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IMPACT OF TOURISM IN INDIAN ECONOMY

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ABSTRACT

This paper coins how tourism sector is significant for Indian economy. Developing country like India tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. Tourism is one of the fastest growing service industry in the country with great potentials for its further expansion and diversification. Tourism industry plays a major role in any country's economic development. It helps significantly to the country for creating the employment opportunities to the large number of people. Moreover, it is also one of the important engines to attract more foreign exchanges with its potential. We need to concentrate to have liberal policies, relaxation in taxes, comprehensive package and so on to influence tourist and foreign investment. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market. India has rich source in tourism for the establishment of the brand. Of course India has been launched the Incredible India to make tourism better.

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INTRODUCTION

Tourism has become the world's largest industry, generating wealth and employment, opening the minds of both visitors and the visited to different ways of life. India has strong signs of becoming one of the emerging giants in world tourism. The most imperative factors for successful tourism development include product enhancement, marketing, regulations and human resource development. India's tourism is one of the flourishing sectors in terms of its scope. Tourism in India is growing continuously to generate employment and earn large amount of foreign exchange in order to stabilise the country's economic and social development. It also helps in preserving and sustaining the diversity of the India's natural and cultural environments. We should develop tourism industry with government supports, new initiations, actions and plans to influence foreigners to sustain our position strongly. This paper explains the impact of tourism in Indian economy. Tourism in India is a key growth driver and a significant

Statement of the Problem

The tourism industry is one of the largest segments under the services sector of the Indian economy.

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source of foreign exchange earnings. The tourism sector in India is flourishing due to an increase in foreign tourist arrivals (FTA) and a larger number of Indians travelling to domestic destinations. India has a dramatic growth of tourism and it is one of the most remarkable economic changes. Tourism activity has long lasting socio-economic impacts on the host economy and community. Though the industry has great opportunities, but there is a need to make it positive in terms of its future.

Objectives of the Study

- To understand the opportunities in tourism industry
- To realize the prospects of tourism industry
- To identify the challenges involved in this sector
- To aware different forms of tourism industry
- To know the Positive impacts of Tourism in India

MATERIALS AND METHODS

This paper is prepared with the support of secondary sources like magazines, newspapers, reports, dissertations, thesis and the like.

Opportunities in Tourism industry

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. 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. Development of adventure tourism can make India a round-the-year tourist destination. The cruise industry is one of the most promising industries in India. However, strong efforts need to be made to develop this industry. Other forms of tourism such as agri tourism, pilgrimage tourism, heritage tourism, and MICE tourism also hold enormous potential.

Prospects in Tourism Industry

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. However, the industry has shown signs of recovery in the first half of 2010. 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. India has been identified as one of the fastest-growing countries in terms of tourism demand. The tourism and hospitality industry is one of the largest segments under the services sector of the Indian economy. Tourism in India is a key growth driver and a significant source of foreign exchange earnings.

In India, the sector's direct contribution to gross domestic product (GDP) is expected to grow at 7.8 per cent per annum during the period 2013-2023. The tourism sector in India is flourishing due to an increase in foreign tourist arrivals (FTA) and a larger number of Indians travelling to domestic destinations. The role of the Indian government, which has provided policy and infrastructural support, has been instrumental in the growth and development of the industry. The tourism policy of the government aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies. India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourists, and coordinated government campaigns to promote 'Incredible India'. In fact India has a rich source in

tourism sector to influence GDP, employment, image, foreign investments, new projects and the like to make our position comfortable in globally.

Challenges in Tourism industry

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. There are challenges involved in tourism industry.

Lack of Proper Infrastructure

Infrastructure needs for the travel and tourism industry range from physical infrastructure such as ports of entry to modes of transport to urban infrastructure such as access roads, electricity, water supply, sewerage and telecommunication. 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

The infrastructure facilities like air, rail, road connectivity, and hospitality services are still needs to be improved to connect various cities across the country. This remains a major issue for the development of tourism. Tourists largely depends on road network rather other mode. Despite numerous efforts will be taken to modernize the road facilities connectivity remains a major challenge. There is a greater need to improve road and rail network to connect various locations across different regions in the country.

Amenities

Amenities available at various tourist locations and en route need to be improved. These include basic amenities such as drinking water, well maintained and clean waiting rooms and toilets, first aid and wayside such as lounge, cafeteria, and parking facilities, among others. 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 neighbouring countries.

