

Economic Impact of Travel & Tourism - the Future Prospects

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Abstract

This paper attempts to study the **impact** of **tourism** on both **economic** growth and employment is clearly with **tourism** such as hotels, **travel** agents, airlines. Travel and Tourism was the largest service industry in India was worth \$234 bn in 2018. The industry has become one of the largest Foreign Exchange Earners in India with earnings of \$29.962 billion over Jan 2019 – Dec 2019 equating a growth of 4.8% over the previous year. According to The World Travel and Tourism Council (WTTC), tourism generated \$194 bn or 6.8% of India's GDP in 2019 and supported 39.80 Mn jobs which is 8 % of its total employment. The sector is predicted to grow at an annual rate of 6.9% to \$460 bn by 2028 which is 9.9% of GDP. FTAs in April 2019 were 7,71,353 viz-a-viz 7,45,051 in April 2018 registering a growth of 3.5%. Further to this, FTAs during the period January-April 2019 were 39,35,293 viz-a-viz 38,60,871 in January- April 2018 registering a growth of 1.9%. During April 2019 total of 2,01,137 tourist arrived on e-Tourist Visa as compared to 1,57,094 during the month of April 2018 registering a growth of 28.0%. Further to this, during January- April 2019, a total of 11,08,665 tourist arrived on e-Tourist Visa as compared to 9,18,792 during January-April 2018, registering a growth of 20.7%. During 2019, a total of 2.93 mn foreign tourists arrived on e-Tourist Visa registering a growth of 23.6%. As on December, 2019, e-visa facility has been extended to the nationals of 169 Countries under 5 sub-categories i.e 'e-Tourist visa', 'e-Business visa', 'e-medical visa', 'e-Medical Attendant Visa' and 'e-Conference Visa'.

The Global Medical Tourism Market was worth \$19.7 bn in 2016 and estimated to be growing at a CAGR of 18.8%, to reach \$46.6 bn by 2020. Asia-Pacific accounted for the largest share of around 40% of the global market. The total number of inward medical tourists doubled in a span of just three years in India. In 2017, around 22% arrivals from West Asia was for medical purposes, followed by 15.7% from Africa. Tourism in India is important for the country's economy and is growing rapidly. The World Travel and Tourism Council calculated that tourism generated ₹16.91 lakh crore (US\$240 billion) or 9.2% of India's GDP in 2018 and supported 42.673 million jobs, 8.1% of its total employment. The sector is predicted to grow at an annual rate of 6.9% to ₹32.05 lakh crore (US\$450 billion) by 2028 (9.9% of GDP). In October 2015, India's medical tourism sector was estimated to be worth US\$3 billion, and it is projected to grow to US\$7–8 billion by 2020. In 2014, 184,298 foreign patients travelled to India to seek remedial handling.

Key words: Tourism, economy, impact, measurement, development, India.

Introduction

The Ministry of Tourism designs national policies for the development and promotion of tourism. In the process, the Ministry consults and collaborates with other stakeholders in the sector including various central ministries/agencies, state governments, union territories and private sector representatives. Concerted efforts are being made to promote niche tourism products such as rural, cruise, medical and eco-tourism. The Ministry of Tourism maintains the Incredible India campaign focused on promoting tourism in India.

India requires citizens of most countries to hold a valid passport and apply for a travel visa at their local Indian embassy or consulate, before their visit. Travellers can apply directly by mail or in person, or through their local travel services company. India has recently implemented an online method for citizens of 168 countries to apply for an e-Tourist Visa.

Nationals of Bhutan, Maldives and Nepal do not require a travel visa to enter India. Citizens of Afghanistan, Argentina, Bangladesh, DPR Korea, Jamaica, Maldives, Mauritius, Mongolia, Nepal, South Africa and Uruguay are not required to pay a fee when obtaining an Indian visa. A Protected Area Permit (PAP) is required to enter the states of Nagaland and Sikkim and some parts of the states of Arunachal Pradesh, Himachal Pradesh, Jammu and Kashmir, Manipur, Mizoram, Rajasthan and Uttaranchal. A Restricted Area Permit (RAP) is required to enter the Andaman and Nicobar Islands and parts of Sikkim. Special permits are needed to visit the Lakshadweep islands.

e-Tourist Visa :As a measure to boost tourism, the Indian Government implemented a new visa policy in November 2014, allowing tourists and business visitors to obtain a "visa on arrival" at 28 international airports, by acquiring an Electronic Travel Authorisation (ETA) online before arrival, without having to visit an Indian consulate or visa centre. In April 2015, the "visa on arrival" scheme was renamed "e-Tourist Visa" (or "e-TV") to avoid confusion.

