



CONTRIBUTION OF TOURISM IN INDIA ECONOMY WITH SPECIAL REFERENCE OF HARYANA

SONIA

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Abstract:- The economic relevance of tourism has been proven by numerous studies using various theoretical constructs and methodological approaches. This introduction to the special issue provides an overview of the different concepts of the economic effects of tourism and distinguishes their most relevant influencing factors. Often overlooked influences are the geographical scale and the cost side of tourism. A special focus of this paper lies on a further determinant of economic impact of utmost importance: visitor spending. The role of visitors' expenditure behavior is comprehensively reviewed using an extensive literature. In recent years, the role of tourism in the economic development of a country has been the focus of study and research. It is the general consensus that tourism has been pivotal in social progress as well as an important vehicle of widening socio-economic and cultural contacts throughout human history. The importance of tourism as a contributor to economic growth is so widely accepted that year after year throughout the world a massive investment continues to pour in its development. It is with this backdrop, this paper is an attempt to investigate the dynamics of the relationship between tourism sector development and economic growth of India.

Key words:- Tourism, economic, development, progress, importance, investment, growth

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In his Independence speech from Red Fort, Prime Minister Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022 to promote tourism. India ranked 34 in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum.

Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 lakh crore (US\$ 234.03 billion) in 2017 to Rs 32.05 lakh crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India is targeted to reach US\$ 50 billion by 2022.

In FY20, 39 million jobs were created in the tourism sector in India; this accounted for 8.0% of the total employment in the country. International Tourists arrival is expected to reach 30.5 billion by 2028. e-Visa facility was offered to 169 countries as of December 2019.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20% y-o-y. During 2019, FEEs from tourism increased 4.8% y-o-y to Rs 1,94,881 crore (US\$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6% y-o-y to 2.9 million.

Under the Swadesh Darshan scheme, 77 projects have been sanctioned of worth Rs 6,035.70 crore (US\$ 863.60 million). In Union Budget 2020–21, the Government has allotted Rs 1,200 crore (US\$ 171.70 million) for the development of tourist circuits under Swadesh Darshan for Northeast.

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian Government has also released a fresh category of visa - the medical visa or M-visa, to encourage medical tourism in the country. The Government is working to achieve 1% share in world's international tourist arrivals by 2020 and 2% share by 2025.

The Government is also making serious efforts to boost investment in the tourism sector. In the hotel and tourism sector, 100% FDI (Foreign Direct Investment) is allowed through the automatic route. A five-year tax holiday has been offered for 2-, 3- and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai).

Hotel and Tourism sector received cumulative FDI inflow of US\$ 15.28 billion between April 2000 and March 2020.

In Union Budget 2019–20, the Government introduced a Tax Refund for Tourists (TRT) scheme in line with countries like Singapore to encourage tourists to spend more in India and boost tourism. The Government of India also announced to develop 17 iconic tourist sites in India into world-class destinations as per Union Budget 2019–20.

Ministry of Tourism launched DekhoApnaDesh webinar in April 2020 to provide information on the many destinations and the sheer depth and expanse of the culture and

heritage of Incredible India. Till August 17, 2020, 48 webinars were conducted under the series

Tourism is often regarded (and used by regional developers and funding institutions) as an economic development path for structurally weak, peripheral areas, as a cure-all providing jobs and income, capital inflow and finally stopping outmigration by creating a positive socio-economic perspective for the future. However, more often than not these high hopes fall short and either the number of visitors or the resulting economic contribution or even both do not meet earlier expectations (Vogt 2008; Blake et al. 2008, p. 115; Lehmeier 2015; Mayer, Job 2016). In order to put these expectations on more realistic grounds, respectively to choose more suitable development strategies, a deeper understanding of the mechanisms is required: What influences the economic outcomes of tourism and can these determinants in turn be optimized by decision makers? However, before dealing with this question, it appears necessary to first clarify what the economic consequences of tourism activities actually are – as stakeholders tend to become confused by different concepts like economic contribution, impact or benefits, gross turnover, value added, or economic value (see section 2)–, how they occur, how different measures vary and what costs have to be taken into account. In practice, these considerations should lead to a more realistic picture of tourism as a means of regional development and to better-reasoned strategies.