Human Resource

To sustain growth in the tourism industry trained manpower is required at various levels such as managerial, supervisory, skilled or semi-skilled. At mid and senior management levels, the industry faces talent crunch and at the front-line staff level, although human resources are adequate, a boom in other service industries such as banking, retail, airline and BPO have resulted in shortage of manpower at this level for the travel and tourism industry. Thus, we have a demand-supply mismatch with respect to manpower in the tourism sector in India. Attrition, 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.

Service level

The degree of service offered by the various stakeholders has a significant impact on determining the tourist's overall experience of India as a tourist destination. The government has taken initiatives to promote responsible tourism by sensitizing key stakeholders of the tourism industry through training and orientation. In order to have a sense of responsibility towards tourists and to inspire confidence over foreign tourists in India as a preferred destination. As India we need to focus more to offer better services to make India to be the strong segment in tourism.

Marketing and Promotion

India needs to change its traditional marketing approach to a more competitive and modern approach. There is a need to develop a unique market position and the brand positioning will be the essence of the country's tourism products to the potential customer. Indian tourism products are promoted primarily by the Ministry of Tourism with the involvement of state governments through the State Tourism Development Corporations. For any new thoughts exist in this sector it require support to develop and flourish with the involvement of Government. India has big opportunity in tourism to make it better position to use and consider new strategy in marketing to close with domestic as well as global tourists.

Taxation

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. Different types of 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. Obviously this will be one of the challenges behind of our sustainability in this sector.

Security

Security has been a major problem for our growth in tourism for a number of years. Terrorist attacks or political unrest in different parts of the country have adversely affected sentiments of foreign tourists. 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 in tourism industry. 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. The industry needs to take measures to make the process of online bookings more secure and transparent and also needs to create awareness regarding this. Because, some of the biggest frauds have been detected in this segment and the issue of online security has assumed significantly importance.

Regulatory Issues

A number of countries competing with India for tourists provide visa on arrival. India should provide visa on arrival for

more countries or for certain categories of tourists for a specific duration. 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.

Different forms of Tourism

Tourism industry has contributed enormously in the flourishing graph of India's economy. Tourism industry is the backbone of any country's economic position. It raises the living conditions of the citizens of the country. It will be helpful in raising the GDP of the country. Self employment gives a new boost to the country. Infrastructure development is another advantage of tourism industry. Cultural exchange is also possible only through tourism. There are different types of tourism. The recent trend is moving toward niche segments of tourism:

Medical tourism

Medical tourism also known as health tourism has emerged as one of the important segments of the tourism industry. The term has been coined by travel agencies and the mass media to describe the rapidly-growing practice of travelling across international borders to for healthcare. Travelers typically seek services such as elective procedures as well as complex specialised surgeries such as joint replacement (knee/hip), cardiac, dental, and cosmetic surgeries. Psychiatry, alternative treatments, and convalescent care are also available.

Wellness tourism

Wellness tourism is regarded as a sub-segment of medical tourism. Here, the primary purpose is achieving, promoting or maintaining good health and a sense of well-being. India with widespread presence of Ayurveda, Yoga, Siddha, and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination. Wellness tourism includes ayurvedic therapies, spa visits, and yoga meditation. The government is promoting this form of tourism with publicity and promotional activities.

Adventure tourism

Travel for the aim of exploration or travel to remote, exotic and possibly hostile areas is known as adventure tourism. With tourists looking for different options, adventure tourism is recording healthy growth. Adventure tourism refers to performance of acts, which require significant efforts and some degree of risk or physical danger. The activities include mountaineering, trekking, bungee jumping, mountain biking, river rafting, and rock climbing. India with its diverse topography and climate offers tremendous scope for adventure tourism. The mountain regions offer lot of scope for mountaineering, rock climbing, trekking, skiing, skating, mount biking and safaris; rushing rivers provide opportunities

for river rafting, canoeing and kayaking; and oceans provide tremendous opportunity for diving and snorkeling.

Heritage tourism

Heritage tourism is defined as “travel undertaken to explore and experience places, activities, and artifacts that authentically represent the stories and people of the past and present”. It is oriented toward cultural heritage of the tourist location. It involves visiting historical or industrial sites, religious travel or pilgrimages. India is well known for its rich heritage and ancient culture. The country’s rich heritage is amply reflected in the various temples, majestic forts, pleasure gardens, religious monuments, museums, art galleries and urban and rural sites which are citadels of civilization. All these structures form the products of heritage tourism.

