

TOURISM IMPACTS IN INDIA

Pankaj Kumar *

Research Scholar, IVS HPU Shimla

Dr. Nitin Vyas**

Assistant Professor

IVS HPU Shimla

Abstract

Tourism is world's biggest industry without creating smoke. It inhabits one in fifth global jobs and also contributes 10 percent to the total world's Gross Domestic Product. It is an animatedly emerging area of external economic activities. It gives there affects to other different sector's economy through its higher evolution and improvement rates, significant amounts of foreign currency inflows, infrastructure enlargement and an introduction of new management and educational skills. Successively it adds positively to the social and economic development of the country. Its genuine and prospective economic impact is impressive. So this paper is an effort to measure the economic impacts of tourism in India. Currently, various measures are present to measure the impact. The important measures are Input-Output Method, Tourism Satellite Accounts Method, Multiplier Method, Economic Impact Assessment Scale, Impacts of Visitor Spending Method and Computable General Equilibrium Model. To complete this study the author is using the Visitor Spending Method.

Keywords: *Development, economy, impact, measurement, tourism.*

Introduction

Today, tourism is appreciating as an economic engine for socio-economic development of many developing nations. To recognising tourism's crucial contribution regarding GDP, national income, foreign exchange earnings, employment generation and destination development, more than two dozen countries have inclined to develop and promote tourism in scientific ways.

In India, Tourism has gradually developed over the years. India is famous for its rich

cultural patrimony and that based on the proverbs ‘Atithi Devo Bhava’ and ‘Vasudhaiva Kutumbakam’. The Ministry of Tourism introduced an advertisement campaign “Incredible India” to promote India’s culture and tourist attractions in a fresh and unforgettable way. In 19th and 20th century, the development of Indian tourism was constituted by the establishment of railway system, modernisation of ports and development of hill stations. India’s tourism during post-independence is based on the remark of Pandit Jawaharlal Nehru that “Welcomes a tourist and sends back a friend”.

Travel and tourism builds-up an essential part of India. Tourism considered as an engine of growth and generator of employment. The tourism sector can produce jobs for the various units of the society including both direct and indirect manner at large scale. Indian tourism development has passed through different stages. In 1956, Tourist facilities development was taken up in a planned manner. In 1966, India Tourism development Corporation was formed to promote India as a tourist destination. The later government made many efforts to increase the development of tourism in the country. The major initiative taken by the government for the tourist expansion include ‘Hunar se Rozgar’ Programme and Visa on Arrival.

In India the Travel and Tourism Competitive Index (TTCI) of World Economic Forum has released on 5th April 2017 with media persons. Here today, India has moved 12 places up in this ranking from 52nd to 40th position.

India’s ranking in the Travel and Tourism Competitive Index (TTCI) of World Economic Forum moved from 65rd position to 52nd position in 2015. Now India has moved up by another 12th position and ranked at 40th position. In last three years, India has cumulatively improved its ranking by 25 places which is a significant achievement. India continues to attract international tourists with its vast cultural and natural resources with a ranking of 9th and 24th respectively which are the USP’s of Indian Tourism product. We are ranked 10th according to price competitiveness advantage. India continues to enrich its cultural resources, protecting more cultural sites and intangible expressions through UNESCO World Heritage lists, and via a greater digital presence.

In India, the major tourist attractions includes wide-ranging life styles, vast cultural heritage, beautiful beaches, colourful fairs and festivals, forests and wild life, attractive flora and fauna, wonderful architecture, science museum and technological parks, yoga, ayurveda and handicrafts especially jewellery, carpets, leather goods, ivory and brass work. In India, tourism sector spreads in different branches such as Medical and Health Tourism, Spiritual Tourism, MICE (Meeting, Incentives, Conferences, and Events) Tourism, Adventure and Wild Life Tourism, Heritage and Culture Tourism, Cruise Tourism, Eco Tourism and Film Tourism. In terms of International openness, India is ranked 55th, up by 14th places. This has been possible through stronger visa policies. Implementing both visas on arrival and e-visas has enabled India to rise through the ranks.

