

ROLE OF TERTIARY SECTOR IN ECONOMY: A SPECIAL REFERENCCE TO TOURISM SECTOR

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ABSTRACT

The Indian Tourism industry has played a key catalyst role in the socio-economic transformation of the country, contributing in several ways to augmenting the process of development of tourism networks reaching far and wide. Having had the luxury of a beautiful topography blessed with rich geographical areas abound in spectacular landscapes encompassing mountain ranges, rivers, lakes, waterfalls and seashores ,India is naturally decorated as a tourism hotspot to reckon with. India is earning a good deal of exchange from tourism as far as available statistics suggests. It works up to 9 Percent of the GDP of the country. The polynomial projections also suggest a remarkable rise in the ensuing years as it is projected to touch US\$33500 Million in 2020. Maharashtra accounts for the maximum number of foreign tourist arrivals while the maximum number of domestic tourists moves to Tamilnadu. On the whole all the respective states under both categories are attractive tourist destinations for foreign as well as domestic travelers. The tourism industry of India has immense potential to reap economic benefits, if this precious fruitful resource is utilized effectively and efficiently. There are, however, areas of concern such as lack of good quality tourism infrastructure, health and safety of tourists, disparate passenger/road tax structures and shortfall of adequately trained and skilled manpower.

Keywords

Tourism, topography, foreign exchange, domestic tourists, potential, manpower

1. Introduction

Travel and tourism is an important economic activity in most countries around the world. The Indian Tourism industry too has acted as one of the important catalyst in the socio-economic development of both rural and urban areas, contributing in several ways and strengthens the inter- connected processes. Having had the luxury of a beautiful topography blessed with rich geographical areas which abounds in spectacular mountain ranges, rivers, lakes, waterfalls and seashores ,India is naturally decorated as a tourism hotspot to reckon with. Increase in manmade creative ideas by building infrastructure and providing pleasant ambience which were in practice right from the reign of ancient rulers throughout India added impetus to the upbeat of tourism industry in India from earlier on. Many Forts, Monuments, Palaces, buildings are still preserved as Heritage under strict monitoring of

Ancient History and Archaeology Departments, as the paradise of tourists from different section of society. The rise of many Religious Pilgrimage places also backed up the process of tourism development. The remains of ancient Indian culture and diversity along with treatment and healthcare methods like naturopathy and ayurveda is attracting tourists from worldwide to India. India, thus, with its diversity of culture, art, architecture, tradition, language, food and way of living provides ample opportunity to grow as a tourist hot spot for religious, investigative, inquisitive, pleasure and echo tourism. Tourism promotes cultural and social exchanges transcending geographical and political boundaries. India's rapidly growing tourism sector now plays a huge role in the nation's economy, supporting tens of millions of jobs and generating billions of dollars each year. In 2017, tourism generated about \$230 billion in India, making up 9.4 percent of the country's gross domestic product, and the tourism and hospitality sector is among the top 10 sectors in the Indian economy attracting foreign investments. On top of that, tourism and hospitality supported nearly 42 million jobs in 2017. The sector is expected to only keep expanding from here, with India projected to make the world's top five business travel markets by 2030 and its tourism sector predicted to generate \$490 billion per year by 2028. The Indian government is leaning into this boom in tourism by investing in the market, hoping to attract international hotel chains and foreign spending in an effort to continue growing the nation's economy. The government signed a \$40 million loan agreement with the World Bank for a tourism development project, and the 2018- 2019 budgets for the country allots nearly \$200 million for the development of tourist circuits.

2.Literature Review

Aguayo Eva (2011) shows the positive impact of tourism on the services sector and suggests that tourism could be faster both in employment growth and regional development through the sectoral linkages within the region. Bhatia A.K. (2010) depicts a holistic picture of historical dimension of tourism and its economic significance in creating a multiplier effect on infrastructure, regional development, and employment and so on. ILO Global Dialogue Forum on New Developments and Challenge (2010) reveals that the travel and tourism industry is the largest and most dynamic industry, having the potential to become a major generator of job. Ajala .O.A. (2008) examined the role of tourism development in socio-economic development of the region, generating foreign exchange, reducing unemployment and in improving the living standard of the people. Stephen J page, Joanne Connell (2006) identified the potential of tourism industry in Employment generation and examined the various determinants of employment creation in tourism he emphasizes that Resort Development will create variety of new jobs but may not always benefit the local people more. Kim et al study (2006) examines the casual relationship between tourism expansion and economic development. This study reveals that tourism expansion and economic development have a reciprocal relationship. Mckercher et al studies (2005) show the positive relationship between tourism and cultural heritage management. Lalnumawia (2012)

