

# Tourism and hospitality industry in india

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This paper mainly highlighted the Challenges and Opportunities of Indian Tourism in the context of globalization. This tourism industry undoubtedly emerged as an instrument of rural employment generation as a labor-intensive activity in a labor surplus economy, with its forward and backward linkages with host sectors like transport, hospitality, and education, etc. Finally, the paper also makes proper policy suggestions needed communication to promote and boosting tourism in India.

#### INTRODUCTION:

Tourism is not only a growth engine but also an export growth engine and employment generator. According to the Economic Survey 2011-12, the sector has the capacity to create large-scale employment both direct and indirect, for diverse sections in society, from the most specialized to the unskilled workforce.

It provides 6-7 percent of the world's total jobs directly and millions more indirectly through the multiplier effect, as per the UN's World Tourism Organization. Since tourism does not fall under a single heading in India's National Accounts Statistics, its contribution has to be estimated. Its contribution to GDP and employment in 2007-08 was 5.92 percent respectively as per Tourist Satellite Account Data. FTAs in India during 2010 were 5.78 million compared to 5.17 million during 2009, posting a growth of 11.8 percent, much higher than the growth of 6 percent for the world in 2010. FEEs from tourism in rupee terms during 2010 were Rs. 64,889 crore compared to Rs. 54,960 crore during 2009 with a growth rate of 18.1 percent. Despite the slowdown and recessionary trends in the economies of Europe and America, FTAs during 2011 was 6.29 million with a growth of 8.

9 percent over 2010 and FEEs in 2011 were Rs. 77, 591 crore with a growth of 19. 6 percent. In the case of outbound tourism, the number of Indian nationals' departures from India during 2010 was 12. 99 million with a growth of 17. percent for the year. Domestic tourism has also emerged as an important contributor to the sector providing much-needed resilience. Domestic tourist visits during 2010 are estimated at 740. 2 million, with a growth of 10. 7 percent. However, the Indian tourism industry is not only a growth engine but also an export growth engine and employment generator. According to the Economic Survey 2011-12, the sector has the capacity to create large-scale employment, both direct and indirect, for diverse sections of society, from the most specialized to the unskilled workforce. It provides 6-7 percent of the world's total jobs directly and millions more indirectly through the multiplier effect as per the UN's World Tourism Organization. Its contribution to the GDP and employment in 2007-08 was 5. 92 percent, respectively as per the Tourist Satellite Account Data. In India, the tourism sector has witnessed significant growth in recent years.

Objectives of the study:

1. To study the emerging challenges and opportunities in the context of globalization.
2. To examine the trends of foreign exchange earnings growth of foreign tourists arrivals in Indian tourism.
3. To analyze the share of the Indian tourism industry when compared to the rest of the world and the Asian and Pacific region.
4. To suggest the policy implications to develop the Indian Tourism Industry.

Methodology: The study mainly based on a range of secondary data from various government sources such as the ministry of tourism Government of India and other relevant websites etc. For analyzing secondary data simple statistical tools like percentages and averages have been used to interpret the data. A part of these tables, charts, graphs, pictures has been chosen at relevant places to easily understand the data. Observations India has significant potential for becoming a major global tourist destination. According to the World Travel and Tourism Council (WTTC) based on Tourism Satellite Accounting Research (TSAR) in 160 countries has predicted that India has the potential to become the number one tourist destination in the world with the demand growing at not less than 10 percent for annum.

The World Tourism Organization has also pointed out that India as the most favored destination among the countries of South Asia receiving more than 50 percent of the total foreign tourist traffic in the area. However, India's share in international tourist arrivals is 0.59 percent. (Share of India in International receipts is 1.54%) while its share in the country's GDP is 12 percent. It has given employment to 10.2 million people directly. Therefore the tourism is undoubtedly has emerged as an instrument of rural employment generation, as a labor-intensive activity in a labor surplus economy, with its forward and backward linkages with host sectors like transport, hospitality education, health, banking, etc, The interested spending by tourists has generated substantial income earnings both public and private sectors. Therefore the income flow has a multiplier effect on the macroeconomy. However, World Travel and Tourism Council pointed out that India is one of the fastest-growing tourism industries in the world and

expected to grow by a further 6. annually and should create 13, 127, 000 employment opportunities by 2020. But post-globalization and under GATS many changes and challenges are confronted.

Foreign Exchange Earnings (FEE) from Tourism in Indian Rupee terms and the US \$ terms FEE from tourism in Rupee terms during 2010 were Rs. 64889 crore as compared to Rs. 54960 crore during 2009 and Rs. 1294 crore during 2008. The growth rate in FEE in Rupees terms during 2010 was 18. 1% as compared to the growth rate of 7. 1% in 2009 over 2008. Therefore, the growth rate observed in 2010 over 2009 was substantially high FEE from tourism during 2010 was US \$ 14193 million as compared to US\$ 11394 million during 2009 and the US \$ 11832 million during 2008. The growth rate in FEE in US\$ terms during 2010 was 24. 6% as compared to a decline of 3. 7% in 2009 over 2008. Therefore, in US\$ terms, also the growth rate observed in 2010 was positive and substantially high. Thus tourism recorded a positive and significant compound annual growth rate at 13. 82%, however in terms of US Dollar foreign exchange earnings also increased from the US \$ 2, 889 million in 1997 to the US \$ 14, 193 million in 2010. It is observed that there was a higher fluctuation noticed in the quantum of foreign exchange earnings in both in terms of dollars and in Indian rupee. The study also found the highest growth (Foreign Exchange Earning) rates with 43. 8 are recorded in 2003 and the lowest growth rate with 7. 6 is recorded in 2001. Fig-2 gives the details of Foreign tourist arrivals to India. FTAs in India during 2010 were 5. 8 million with a growth rate of 11. 8% as compared to the FTAs of 5. 17 million and growth rate of (-) 2. 2% during 2009. The 11. 8% growth rate in FTAs for 2010 over 2009 for India is much better than UNWTO's projected