The major organisations involved in India's tourism are:

- 1) Department of Tourism
- 2) India Tourism Development Corporation
- 3) Indian Institute of Tourism and Travel management
- 4) National Council for Hotel Management and Catering Technology
- 5) Tourism Finance Corporation of India Limited

Growth of Tourism in India

In India, the seeds of the present two-tire tourism development was laid by the Sargent Committee in 1946 are clearly visible. An aim of this development is to emphasis towards an increase in foreign exchange earnings and the settings up of separate 'first class hotel of international standard'. The recent policy, National Action Plan for Tourism (NAPT) 1992, emphasizes tourism toward 'recreation and adventure'. However, it must be pointed out that one of the characteristics of the Indian Bureaucracy is its penchants for precedence and continuity: while NAPT 1992 attempts to shift priorities, development from earlier ones, all the way back to the Sargent Committee report (Bhatia, 1994).

In 1994, after independence, Government set up the Tourist Traffic Branch in the

Ministry of Transport as a follow-up on the Sargent Committee recommendation. In 1958, a separate department of Tourism in Ministry of Transport and Communication was set up, and in 1967 a separate Ministry of tourism and civil aviation was created with the Tourism department as one of the two constituent departments. Besides the influence of policy changes, the advancement of tourism in the country closely parallels the fiscal policy provided by the Planning Commission in the successive Five-year Plans which have guided the overall economic development of the country. Beginning with a plan outlay of Rs. 33.6 million in the Second Plan, it was Rs. 3,261.6 million in the Seventh Plan. It is also important to point out the Indian Federal System of Government, the Central Ministry mainly guides, assists and co-ordinates tourism policy. The responsibility for implementation of these strategies shared by the center-through autonomous agencies like the Indian Tourism Development Corporation, the state Government and Private Sector (MOT).

The states Kerala, Goa, Gujarat and others have been identified as Special Tourism Zones for the growth of the regions Bekel, Malabar and Wayanad regions in Kerala, Kevadia in Gujrat, Commonwealth village in Delhi, Kundil- Manesar-Palwal in Haryana, Gorai-Manori-Uttan, Manandangarh and Sindhudurg in Maharashtra, Kullu and Manali in Himachal Pradesh.

Research design

This research has utilised secondary information that obtained from official annual report of Indian Tourism Statistics 2017 and official website from Ministry of Tourism, India.

Objectives

The main objective of the study was to find out the exiting positive and negative impacts of tourism industry in India.

Tourism directly contributes to Gross Domestic Product (GDP)

The direct contribution of Travel and Tourism to GDP was INR 4,809.8bn (USD71.7bn), 3.3% of total GDP in 2016 and is forecast to rise by 6.9% in 2017, and to

rise by 6.8% pa, from 2017-2027, to INR 9,948.5bn (USD148.2bn), 3.5% of total GDP in 2027. Travel and Tourism directly supported 25,394,500 jobs (5.8% of total employment) 2016. This is expected to rise by 2.1% in 2017 and rise by 2.1% pa to 31,910,000 jobs (6.1% of total employment) in 2027

The tourist arrival to the country showed a tremendous growth over the years. The number of foreign tourist inflow into the country during the year 2000 was 5.89 million. On the other hand, the number of domestic tourists was 22.11 million. In all other years, we can see a steady growth in the number of foreign tourist arrivals except in 2002 and 2009 where there is decrease in foreign tourists' arrivals. But the domestic tourist arrival showed a steady increase in all the years. The total number of tourist arrival in the year 2016 was 4084.55 million that including 24.71 million foreign tourists and 1613.55 million domestic tourists (Table 1).