examined constraints of tourism development in India and analyzed several positive and negative impact of tourism on economy and society. Sandeep Das (2011) identified that tourism industry has lot of potentiality in generating employment opportunities, forced earning to achieve higher economic growth. Dives Chaturvedi (2010) concluded that tourism helps to maintain balance between demand for and supply of human capital. Manjula Chowdari (2010) reveals that tourism is very important force for the development and it is mainly labour intensive industry. She also identified some obstacles to tourism sector such as scarcity of expertise, technological backwardness, challenges in employment diversification etc. Vijay Takoor's (2010) throws light on the tourism potential of rural area which is handicapped due to lack of shelter, infrastructure facilities and so on. Srivastava (2010) finds that tourism is not only complementary for the economic development but also it improves quality of internal environment, goods, transport, hotel etc.

3. Importance of Tourism

Today, tourism is recognised as an instrument for socio— economic and cultural development in India. Tourism industry in India brings growth and development in economic status of Country. This revenue directly impacts the economy, especially in sectors such as hospitality, hotels, construction, handicrafts, horticulture and agriculture. The hotel industry alone employs 150,000 people. The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. Its contribution to the global Gross Domestic Product and employment has increased significantly. Thus the Indian tourism industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India is a sun rise industry, an employment generator, a significant source of foreign exchange for the country and an economic activity that helps local and host communities. Rising income levels and changing lifestyles, development of diverse tourism offerings and policy and regulatory support by the government are playing a pivotal role in shaping the travel and tourism sector in India. The tourism industry of India has immense potential to reap economic benefits, if this precious fruitful resource is utilized effectively and efficiently. It has a potential to provide employment to skilled and unskilled labour force of the country. Through its strong backward and forward linkages it generates employment in different sectors of the economy both directly and indirectly. There are, however, areas of concern such as lack of good quality tourism infrastructure, health and safety of tourists, disparate passenger/road tax structures and shortfall of adequately trained and skilled manpower. Notwithstanding the above, foreign tourist arrival numbers in 2018 exceeded 11 million, with annual growth rate of 16 percent. Analysts expect to see more than 15 million tourists visiting India annually by 2025. India is earning a good deal of foreign exchange from tourism as far as available statistics suggests. It works up to 6 Percent of the GDP of the country. Being a burgeoning sector having a deep-rooted affliction with the heritage and tradition of India; it is the live wire of the nation as it seeks to get all the acts together in the

forward march our nation. This paper attempts to bring out the statistical highlights analyzed for better exposing the recent trends in the tourism sector of India so as to streamline the future of Indian Tourism Sector.

4. Objectives

In this paper the endeavor has been primarily to examine the trend of tourist arrivals in India. The study also has been intended to analyses the Foreign Exchange Earning and suggest measures to improve them.

5. Methodology

The paper attempts to expose the growth of the Indian tourism industry in terms of number of tourist arrivals and foreign exchange earnings by employing secondary data taken from various national and international reports, journals, books, magazines and other pertinent literature of this discipline.

6. International Tourist Arrivals and Receipts

As Table 1.1 reveals, in the global tourism arena, particularly, in the world scenario, the share of India is relatively meager as the percentage share of India is only 1.37 in 2008, slightly above the previous year's figure of 1.17 percent. As a result, India could maintain the International rank at 26 with regard to number of tourists arrives in India from all over the world. Coming to Asia Pacific region India's performance is much improved constantly hitting the seventh rank. The bleak performance of India in the international tourist front, despite of a spectacular landscape of fantasies needs to be addressed properly so as to enhance more tourist arrivals and market our culture and heritage.