The e-Tourist Visa facility requires a tourist to apply online on a secure Government of India website, at least four to thirty days before the date of travel. If approved, the visitor must print and carry the approved visa with their travel documents. The visa allows holders of an ETA to enter and stay anywhere in India for a period of ninety days except for citizens of US, UK, Japan and Canada. Citizens of these countries can stay for up to 180 days at a time. an ETA can be obtained twice in a single calendar year.

India first introduced its "visa on arrival" facility on 27 November 2014, to citizens of the following countries: Australia, Brazil, Cambodia, Cook Islands, Djibouti, Fiji, Finland, Germany, Indonesia, Israel, Japan, Jordan, Kenya, Kiribati, Laos, Luxembourg, Marshall Islands, Mauritius, Mexico, Micronesia, Myanmar, Nauru, New Zealand, Niue, Norway, Oman, Palau, Palestine, Papua New Guinea, Philippines, Russia, Samoa, Singapore, Solomon Islands, South Korea, Thailand, Tonga, Tuvalu, UAE, Ukraine, USA, Vanuatu and Vietnam. On 30 July 2015, the facility was extended to China, Macau and Hong Kong. On 15 August 2015, the facility was further extended to citizens of Andorra, Argentina, Armenia, Aruba, Belgium, Bolivia, Colombia, Cuba, East Timor, Guatemala, Hungary, Ireland, Jamaica, Malta, Malaysia, Mongolia, Monaco, Mozambique, the Netherlands, Panama, Peru, Poland, Portugal, Seychelles, Slovenia, Spain, Sri Lanka, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Sweden, Taiwan, Tanzania, Turks and Caicos Islands, the United Kingdom, Uruguay and Venezuela. The facility should eventually be expanded to about 180 countries.

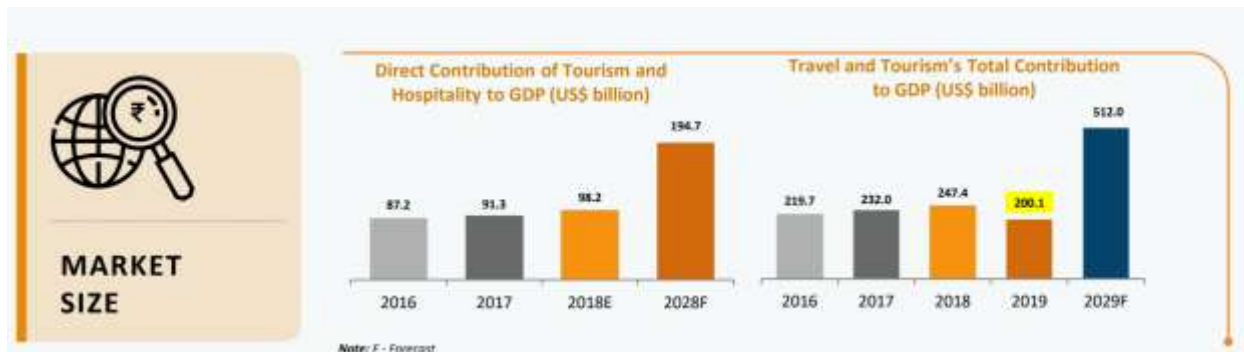
As a result of the new visa policy, 56,477 tourists arrived on an e-Tourist Visa during October 2015, compared with 2,705 tourist arrivals during October 2014 (just before the facility was introduced), representing a 1987.9% increase. During the period from January to October 2015, a total of 258,182 tourists arrived on an e-Tourist Visa, a 1073.8% increase on the 21,995 tourist arrivals during the same period in 2014 (before the e-Tourist Visa was available). Over 10.93 million foreign tourists arrived in India in 2019 compared to 10.56 million in 2018, representing a growth of 3.5%. Domestic tourist visits to all states and union territories numbered 1,036.35 million in 2012, an increase of 16.5% from 2011. In 2014, Tamil Nadu, Maharashtra and Uttar Pradesh were the most popular states for tourists. Delhi, Mumbai, Chennai, Agra and Jaipur were the five most visited cities of India by foreign tourists during the year 2015. Worldwide, Delhi is ranked 28th by the number of foreign tourist arrivals, while Mumbai is ranked 30th, Chennai 43rd, Agra 45th, Jaipur 52nd and Kolkata 90th.