The percentage share of top 10 countries for foreign tourist arrivals in 2016 was highest from Bangladesh i.e., 15.68 per cent. Bangladesh was followed by US (14.73 per cent), UK (10.70per cent), Canada (3.60 per cent), Malaysia (3.43per cent), Sri Lanka (3.38 per cent) Australia (3.33 per cent), Germany (3.02 per cent), China (2.85 per cent), and France (2.71 per cent) (Table 2).

Table 1: Tourists Arrival in India from 2000 to 2016

Years	FTAs in Million	Annual Growth (%)	DTVs in Million	Annual Growth (%)
2000	5.89	1.1	220.11	15.4
2001	5.44	-7.8	236.47	7.4
2002	5.16	-5.1	269.60	14.0
2003	6.71	30.1	309.04	14.6
2004	8.36	24.6	366.27	18.5
2005	9.95	19.0	392.04	7.0
2006	11.75	18.1	462.44	18.0
2007	13.27	12.9	526.70	13.9
2008	14.38	8.4	563.03	6.9

2009	14.37	-0.1	668.80	18.8
2010	17.91	24.6	747.70	11.8
2011	19.50	8.9	864.53	15.6
2012	18.26	-6.3	1045.05	20.9
2013	19.95	9.2	1142.53	9.3
2014	22.33	11.9	1282.80	12.3
2015	22.33	4.4	1431.97	11.6
2016	24.71	5.92	1613.55	12.7

(P) Provisional, @ Growth rate over Jan-Jun, 2016
 Source: (i) Bureau of Immigration, Govt. of India, for 2000-2016
 (ii) Ministry of Tourism, Govt. of India, for Jan-Jun, 2017

India has received foreign tourists from different parts of the world. Bureau of immigration recognised ten countries as the most visited in 2016. Most of them are from European continent.

Table 2: Top 10 Sources Countries for FTAs in India in 2016			
Sr. No.	Sources Country	FTAs	Percentage (%) Share
1	Bangladesh	1380409	15.68
2	United States	1296939	14.73
3	United Kingdom	941883	10.70
4	Canada	317239	3.60
5	Malaysia	301961	3.43
6	Sri Lanka	297418	3.38
7	Australia	293625	3.33
8	Germany	265928	3.02
9	China	251313	2.85
10	France	238707	2.71
	Total Top 10 Countries	5585422	63.44
	Others	3218989	36.56
	Grand Total	8804411	100

Source: Bureau of Immigration, Govt. of India, 2016

It has been calculated that travel and tourism can offer a huge resource in the upcoming

period to the country. Tourism has a potential to deliver Five million new jobs in India. It includes accommodation, transportation, eating and drinking establishments, retail shops, entertainment business, activity facilities and other hospitality services. Likewise it is a mixture of different productive sectors of the economy like, agriculture, transportation, accommodation, cottage industries, entertainment and communication

Impacts of Tourism

The tourism industry expansion leads the localities growth by increasing the people income as a result of the increase in the tourist expenditure. Tourism contributes to the economy enlargement in sectors and encourages the locality's traditional exchange. The tourism impacts are divided into different categories such as Economic Impacts, Social and Cultural Impacts and Environmental Impacts. The most important impact is upon the economic condition of the economy. These economic impacts are increase in the employment opportunities, increase in investment, development and infrastructure spending, increase in tax revenue, create new business opportunities and contribute to income and standard of living of the people. The effects of tourism upon the economy can be classified into direct, indirect and induced effects. Direct effects are related directly with the visitor spending and indirect effects are changes in the economy as result of the secondary rounds of purchases made in the direct spending. But the induced effects are related to the changes in the economy as a result of income received from the tourist expenditure (either directly or indirectly). Social and cultural impacts can be positive or negative. The important positive social and cultural impacts which are produced by tourism include growth in the amenities like parks, recreation facilities etc., improvement in the quality of life of the people, improves understanding of different communities and investment in arts and culture. On the other hand the negative social and cultural impacts are loss of native identity, cultural clashes, social stress like increased demand for resources, exclusion of locals from natural resources and ethical issues like sex tourism or child labour (Kreag, 2001)

Tourism depends entirely on the natural environment. So it creates impacts upon the

environment also. The important environmental impacts are depletion of natural resources, pollution and physical impacts like marina development, loss of biodiversity, construction activities and trampling. The possible impacts can be summarised below (Table 3).