Share of India in International Tourist Arrivals (ITAs) in world and Asia and Asia Pacific Regions							
Year	(ITAs)in Millions			Percentage share and rank of India in World		Percentage share and rank of India in Asia Pacific Regions	
	World	Asia Pacific Regions	India	percentage share	Rank	percentage share	Rank
2007	894	182	5.08	0.57	41	2.79	11
2008	917	184.1	5.28	0.58	41	2.87	11
2009	883	181.1	5.17	0.59	41	2.85	11
2010	948	204.9	5.78	0.61	42	2.82	11
2011	994	218.5	6.31	0.63	38	2.89	9
2012	1039	233.6	6.58	0.63	41	2.82	11
2013	1087	249.7	6.97	0.64	41	2.79	11
2014	1137	269.5	13.11	1.15	24	4.86	8
2015	1195	284.1	13.28	1.11	24	4.68	7
2016	1239	305.9	14.57	1.18	26	4.76	8
2017	1323	323.2	15.54	1.17	26	4.81	7
2018	1406	329.3	15.98	1.37	26	4.92	7

Source: UNWTO Barometers and Tourism Highlights 2011 and 2012

Table 1.2

Share of Major Countries of the World and International Tourism Receipts in 2017			
Rank	Country	International Tourism receipts in Billion US Dollars	Percentage Share
1	USA	210.7	15.82
2	Spain	68.0	5.11
3	France	60.7	4.56
4	Thailand	57.5	4.32
5	Italy	44.2	3.32
6	UK	43.9	3.30
7	Australia	41.7	3.13
8	Germany	39.8	2.99
9	China	35.6	2.67
10	Japan	34.1	2.56
	Total Top 10 Countries	636.2	47.76
	India	27.3	2.05
	Others	668.5	50.19
	Total	1332	100

Source: UNWTO Barometer June 2018 for countries Ministry of Tourism for India

Similarly, from Table 1.2, it follows that handicapped by the lower number of tourists, the receipts on this account is too below par as it amounted to 27.3 USD representing 2.05 percent of the total receipts in 2017. India is placed much below even smaller countries like Thailand, which reaps up to its maximum potential out of the given bargain. USA sail much faster in the hunt with a sizeable share of 15.82 percent of worlds total tourism receipts. This means that India is yet to tap the opportunity to its fuller extent.

Table 1.3

Foreign Tourist Arrivals(FTAs), NRI sand International Tourist Arrivals 2012-2018						
Year	FTAs in India (in Million)	percentage change over Previous year	NRI Arrivals in India (in Million)	percentage change over Previous year	International Tourist Arrival in India	percentage change over Previous year
2012	6.58	4.3				
2013	6.97	5.9				
2014	7.68	10.2	5.43		13.11	
2015	8.03	4.5	5.26	-3.1	13.28	1.4
2016	8.8	9.7	5.77	9.7	14.57	9.7
2017	10.04	14.0	5.51	-4.5	15.54	6.7
2018	11.79	16.1	5.89	3.8	16.12	6.8

Source:(i) Bureau of Immigration, Govt. of India

On examination of Table 1.3, it is obvious that the arrivals of FTAs, NRIs ITAs are on the rise over the years, with the FTAs share rising quickly with a growth rate of 16.1 percent as far as 2018 figures suggest. However the rate of growth of NRI arrival is not steady though it rose from 5.43 million in 2012 to 5.89 million in 2018(Table 1.3).The highest number of tourist arrived is from Bangladesh, working up to 21.49 percent of the total number of 10035803 followed by the USA and UK with a respective share of 13.72 and 9.83 each. Less number arrives from Middle East and Eastern Europe (Table 1.4).

Table 1.4

Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India			
Rank	Source Country	FTAs	Percentage Share
1	Bangladesh	2156557	21.49
2	United States	1376919	13.72
3	United Kingdom	986296	9.83
4	Canada	335439	3.34
5	Australia	324243	3.23
6	Malaysia	322126	3.21
7	Sri Lanka	303590	3.03
8	Russian Federation	278904	2.78
9	Germany	269380	2.68
10	France	249620	2.49
	Total Top 10 Countries	6603074	65.8
	Others	3432729	43.2
	Total	1003583	100

Source: Bureau of Immigration, Govt. of India

Foreign Exchange Earnings (FEE)

India is earning a good deal of foreign exchange from tourism as far as available statistics suggests. From USD 3460 million in 2000, it rose to 29970 million in 2018, recording a handsome Compound Annual Growth Rate (CAGR) of 12 percent during the period. It works up to 6 Percent of the GDP of the country (Table 1.5). The polynomial projection also suggests a remarkable rise in the ensuing years as it is projected to touch 33500 Million in 2020 (Figure 1.1).