growth rate of 5% to 6% for the world during the same period Foreign tourist arrivals to India rose from 0.12 million in 1960 to 1.68 million in 1991 and 3.46 million in 2011 and 6.29 million in 2010. The study evidently speaks the truth that in terms of foreign tourist arrivals has registered a positive significant compound annual growth rate with 7 percent between 2000 and 2010.

The study also pointed out that the highest tourist arrivals growth rate registered with 26.8 in 2004 and a negative growth rate registered with -2.2 in 2009. The reason for the decrease in foreign arrivals may be due to slow down and recessionary trends in the economics of Europe and America. A top 10 source country for Foreign Tourist Arrivals (FTAS) in India in 2010 was placed. It connotes the fact that the majority of the tourist arrivals are from the U.S.A registered with 0.916 million. The data observed that out of total tourist arrivals 16.40 percent of tourists were from U.S.A and followed by U.K with 0.755 million which contribute 13.52 percent. The study mainly observed that in terms of foreign tourist arrivals in India- U.S.A occupied first place (16.40%) and Malaysia occupied with the tenth position. The table-4 reveals the share of India in international tourist arrivals in the world, Asia, and the Pacific region during the period of 1997-2010. It is observed that foreign tourist arrivals in India have risen from 2.37 million in 1997 to 6.17 million in 2009. In terms of share and rank of India in the world rose to 0.40 in 1997 to 0.59 in 2009.

As the rank of India when compared to the world has come down from 47th rank in 1998 to 41 rank in 2009. The study also pointed out that compares to share and rank of India Asia and the Pacific nearly increased with 2.67 in

1997 to 2.86 in 2009. However, the study reveals the fact that the share of India in international tourist arrivals in the world, Asia, and the Pacific region 1997-2011 was not increased significantly but merely increased. Table 5 gives the fact that the share of the top 10 states / UTs of India in the number of foreign tourist visits in 2010. The study observed that 28.7 percent of tourists are visiting Maharashtra followed by Tamilnadu which comprising 15.7 percent and followed by Delhi with 10.6 percent. Finally, the study explores the fact that 28.5 percent foreign tourists visiting Maharashtra and 2.5 percent foreign tourists visiting Goa state. Hotels and restaurants are an important component of the tourism sector. As of 31 December 2011, there were 2,895 classified hotels having a capacity of 1,29,606 rooms in the country. The availability of good quality and affordable hotel rooms play an important role in boosting the growth of tourism in the country.

The share of the hotel and restaurant sector in the overall economy increased from 1.46 percent in 2004-05 to 1.53 percent in 2008-09 and then decreased to 1.46 percent in 2010-11. However, if the contribution of this sector only in the service sector is considered, its share decreased from 2.75 percent in 2004-05 to 2.64 percent in 2010-11 as other service sectors grew faster than this sector. Its CAGR was 8.44 percent during 2004-05 to 2009-10 and the growth rate in 2010-11 was 7.7 percent. Health tourism, the new entrant in the sector is a niche area where India has good potential. Findings The study mainly pointed out that India has significant potential for becoming a major global tourist destination. The Tourism Industry has grown significantly during the study period and registered a compound annual growth rate of 7 percent in foreign tourist arrivals in India. The study also

found that the highest growth rate (foreign exchange earnings) with 43.8 are recorded in 2003 and the lowest growth rate with -7.6 in 2001. The study also explores the fact that the highest tourist arrivals growth rate registered with 26. in 2004 and a negative growth rate registered with -2.2 in 2009. The study observed that in terms of foreign tourist arrivals to India, U. S. A. occupied first place (16.40 percent) and Malaysia occupied the tenth position. From the share of India and the Pacific region, 1997-2011 was not significantly performed but substantially increased. India achieved 5,717 of international tourism receipts in the world and Asia, Pacific regions, and has jumped in leaps and bounds from a ranking of 36 to 16th position in the world and from 10th position to 6th position in the Pacific region.

Coming up to the other findings the share of India in international tourist arrivals is only 0.59 percent and tourism receipts are only 1.54 percent and ranks 16 only. The major shortcoming of the tourism is the inadequate capacity (e. g. 85,481 hotel rooms as against 8,97,206 in China) and costly travel (e. g. soaring fuel, surcharges, poor blight management, etc., ). Inadequate infrastructure and trained manpower lapses in security and safety (e. g. Terrorist attacks and harassment of tourists), and poor organization (e. g. fragment market, poor advertising, and untrained tourist guides).

Moreover, there is a need for well-equipped infrastructure and management to meet the high international standards and need for skilled management to benefit from the opportunities thrown open by (GATS, WTO) to tourism. There is a need to develop alternative tourism like health tourism village tourism and sports tourism and it is needed to take more initiative by



involving government and private agencies for more investments to develop the tourism sector. Conclusions Tourism undoubtedly has emerged as an instrument of employment generation.

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