Thus whether positive or negative, tourism is a force to modify the world and the industry for changing at an amazing rate

Table 3: Possible Impacts of Tourism

Types of Impacts	Positive	Negative
Economic	<ul style="list-style-type: none"> → Increased expenditures. → Creation of employment. → Increase in labour supply. → Increase in standard of living. 	<ul style="list-style-type: none"> → Price increases during event. → Real estate speculation. → Failure to attract tourists. → Better alternative investments. → Inadequate capital. → Inadequate estimation of costs of event.
Tourism/commercial	<ul style="list-style-type: none"> → Increased awareness of the region as a travel/tourism destination → Increased knowledge concerning the potential for investment and commercial activity in the region → Creation of new accommodation and tourist attractions → Increase in accessibility 	<ul style="list-style-type: none"> → Acquisition of a poor reputation as a result of inadequate facilities, improper practices or inflated prices → Negative reactions from existing enterprises due to the possibility of new competition for local manpower and government assistance
Physical/environmental	<ul style="list-style-type: none"> → Construction of new facilities → Improvement of local infrastructure → Preservation of heritage 	<ul style="list-style-type: none"> → Ecological damage → Changes in natural processes → Architectural pollution → Destruction of heritage → Overcrowding
Social/Cultural	<ul style="list-style-type: none"> → Increase in permanent level of local interest and participation in types of activity associated with event → Strengthening of regional values and traditions 	<ul style="list-style-type: none"> → Commercialisation of activities which may be of a personal or private nature → Modification of nature of event or activity to accommodate tourism → Potential increase in crime → Changes in community structure → Social dislocation.

Psychological	<ul style="list-style-type: none"> → Increased local pride and community spirit → Increased awareness of non-local perceptions 	<ul style="list-style-type: none"> → Tendency toward defensive attitudes concerning host region → Culture shock → Misunderstanding leading to varying degrees of host/visitor hostility
Political/administrative	<ul style="list-style-type: none"> → Enhanced international recognition of region and values → Development of skills among planners 	<ul style="list-style-type: none"> → Economic exploitation of local population to satisfy ambitions of political elite → Distortion of true nature of event to reflect elite values → Failure to cope → Inability to achieve aims → Increase in administrative costs → Use of event to legitimate unpopular decisions → Legitimizing of ideology and socio-cultural reality
<p>Source - Hall, 1992</p>		

Economic Impact

Tourists contribute to the economy as their outlay. As a result the economic impact assessment focuses on the changes in employment, sales and income of the economy resulting from tourism activities. So the economic impact of tourism covers the effects of visitors in an area, their performances and their spending. These effects include the economic changes like:

- Employment generation
- Changes in the foreign exchange rates
- Business proceeds
- Externalities and public goods
- Multiplier effects on transactions, output, income, employment and government revenue
- Changes in the property and asset values
- New business formation including business investment in plant and equipment
- Earnings including wages, dividends, interest, rent and profits
- Government revenue including taxes, receipts of government enterprises, user fees and

→ Fines Changes in imports, exports and balance of payments.

As an outcome tourism is considered as a vehicle for economic expansion. International tourism is an invisible export. Where, currency flows from foreign country to the tourist country. So it directly contributes to the balance of payment current account. This flow generates employment, business turnover, household income and government revenue.

The direct contribution of Travel and Tourism to GDP in 2016 was INR4, 809.8bn (3.3% of GDP). This is forecast to rise by 6.9% to INR5, 141.1bn in 2017. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation. The direct contribution of Travel and Tourism to GDP is expected to grow by 6.8% pa to INR9, 948.5bn (3.5% of GDP) by 2027.