Table 1.5

Foreign Exchange Earnings (FEEs),in Million US Dollars in India 2000- 2018		
Year	FEE from Tourism in India (in US Dollars Million)	Percentage Change over the Previous year
2000	3460	15.00
2001	3198	-7.60
2002	3103	-3.00
2003	4463	43.80
2004	6170	38.20
2005	7493	21.40
2006	8634	15.20
2007	10729	24.30
2008	11832	10.30
2009	11136	-5.90
2010	14490	30.10
2011	17707	22.20
2012	17971	1.50
2013	18397	2.40
2014	19700	7.10
2015	21013	6.70
2016	22923	9.10
2017	27310	19.10
2018	29970	9.74
CAGR	0.12	

Source: (i) RB I Ministry of Tourism, Govt. of India, for 2016-2018

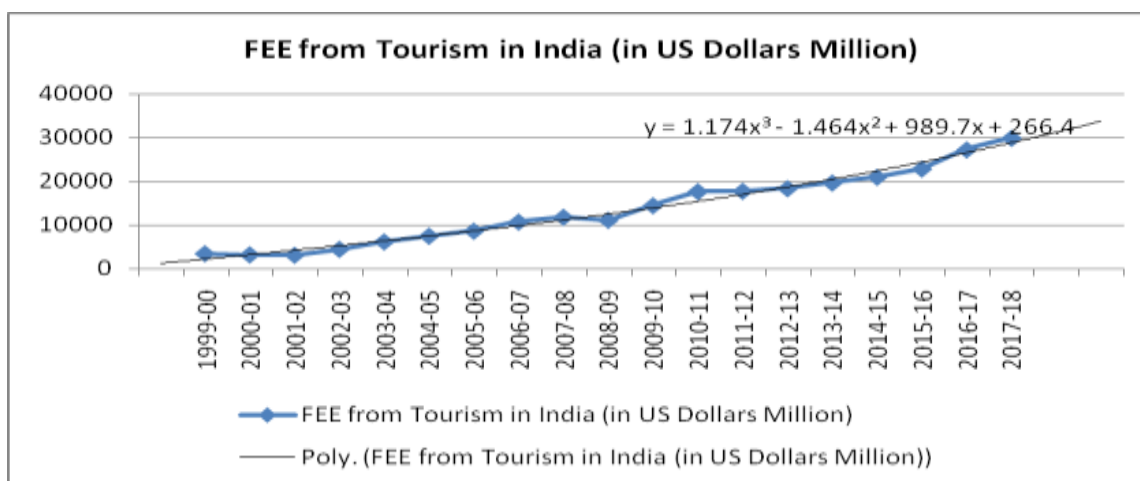


Table 1.6

Share of India in International Tourist Receipts (ITRs) in world and Asia and Asia Pacific Regions 2000-2018							
Year	International Tourism Receipts in billion US dollars			percentage share and rank of India in World		percentage share and rank of India in Asia Pacific Regions	
	World	Asia Pacific Regions	India	percentage share	Rank	percentage share	Rank
2000	475	85.3	3.46	0.73	36	4.06	10
2001	464	88.1	3.20	0.69	36	3.63	12
2002	482	96.5	3.1	0.64	37	3.22	13
2003	529	93.7	4.46	0.84	37	4.76	9
2004	633	124.1	6.17	0.97	26	4.97	8
2005	680	135	7.5	1.1	22	5.55	7
2006	744	156.9	8.63	1.16	22	5.5	7
2007	857	187	10.73	1.25	22	5.74	6
2008	939	208.6	11.83	1.26	22	5.67	6
2009	853	204.2	11.14	1.31	20	5.45	7
2010	931	255.3	14.49	1.56	17	5.68	7
2011	1042	289.4	17.7	1.7	18	6.19	8
2012	1117	329.4	17.97	1.61	16	5.46	7
2013	1198	360.2	18.39	1.54	16	5.11	8
2014	1252	359	19.7	1.57	15	5.49	7
2015	1217	355.6	21.01	1.73	14	5.91	7
2016	1239	370.8	22.92	1.85	13	6.18	7
2017	1332	389.5	27.31	2.05	13	7.01	7
2018	1398	411.3	31.12	2.3	13	7.44	7

Source: UNWTO Tourism Market Trend and Tourism Highlights 2017 and 2018

8. Indian National Departure and Domestic Tourism

Table 1.7 shows that the number of Indian nationals departing India increases quickly, with a CAGR of 9 percent.