Eco tourism

Eco tourism, also known as ecological tourism, is travel to natural areas to appreciate the cultural and natural history of the environment, while not disturbing the integrity of the ecosystem and creating economic opportunities that make conservation and protection of natural resources advantageous to local people. It involves travel to destinations where flora, fauna and cultural heritage are primary attractions. Ecotourism also minimizes wastage and the environmental impact through sensitized tourists. It can be one of the medium to preserve local culture, flora and fauna and other natural resources.

Rural tourism

Rural tourism encourages rural life, art, culture and heritage of rural locations, benefitting the local community economically and socially as well as enabling interaction between the tourists and locals for a more enriching tourism experience. India’s rural, geographical and cultural diversity enables to offer a wide range of tourism products and experiences. Increasing levels of awareness, growing interest in heritage and culture, improved accessibility to rural areas, and environmental consciousness are playing an important role in promoting rural tourism.

Wildlife tourism

Wildlife tourism, one of the fastest segments of tourism, involves travel to different locations to experience wild life in natural settings. India is endowed with various forms of flora and fauna and it has numerous species of birds, mammals, reptiles, amphibians and plants and animals. To tap the potential of wildlife tourism, the government has launched some wildlife packages for travelers. Wildlife Tourism in India includes wildlife photography, bird watching, jungle safari, elephant safari, jeep safari, jungle camping, ecotourism etc. The country offers immense opportunities for wildlife tourism.

MICE tourism

MICE (Meetings, Incentives, Conferences and Exhibitions) tourism is also one of the fastest growing in the global tourism industry. It largely caters to business travelers, mostly corporates. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions. Hong Kong, Malaysia and Dubai are the top

destinations for MICE tourism. India is also present in this segment. This form of tourism combines annual business meetings and conferences with pleasurable events for delegates and attendants. India can be competitive with other MICE tourism destinations owing to its natural beauty, rich heritage and geographical diversity.

Positive impacts of Tourism in India

Generating Income and Employment: Tourism in India has emerged as an instrument of income, employment generation, poverty alleviation and sustainable human development. It contributes 6.23% to the national GDP and 8.78% of the total employment in India. Almost 20 million people are now working in the India’s tourism industry.

Source of Foreign Exchange Earnings: Tourism is an important source of foreign exchange earnings in India. This has favourable impact on the balance of payment of the country. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4% annual growth rate.

Preservation of National Heritage and Environment: Tourism helps preserve several places which are of historical importance by declaring them as heritage sites. For instance, the Taj Mahal, the Qutab Minar, Ajanta and Ellora temples, etc, would have been decayed and destroyed had it not been for the efforts taken by Tourism Department to preserve them. Likewise, tourism also helps in conserving the natural habitats of many endangered species.

Developing Infrastructure: Tourism tends to encourage the development of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that cater to foreign visitors. The development of infrastructure has in turn induced the development of other directly productive activities.

Promoting Peace and Stability: Honey and Gilpin (2009) suggests that the tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. However, key challenges like adoption of regulatory frameworks, mechanisms to reduce crime and corruption, etc, must be addressed if peace-enhancing benefits from this industry are to be realized.

Conclusion

Tourism has become the world's largest industry, generating wealth and employment, opening the minds of both visitors and the visited to different ways of life. In worldwide this industry currently employs more than 200 million people. Moreover tourism is one of the best instruments of economic development in all the way. Tourism sector plays a vital role in the way of helping poor countries to provide employment opportunities in an increasing rate. It is one of the important foreign exchange earning industries has manifested great potential of growth under liberalized Indian economy. To attract the foreign tourists in India, liberal policies and reduction in taxes along with a comprehensive package for

attracting tourist and foreign investment are the need of the hour. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market. India has rich source for tourism for the establishment of brand. Of course India has been launched the Incredible India to make tourism better. India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourists, and coordinated government campaigns to promote 'Incredible India'. Nevertheless this campaign truly helped our stand to become colorful in the minds of the people all over the world, and has directly led to increase in the interest among tourists. The tourism industry in India is substantial and vibrant and the country is fast becoming a major global destination. Moreover tourism industry is significantly supported to grow horticultures, handicrafts, agriculture, construction, poultry and the like. Today, tourism has become more inclusive of new concepts which require the support of the government to develop and flourish. There is a

need to propagate these concepts with dedicated policies formed for the development of tourism. Effective implementation of the policies will help in the growth of the industry overall.

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