Objective:

This paper intends to explore and analyze the **tourism** sector that makes a significant **impact** on the **economy** of our country, also scrutinize way in which the **Indian travel** and **tourism** industry has flourished.

Economic Development from tourism

The root of tourism in India can be traced to pilgrimage. Places of pilgrimage provided a firm ground to tourism in the beginning and still continue to be one of the most effective factors of promoting tourism in India. It is interesting to note that in the early stages, pilgrimage based tourism was only of domestic nature but during recent years, an increasingly large number of foreign tourists have also started visiting places of pilgrimage.



With other attractions gradually gaining ground, one can notice detectable changes in the character of Indian tourism, with a tilt from pilgrimage to pleasure trips. Today, the majority of the tourists feel that travelling for sheer pleasure offers much wider scope than that offered by pilgrimage and thus the former is always more colourful, lively, intimate, soothing to mind and body and hence, more enjoyable. Sometimes, people combine pilgrimage with pleasure trips to draw the benefit of both.

Organised tourism in India began in the 1950s with the genesis of planned development. Over the years, Indian tourism has grown considerably as is indicated by the arrival of foreign tourists (see Table 30.1). This shows that the number of foreign tourists visiting India has increased substantially after the beginning of the planned era. The tourist arrivals increased from an insignificant of 16.8 thousand in 1951 to 2.6 million in 2000. However a marginal decline had been observed thereafter. This is a serious trend and must be checked at all costs. Strenuous efforts are required to encourage the inflow of foreign tourists so that precious foreign exchange could be earned in good measure.

With the successful launch of very penetrative ad campaign—Incredible India—there seems to be revival of increasing trend in the tourist arrivals. This, coupled with the open sky policy and good private-government partnership, is bringing back foreign tourists to India.

India's share in the world tourist trade increased marginally from about 0.39 per cent in the mid-1990s to 0.42 per cent in 2004. A record number of over 2.9 million foreign tourists visited India in 2004. India's foreign exchange earnings also increased from Rs. 12,600.56 crore in 2002 to Rs. 19,562.02 crore in 2004

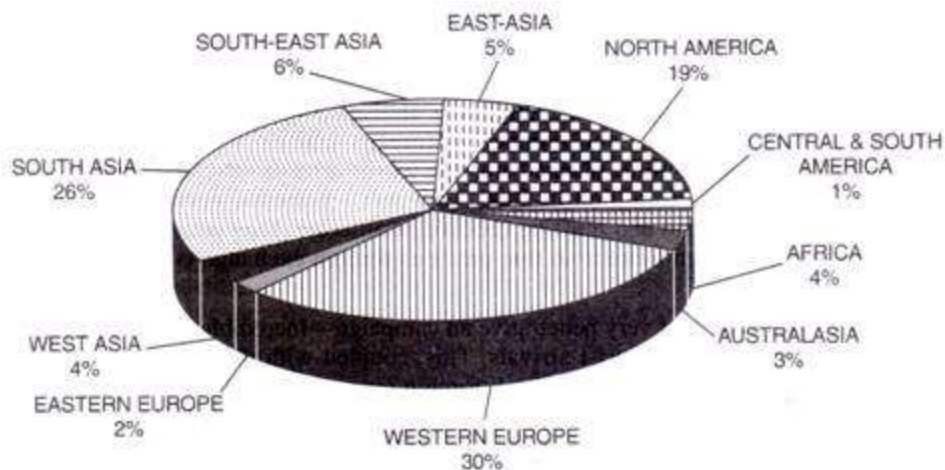


FIG. 30.3. Composition of foreign tourist arrivals in India (2004)

that the market is growing at an average annual rate of about 30 per cent and medical tourism is easily the next big business in India after Information Technology (IT) revolution. By 2012, if medical tourism were to reach 25 per cent of the revenues of private up-market players, then upto Rs. 10,000 crore would be added to revenues of these players.

