

## TOURISM INDUSTRY: A BACK BONE INDIAN ECONOMY

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### ABSTRACT

*Tourism industry is one of major contributor of Indian economy. It contributes to the GDP and to the employment in the country nearly to 9 to 12% respectively. This industry is one of the major foreign exchange earners in India. The tourism sector is linked to many other sectors of the economy, affecting economic growth and creating employment in those sectors. Tourism and real estate both sectors act complementary to each other. More the number of tourist arrivals more is the requirement of better infrastructure, hotel, restaurants, houses etc. This is the point to be noted that the tourism sector is not a stand alone sector. It is further linked to more than 200 different sectors like cement, steel, glass, electrical, water supply, carpentry, transportation and many more. Tourism and real estate both sectors act complementary to each other. India holds immense potential in adventure and cruise tourism. India's greatest adventure tourism assets are Himalayas and its mighty rivers.*

**KEYWORDS:** *W.T.T.C, Tourism, Foreign Exchange. Incredible, Medical Tourism.*

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### Introduction

Tourism industry has become an important part of the Indian economy. It contributes to the GDP and to the employment in the country nearly to 9 to 12% respectively. This industry is one of the major foreign exchange earners in India. The tourism sector is linked to many other sectors of the economy, affecting economic growth and creating employment in those sectors.

Today Indian economy depends a lot upon its invisibles and tourism sector is a major part of it. The foreign exchange earnings have also grown by 38% to US\$ 4810 billion. The total contribution of this sector, direct and indirect, to Indian GDP is around 7 to 8% approx. This sector is directly and indirectly linked to many other sectors such as handicrafts, handlooms, transportation, real estate etc. in the economy. Travel and tourism was the largest service industry in India worth \$234 billion in 2018 .the industry has become one of the largest foreign exchange earners in India with earning of \$29.962 billions over January 2019 to December 2019.

According to the world travel and tourism council (W.T.T.C) tourism generated \$194 Billion or 6.8% of India's G.D.P. in 2019

### Impacts of Tourism Industry

#### Employment Generation

Another major aspect of the tourism industry is the employment opportunities attached to it. Tourism industry is the largest employer in the world. The total employment generated by the industry in India is around 40 to 45 million. Also, 50% of this employment generated is indirect. This means that the growth in this industry has a strong impact on the employment in other industries also.

According to W.T.T.C tourism generated 39.80 millions jobs in 2019 which is 8% of its total employment. Our country not only gets revenue from tourism but it is also huge provider of employment opportunities to the people.

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India's tourism sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023. This gives India the third rank among countries with the fastest growing tourism industries over the next decades. India recently ranked 52<sup>nd</sup> on global travel and tourism list. Foreign tourist arrivals during August 2011 were to the tune of 4.02 lakh compared to 3.82 lakh during August 2010 and 3.70 lakh in August 2009, according to the figures given by the Tourism Ministry. F.T.A.,s in April 2019 were 771353 compared to 745051 in April 2018 registering a growth of 28%. During 2019 a total of 2.93 million foreign tourist arrived on e. tourist visa registering the growth of 23.6%. Currently, foreign tourist arrivals are about 0.5 per cent of world tourist arrivals and the Ministry has set an objective of increasing the share to one per cent by the end of the 12th Five-Year Plan.

The Government plans to take in to regional tourism by opening doors for south Asian countries in post the pandemic crises. The government is also making serious efforts to boost investment in the tourism sector in the hold and tourism sector 100% F.D.I. is allowed through the automatic root. A five year tax holiday has been offered for 2, 3, and 4star category hotels located around U.N.E.S.C.O. world heritage sites except Delhi and Mumbai .

### **Medical Tourism**

The next big opportunity in Indian Tourism industry could be Medical Tourism. It has the potential to become a major driver of Indian economy like Information Technology. The medical procedures in India are much cheaper as compared to US and European countries. Another advantage for India is that, it can provide many medical treatments at one place, like yoga, meditation, Ayurveda, Homeaopath and Allopath. Indian government is also taking steps to promote Medical Tourism. The global medical tourism market was worth \$ 19.7billian in 2016 and estimated to be growing at C.A.G.R.of 18.8%to reach \$46.6 Billian by 2021.The total number of inward medical tourists doubled in the span of just three years in India .In 2017 around 22% arrival from west Asia was for medical purposes followed by 15.7% from Africa.

### **Steps taken by Government**

- The Government of India has adopted the policies which are benefiting Tourism in India. Improved tourist infrastructure, enhanced air connectivity, improved road infrastructure, road shows in Europe and many other initiatives have helped Indian Tourism. Four new hotel management institutes will be established Along with the reduction in FBT (fringe benefit tax) on travel and hospitality will also help the industry.
- A nationwide campaign is being launched, for generating awareness about the effects of tourism and preservation of our rich heritage & culture, cleanliness and warm hospitality.
- The divestment of government's stake in government run hotels is another step in the right direction. Professionals are increasingly stepping in to take over this service-oriented industry. Global best practices, cost cuts and service with a smile are fast turning a norm.

### **Major Challenges**

#### **• Lack of Proper Infrastructure**

Infrastructure is one of the basic problems to many industries in India. Infrastructure in India has improved but still it is far from what is required to become a world tourist destination. The sectors related to the travel and tourism industry include airlines, surface transport, accommodation (hotels), and infrastructure and facilitation systems, among others.