Review of literature: Arnberger et al. (2016) focus on visitor monitoring methods and exemplify their best practice approaches for the case of the frequentation of three shortdistance recreation areas in and near Vienna, Austria (among others, the Donau-Auen National Park). These detailed analyses of visitation intensities and patterns showcase the essential base for reliable economic contribution/impact assessments. The next influencing factor in the logical sense of an economic impact analysis is the expenditure behavior of visitors. While the introductory article concentrates on the general determinants of visitor spending (see Chap. 3)

Butzmann (2016) conducts an in-depth analysis of the visitor expenditures in Berchtesgaden National Park situated in the German Alps. He uses two different visitor samples of park visitors to work out an expenditure-, attitude- and behavior-based visitor segmentation employing statistical latent class procedures. This segmentation aims at closing the often bemoaned sustainability-profitability gap in nature tourism by trying to identify economically as well as ecologically favorable visitor groups.

The next contribution by Stettler et al. (2016) demonstrates how economic impact analyses could be practically applied to assess the profitability of several sport events of varying scope, prominence and impact (among others the European Football Championships 2008, jointly hosted by Switzerland and Austria) from a societal perspective: Is it worth investing public funds in these events? Their article also clearly shows the limitations of this approach as the economic impact of event-motivated tourism only constitutes parts of the benefits of these events while the cost side is mostly disregarded.

Finally, Küblböck and Standar (2016) deal with one of the major economic benefits of tourism, the tourism labor market. They analyze the effects and reasons for shortages of a skilled labor force in the hospitality sector in Germany, exemplified with detailed empirical fieldwork in the region Braunschweig-Wolfsburg. In addition, they discuss potential strategies for coping with this apparent problem which could reduce the economic benefits of tourism in the near future.

Global tourism

Tourism has emerged from being a relatively small-scale activity into one of world's largest industries and a fastest growing global economic sector of the world economy from the 1960s onwards. The international tourist arrivals have shown an uninterrupted growth from 25 million in 1950, to 681million in 1980, to 438 million in 1990 and to 681million in 2000. The international tourist arrivals were 880 million and the corresponding international tourism receipts was US\$ 852 million in 2009. Global tourism is increasing every year with the number of people travelling abroad reaching 903 million in 2007. The United Nations World Tourism Organization (WTO) has predicted that the number of international arrivals will reach 1.6 billion by the year 2020, with 1.2 billion of those being intra-regional travelers and 378 million being long-haul travelers.

The tourist arrivals in Asia and the Pacific were 181 million and corresponding tourism receipt was US\$ 204 million. As per UNWTO estimates, the worldwide international tourist arrivals increased by 7 per cent between January and June 2010. For the full year 2010, UNWTO projects a growth in international tourist arrivals of between 3 to 4 per cent. In 2010, tourism is expected to generate 21.7 per cent of world gross domestic product; 10 per cent of global capital investments; 9 per cent of worldwide employment; and 22.2 per cent of worldwide exports of goods and services. All these cast for a significant role of tourism sector in the long-run growth of host countries across the globe.

In India

In India alone, in 2007 over 4.97 million tourists arrived in the country, an increase of almost 1.06 million arrivals per year since 2005. Income from the tourist industry is also increasing with the total international receipts in India reaching US\$ 10,729 million in 2007 representing a huge economic boost for the country. Tourism is generally viewed by governments, especially in the third world, as a means of economic development and as a result, investment in the industry is usually encouraged. However, while tourism can boost a national economy, it is also possible that it can benefit only a small number of industries and not others and that the majority of local people can live in poverty while the tourism industry around them thrives. Furthermore, tourism can often have damaging impacts on the environment such as increased water use, increased pollution loadings through waste and emissions, and direct and indirect disturbance to wildlife and vegetation.