The total contribution of Travel and Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts, was INR14, 018.5bn in 2016 (9.6% of GDP) and is expected to grow by 6.7% to INR14, 964.3bn (9.6% of GDP) in 2017. It is forecast to rise by 6.7% pa to INR28, 491.8bn by 2027 (10.0% of GDP).

Generation of Foreign Exchange

The foreign exchange earnings of the country increased from Rs. 15626 crore in 2000 to Rs. 154146 crore in 2016. The average annual growth rate of foreign exchange earnings was 14.0 per cent in 2016. Foreign exchange earnings from tourism show an increasing trend over the years. It was Rs. 154146 crore in 2016 as compared to Rs. 135193 crore in 2015. The growth rate of the earnings in 2016 was 14.0 per cent as compared to 9.6 in 2015 per cent. On the other hand, foreign exchange earnings in US\$ terms in 2016 were US\$22923 million with a growth rate of 8.8 per cent, as compared to US\$ 21071 million in 2015. FTA registered a growth of 16.5% in January 2017 compared to January 2016. FTAs during the period January- February 2017 were 19.40 lakh with a growth of 14.7%, as compared to the FTAs of 16.91 over January-February 2016. The foreign exchange earnings from 2000 to 2016 and till June 2017 in India are expressed in (table 4).

Table 4: Foreign Exchange Earnings from 2000 to 2016 in India

Years	FEE from tourism in India (in US\$ million)	Percentage(%) change over the previous year
2000	3460	15.4
2001	3198	-7.6
2002	3103	-3
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010	14193	27.5
2011 ^{#1}	16564	16.7
2012 ^{#1}	17737	7.1
2013 ^{#2}	18445	4
2014 ^{#2}	20236	9.7
2015 ^{#2}	21071	4.1
2016 ^{#2}	22923	8.8
2017 ^{#1} (Jan-Jun)	13230	22.3

#1: Provisional estimates (based on Provisional FTAs), @: Growth Rate over Jan-Jun, 2016

#2: Revised estimates (based on the final FTAs received from BOI)

Source: (i) Reserve Bank of India, for 2000-2016

(ii) Ministry of Tourism, Govt. of India, for 2011-2017.

Conclusion

In this research study, we can say that Indian tourism has a vast potential for generating employment and foreign exchange earnings. Since it is a multi-dimensional and service oriented industry all divisions of the Central and State governments, private sector and

voluntary organizations become active partners in the attempt to attain sustainable growth in tourism of the country. The total number of foreign tourist arrivals in the country has augmented several times. It showed an increasing trend except few years during the study period. It denotes that the Indian government is giving attention both on the development of the tourism and linked almost all the known tourist spots by road, railway and civil aviation. The foreign exchange earnings of the country through tourism have increased more than seven times from 2000 to 2016. It proves that the economical, political and social amity has positive impact on the arrival and receipts of the tourist industry in countries.

References

- Bhatia, A.K. (1994). International tourism Fundamental and Practices, Sterling Publishing Pvt. Ltd. New Delhi, 39-41.
- Kothari, C.R. (2000). Research Methodology-Method and Techniques, New Age Publication, New Delhi.
- Archer, B.H. (1989). Tourism and Island Economies: Impact Analyses, in C.P. Cooper (ed.), *Progress in Tourism, Recreation and Hospitality Management* 8: 125-34, London and New York: Belhaven Press.
- Hall, C.M. (1992). *Hallmark Tourist Events: Impacts, management, and planning*, London, Belhaven.
- Kreag, G. (2001). The impact of Tourism.
- Smith, S.L.J. (1997). TSAs and the WTTC/WEFA Methodology: Different Satellites or Different Planets? *Tourism Economics* 3(3): 249-263.
- Ministry of Tourism, Govt. of India (2017). Report on tourism and hospitality industry, New Delhi. <http://tourism.gov.in>
- *First Author, **Second Author.