#### **• Access and Connectivity**

To harness India's tourism potential, several efforts are being taken for opening new destinations and exploring niche segments. However, infrastructure facilities such as air, rail, road connectivity, and hospitality services at these destinations and the connecting cities are inadequate. Despite numerous efforts to improve road infrastructure, connectivity remains a major problem. There is a greater need for strengthened road and rail network, development of more expressways, and tourist-specific routes to improve connectivity to various locations across different regions.

Aviation infrastructure is also critical since it is a major mode of entry for inbound tourism. Passenger traffic is expected to increase in the coming years; however infrastructure facilities at airports are cause for concern. Expansion and development of airports at major gateway cities is underway to cater to the increasing passenger traffic. However, in addition, airport facilities at important secondary cities and tourist destinations also need to be improved to be able to handle greater passenger traffic.

India scores poorly in terms of availability of these infrastructure facilities. Inadequate infrastructure facilities affect inbound tourism and also could lead to an increase in the outflow of domestic tourists from India to other competitive neighboring countries. Availability of skilled manpower is a major challenge faced by the travel and tourism industry, one of the largest employment generators in the country. To sustain growth in the travel and tourism industry, trained manpower/ workforce is required at every level - managerial, supervisory, skilled or semi-skilled. Shortage of tourism training infrastructure, qualified trainers, and lack of proper strategies and policies for human resource development also affect the industry. The industry needs to address these problems at the earliest.

The government has taken initiatives to promote responsible tourism by sensitizing key stakeholders of the tourism industry through training and orientation, to develop a sense of responsibility towards tourists and inspire confidence of foreign tourists in India as a preferred destination. One such major initiative is the "Atithi Devo Bhava" campaign. More such efforts are required to improve the degree of service across various operators.

Marketing and promotion of India as a major tourist destination is critical for the industry to achieve its potential. Lack of adequate budgetary support for promotion and marketing, compared with competing tourist destinations, is a major reason for India lagging behind as a tourist destination. Marketing under the "Incredible India" campaign helped place India as a good tourist destination on the global tourism map. Indian tourism products are promoted primarily by the Ministry of Tourism with the involvement of state governments through the State Tourism Development Corporations. Newer tourism concepts, which include cruise tourism, adventure tourism, agro tourism or rural tourism, are emerging in India and these require support to develop and flourish. Hence, greater marketing push for these different products is required.

Travel and tourism in India is a high-taxed industry, which makes India expensive as a tourist destination. This is affecting the growth of the industry in India and India is losing out to other low-cost destinations. Inbound tourism is the one most affected. Various taxes are levied across the entire industry right from tour operators, transporters, airline industry to hotels and these include service tax, luxury tax, tax on transportation, tax on aviation turbine fuel (airline industry), and various taxes on transportation. In addition, these tax rates tend to vary across different states in the country. Security has been a major problem as well for growth of tourism for a number of years. Terrorist attacks or political unrest in different parts of the country have adversely affected sentiments of foreign tourists. The terror attacks raised concerns of safety. In addition, insurgency in different parts of the country also mars India's image as a safe destination. However, the government needs to take a proactive approach in addressing these issues and in averting the potential impact on the industry.

**Cyber crime** is another major challenge the travel industry faces. Use of Internet in the travel and tourism industry has increased rapidly in recent years and has emerged as one of major segments for online spends.

A number of projects in the tourism infrastructure segment and in the hotels industry are delayed due to non-attainment of licenses and approvals on time. The government recently cleared the long-standing proposal for single window clearance for hotel projects to hasten the process of infrastructure development. Implementation of this proposal would help development of tourism and hospitality infrastructure in the country. There is a greater need for speedier clearances and approvals for all projects related to the industry. Government of India has a target of 10% GDP growth rate, with the present growth rate at around 8%. To maintain such a high growth rate and increase the employment opportunities also at the same rate, it has to exploit the highly potential and growing sectors like Tourism. And, to fully exploit these sectors, problems related to these sectors should be addressed along with the fundamental issues like infrastructure and corruption.

### **Opportunities**

India's size and massive natural, geographic, cultural and artistic diversity offers enormous opportunities for the travel and tourism industry. The promotion and aggressive marketing measures undertaken by the government is expected to aid influx of tourists. The industry would also benefit from introduction of new forms of tourism and development of niche segments. Medical tourism in India has gained considerable popularity in recent years. India has a major cost advantage in this field compared with other countries. In addition to cost advantages, Indian healthcare industry offers state-of-the-art equipment, technological advancement, qualified and experienced medical personnel and a blend of modern and traditional medicines. Thus, medical tourism has immense potential in India.

Opportunities also exist in ecotourism, adventure tourism, and cruise tourism. Eco-tourism is increasing in popularity, evident in the development of eco-friendly hotels and tour packages. With increasing environment awareness and consciousness among tourists and given efforts undertaken by the government and private players, the ecotourism segment is expected to record handsome growth in the coming years. India holds immense potential in adventure and cruise tourism. India's greatest adventure tourism assets are Himalayas and its mighty rivers. The peak period for adventure tourism is the "lean period" of cultural tourism.

### **Prospects**

India has been identified as one of the fastest-growing Healthy economic growth recorded in past few years, especially in the services industry, has led to increase in business travel. Higher disposable income and affordability have increased domestic leisure travel in India. Foreign tourist arrivals in India have also grown. This is a clear indicator that the long-term prospects for the Indian travel and tourism industry are bright. India is expected to witness increased tourist activity both in the business and leisure segments in the coming years.

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