It was in 1945 that the first ever step was taken to popularize the concept of tourism in India, by appointing the Sir John Sargent Committee which in 1946 submitted the report with suggestions of the formation of regional offices at Bombay, Delhi, Calcutta and Madras. And, it came into being in 1949 with the set up of a Tourist Traffic Branch along with two regional offices in Bombay and Delhi. It was however, on 1 March 1958, that a separate Tourist Department in the ministry of Transport and Communication was established in place of Tourist Traffic Branch in the same ministry. In 1967, tourism elevated to the Ministry of Tourism and Civil Aviation. And, since then the concept of tourism developed and gathered momentum in India.

The Tourism Industry

Tourism today has become an important segment of India economy contributing substantially to sustainable development of the country. India has succeeded in becoming the most preferred place amongst domestic and overseas travelers. Tourism exposes international travelers to India's diverse culture. The tourism sector has been instrumental in generating foreign exchange, employment opportunities and household income for Indians, as it has in many other developing economies. Thus, the development of the tourism sector appears to have been as important as the development of other sectors of the Indian economy.

The biggest advantage of the tourism industry is that it can generate maximum employment opportunity. Tourism helps in regional and economic development. Recent study shows that the globalization and open economy helped tourism to emerge as one of the biggest forex earners for India. It brings the opportunity of infrastructure development.

The overall development of any country depends especially on the improvement of road, vehicles, communication, water supply, airports and railway stations. Economic progress and industry development depend completely on the overall development of country. And tourism plays a major role in this overall infrastructural advancement.

Tourism helps agriculture and other industries directly and indirectly. In India, the tourism industry helped generate about five million jobs; the foreign tourists buy handicrafts worth around Rs. 10 billion a year; the total income from this smokeless industry is around Rs. 200 billion; and the regions like Aurangabad in Maharashtra, Khajuraho in MP, Jammu & Kashmir, and Raghurajpur in Orissa have emerged with the help of tourism only. Tourism is therefore, a major engine of growth for Indian economy. Today tourism is the largest service industry in India, with a contribution of 6.23 per cent to the national Gross Domestic Product (GDP) and providing 8.78 per cent of the total employment. India witnesses more than 5 million annual foreign tourist arrivals and 562 million domestic tourism visits. 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 per cent annual growth rate.

According to World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources, with many World Heritage Sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019. Tourism sector in India is, therefore, 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.

Importance of tourism sector in India

The importance of the tourism sector in India can also be seen from its contribution (direct and indirect) to the economy, 6.2 percent to GDP and 8.8 percent to employment during 2007. India's tourism earnings increased from US\$2.2 billion in 2002 to US\$6.6 billion in 2006. This has led to an increase in India's share of total world receipts from 0.6 percent to 0.9 percent during this period. Though a large proportion of the tourists are

domestic there has been an increase in foreign tourists as well. About 2.4 million tourists arrived in India in 2002 accounting for 0.34 percent of the world's share of tourist arrivals. This number almost doubled to 4.5 million in 2006 accounting for 0.52 percent of the world share while the number of foreign tourist arrivals has increased at a rate of 12.4 percent between 2006 and 2007. The number of foreign tourist arrivals during the 10-month period of January to October during 2006 was 3.5 million and increased to 3.9 million during the same months in 2007. Currently, FDI into the hotel industry is close to US\$12 billion and about 40 international hotel chains are operational in India. India's ranking in relation to international arrivals and tourism receipts rose from 51st and 37th, respectively, in 2003 to 42nd and 20th, respectively, in 2007. Domestic tourism visits in India also increased from 309 million in 2003 to 527 million in 2007.