This is an indirect mouth marketing of our tourist potentials so as to channelize more tourists from other countries. The domestic tourism is also on the higher ebb with a CAGR of 11 percent. In 2018, it was 1688.51 millions in 2018 (Table 1.8).

Table 1.7

Number of Indian Nationals Departure from India ,2000-2018		
Year	Indian Nationals Departures(Million)	Percentage Change over the Previous year
2000	4.42	7.30
2001	4.45	3.40
2002	4.94	8.20
2003	5.35	8.30
2004	6.21	16.10
2005	7.18	15.60
2006	8.34	16.10
2007	9.78	17.30
2008	10.87	11.10
2009	11.07	1.80
2010	12.99	17.40
2011	13.99	7.70
2012	14.92	6.70
2013	16.63	11.40
2014	18.33	10.30
2015	20.38	11.10
2016	21.87	7.30
2017	23.94	9.50
2018	24.23	1.21
CAGR	0.09	

Source: Bureau of Immigration, Govt. of India

Table 1.8

Number of Domestic Tourist Visits (DTV's) to all States /UT's in India ,2000-2018		
Year	Domestic Tourist Visits (Million)	Percentage Change over the Previous year
2000	220.11	15.40
2001	236.47	7.40
2002	269.6	14.00
2003	309.04	14.60
2004	366.27	18.50
2005	392.04	7.00
2006	462.44	18.00
2007	526.7	13.90
2008	563.03	6.90
2009	668.8	18.80
2010	747.7	11.80
2011	864.53	15.60
2012	1045.05	20.90
2013	1142.53	9.30
2014	1282.8	12.30
2015	1431.97	11.60
2016	1615.39	12.80
2017	1652.49	2.30
2018	1688.51	2.18
CAGR	0.11	

Source: State/union Territory Tourism department

9.Number of Tourist Visits in Indian States and UTs

It is clear from Table 1.9 that Maharashtra accounts for the maximum number of foreign tourist arrivals (18.9 percent of 26.89 million) while the maximum number of domestic tourists moves to Tamilnadu, it accounts for 20.9 percent of the total 1652.49 million tourists arrived. On the whole all the respective states under both categories are attractive tourist destinations for foreign as well as domestic travelers.

Table 1.9

Share of Top 10 States/UTs of India in Number of Tourist Visits in India 2017							
Foreign Tourist Visits				Domestic Tourist Visits			
Rank	State/UT	Number (Millions)	Percentage Share	Rank	State/UT	Number (Millions)	Percentage Share
1	Maharashtra	5.08	18.9	1	Tamilnadu	345.06	20.9
2	Tamil nadu	4.86	18.1	2	Uttarpradesh	233.98	14.2
3	Uttar Pradesh	3.56	13.2	3	Karnataka	179.98	10.9
4	Delhi	2.74	10.2	4	Andrapradesh	165.43	10
5	Rajasthan	1.61	6	5	Maharashtra	119.19	7.2
6	West bengal	1.57	5.9	6	Telungana	85.27	5.2
7	Punjab	1.11	4.1	7	West bengal	79.69	4.8
8	Kerala	1.09	4.1	8	Madhyapradesh	78.04	4.7
9	Bihar	1.08	4	9	Gujarat	48.34	2.9
10	Goa	0.84	3.1	10	Rajasthan	45.92	2.8
	Total Top 10	23.55	87.6		Total Top 10	1380.90	83.6
	Others	3.34	12.4		Others	271.59	16.4
	Total	26.89	100		Total	1652.49	100

Source: State/union Territory Tourism department

10.Conclusion

In the global tourism arena, particularly, in the world scenario, the share of India is relatively meager as the percentage share of India is only 1.37 in 2008. As a result, India could maintain the International rank at 26 with regard to number of tourists arrives in India from all over the world. Coming to Asia Pacific region India's performance is much improved constantly hitting the seventh rank. The bleak performance of India in the international tourist front, despite of a spectacular landscape of fantasies needs to be addressed properly so as to enhance more tourist arrivals and market our culture and heritage. Similarly, handicapped by the lower number of tourists, the receipts on this account is too below par as it amounted to 27.3 USD representing 2.05 percent of the total receipts in 2017. This means that India is yet to tap the opportunity to its fuller extent. On examination of Table 1.3, it is obvious that the arrival of FTAs, NRIs ITAs is on the rise over the years, with the FTAs share rising quickly with a growth rate of 16.1 percent as far as 2018 figures suggest.

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