Prices: Increasing demand for basic services and goods from tourists will often cause price hikes that negatively affect local residents whose income does not increase proportionately.

GOVERNMENT POLICIES FOR TRAVELLING INDUSTRY

- ◆ Government of India ,has allowed 100 % Foreign Direct Investment under the automatic Route in the Hotel and Tourism Industry
- ◆ The government of India has launched The "Incredible India" Mobile application .it will provides information to Tourists

- ◆ The ministry of Tourism ,Launched the new tourism brand for the UT of Daman and Diu and Dadra and Nagar Haveli .This step help the overall economic growth of these Union territories
- ◆ The west Bengal has decided to set up an eco-Tourism board to project the state as a major tourist destination .Work for developing a mega tourism project has already started in Jalpaiguri District and plans to develop similar Projects in sylee
- ◆ In November, India expanded the visa-on-arrival scheme to 43 nationalities from 12 countries earlier. It is in process of rolling out a similar facility for 150 countries
- ◆ The Tourism Ministry of India along with the State government of Maharashtra plan to create a cultural hub on the lines of times Square ,New Work The vision behind such a cultural hub is to provide popular entertainment as well as access to heritage and cultural for the benefit of international tourists ,Domestic tourists and the people of Mumbai .

CONCLUSION

Travel and Tourism always a major source of Growth as well as Foreign Exchange Provider to our economy .It is showing a period of growth because of increase purchasing power of middle class ,growth in high spending of Tourist and Government campaigns to promote “Incredible India” .It is Right Vehicle for the forward and Backward Linkages with a host of Sectors l

ike transport ,Hospitality ,Education ,Health Banking Etc. it Provides the employment opportunities where there is no sources of Income (Hill and remote areas).Tourism and Hospitality is Among top 10 sectors Million in India to attract the highest foreign Direct investment (US \$ 7441 Million of FDI) According to Department of Industrial Policy and promotion (DIPP) .Foreign Exchange earnings (FEE) during January-July Stood at US \$ 11.055 Billion as compared to US \$ 10.85 Billion during the same period .Our Tourism Ministry with the help of tourism Authorities of State and Private Players to transform India into a lucrative tourist destination in the world . We wish India will be global leader by 2024 in Tourism Industry.

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