Tourism is one of India's largest net foreign exchange earners and creator of employment at the village level. Due to the increase in foreign tourist arrivals, the foreign exchange earning has also increased from US\$5.0 billion in 2006 to US\$6.3 billion in 2007, resulting in a growth of 26 percent¹. The total amount of FDI to India in 2001 was US\$42 billion which increased to US\$113 billion in 2004. The amount of FDI inflows into India differs significantly between industries and between states. However, overall, the tourism sector is still one of the most important sectors attracting a significant amount of FDI. According to World Tourism and Travel Corporation (WTTC), India's tourism industry is expected to grow at a rate of 9 percent per annum during the next decade. India is rated among the top five travel destination in the world by the Lonely planet magazine and as the most preferred destination on earth by the Association of British Travel Agents (ABTA) magazines. With the expectation of further liberalization policies FDI in the tourism sector is likely to increase from the current US\$450 million to US\$1.5 billion by 2010 and increase the number of foreign tourist arrivals to 10 million in 2011. The recent inflow of FDI to India has helped to create 1980 new hotels with 109,392 rooms.

Eco Tourism in Haryana

Eco-tourism is considered one of the most viable tools to enable economic growth and ecological security. Ecotourism is considered 'inclusive' since local considerations and demands are woven into the programme. One of the key points of eco-tourism is that smaller players like local residents. Ecotourism is a sustainable form of natural resource based tourism which focuses on experiencing and learning about nature. It is ethically managed so that minimal impact is caused on the immediate environment. Ecotourism should be able to contribute to the conservation of natural areas and maintain species and

their habitats by either directly contributing to conservation and/or indirectly, by providing revenue to the local community. The provisions should be sufficient for local people to value and therefore protect the wild life heritage as a source of income. Ecotourism should also be planned and managed to improve the quality of life of residents and should strive to preserve natural and cultural resource capital.

Tourism - Impact Analysis- Positive impacts

- Conservation of the historic and cultural heritage of an area. Because these cultural patterns are often important tourist attractions, tourism provides the justification and helps to pay for their conservation.
- Renewal of pride by residents in their culture when they observe tourists taking an interest in and wanting to learn about the local culture. One of the interesting Lao characteristics which can be understood and appreciated by tourists is the great diversity of ethnic groups.
- Cross-cultural exchange between tourists and residents can lead to mutual understanding, acceptance and peaceful relationships among people of different cultural backgrounds.

Negative impacts

- Uncontrolled development of tourism may result in negative socio-cultural impacts. Overcrowding of local attractions such as Buddhist temples and festivals by tourists may be resented by residents if they cannot enjoy these features.
- Over-commercialization of the arts and crafts may lead to loss of authenticity of dance, music and crafts.
- The demonstration effect, especially on young people, of imitating the dress and behavioral patterns of tourists may generate social problems and loss of cultural identity.
- Misunderstandings and conflicts can arise between residents and tourists because of differences in languages, customs, religious values and behavior. Tourists may be irritated and have a bad impression of the local area if they are hassled by vendors and touts persistently selling goods and services

- Local social problems such as theft, drugs, alcoholism and prostitution may also arise.

Strategy for promotion of tourism in Haryana

The Government of Haryana has taken steps to strengthen existing infrastructure in popular tourist destinations and also identify and develop new areas of tourist importance.

The strategy for promotion of tourism in Haryana is as follows:

- Augmenting infrastructural facilities at existing tourist centers.
- Promotion and development of places of local importance and identifying new areas with tourism potential.
- Evolving a programme for publicizing with the appropriate use of films, newspaper, magazines and websites.
- Providing facilities for recreation and adventure sports at select tourist places for attracting tourists from other states and abroad.
- Encouraging the private sector participation to provide adequate accommodation and travel facilities and also to set up amusement and theme parks.
- Organizing fairs and festivals in and outside Haryana.
- Appointing marketing agents inside and outside the country for effective promotion of tourism.

Conclusion

Promotion of sustainable tourism, through the development of policy tools, capacity building and awareness-raising programmes, local involvement, guidelines for good practice and actual implementation remain essential goals. Sustainable tourism should aim to directly support poverty eradication and sustainable production and consumption. Making progress on a larger scale will be a fine balancing act and will require a massive sea-change in approach from the entire Travel and Tourism industry but it is an approach that is clearly worthy of support from all stakeholders interested and involved in the industry.

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