Domestic Tourism:

Domestic tourism is an important segment of the overall tourist scenario although no reliable data are available in this regard. It is relatively easy to keep record of foreign tourists as they are registered at entry points like international airports which are not possible in case of domestic tourists. It may be emphasised here that domestic tourism is no less pronounced than the foreign tourism. In fact, domestic tourists far outnumber foreign tourists. This is by far the largest segment of market with a potential of 20 crore local tourists travelling annually.

It is domestic tourism which fosters a sense of unity in the otherwise diverse environment of the country and contributes to national integration. Even if 10 per cent of the population travels outside the native state, it involves a massive movement of over 10 crore people who develop the feeling that they are travelling within their own country.

Domestic tourism has increased considerably during the last couple of decades. The improved economy and greater exposure through mass media have developed increasing awareness among the people about tourism; a new dimension to their life style. On November 4, 2020, the Union Minister of State (IC) for

Tourism & Culture Mr. Prahlad Singh Patel inaugurated the “Tourist Facilitation Centre” facility constructed under the project “Development of Guruvayur, Kerala” (under the PRASHAD Scheme of the Ministry of Tourism).

In May 2020, the Union Minister of State (IC) for Tourism & Culture Mr. Prahlad Singh Patel participated in the G20 tourism ministers' meeting to collaborate with member countries in protecting tourism businesses, jobs and taking initiatives to frame policy guidelines to support the sustainable and resilient recovery of travel and tourism. The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in October 2020. The initiative will effectively implement guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, B&Bs and other units. Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) and Incredible India Tourist Guide (IITG) Certification Programme, aimed at creating an online learning platform of well-trained tourist facilitators and guides across the country. The IITF concept is aimed to promote micro-tourism, i.e., tourism in less explored areas of the country.

As per the Federation of Hotel & Restaurant Associations of India (FHRAI), in FY21, the Indian hotel industry has taken a hit of >Rs. 1.30 lakh crore (US\$ 17.81 billion) in revenue due to impact of the COVID-19 pandemic.

Larger income, longer holidays coupled with certain incentives given by public and private organisations to their workers, have contributed a lot in infusing interest among the hitherto stay-at-home people to look around for a place for an annual or biannual visit with family members. Tourism in India has vast employment potential, much of which still awaits exploitation. At present about 20.44 million persons are directly employed by hospitality services. This is about 5.6 per cent of the total work force of the country. By 2015, it would provide 25 million jobs. In addition, the industry provides indirect employment to about 40 million persons.

Further, it is interesting to note that the employment generation in proportion to investment is very high in tourist industry. According to one estimate, an investment of Rs.10 lakh creates 89 jobs in hotel and restaurant sector as against 44.7 jobs in agriculture and 12.6 in manufacturing industries.

The ratio further increases if one takes into account the ancillary services associated with hotels and restaurants. Another important aspect of employment in tourism is that it employs a large number of women, educated and uneducated, as well as skilled and unskilled. In fact, women are greater in number than men in hotels, airline services, travel agencies, handicraft making and cultural activities, etc.

Tourism is a labour-intensive industry and is likely to offer more jobs in the coming years. And since most of the natural beauty and wildlife are to be found in non-urban areas, rural people could find employment as guides and transporters; with proper training. More jobs in rural areas would also help reduce continuous migration of people to towns.

Hotel Accommodation prospects:

The hotel sector forms the key segment of tourism industry. Most of the foreign exchange earned by tourist industry is accounted for by hotel segment. Realising the importance of hotel segment, the Government has taken initiatives to encourage hotel industry by providing tax benefits and other incentives. The Industrial Policy has now placed the hotels and tourism related activities as a priority industry. Foreign investment and collaborations are now facilitated under the new economic policy.

The Department of Tourism classifies functioning hotels under the star system into various categories from one to five-star deluxe and Heritage (Heritage Classic, Grand and Heritage Renaissance) and Apartment Hotels from three stars to five star deluxe.

The Department also reclassified these hotels after every five years to ensure that requisite standards are maintained by them. Heritage hotels have been introduced to cover functioning hotels in palaces, have lies, castles, forts and residences built prior to 1950. Since foreign tourists are crazy about Indian culture and heritage, care has been taken to preserve the original form of the buildings while developing them as heritage hotels. So far, 32 properties have been classified in heritage hotel category providing a room capacity of 972 rooms. Another 38 heritage hotels projects comprising of 710 rooms are in the pipeline. The hotel industry has shown a spectacular growth during the last one decade.

Industrial Policy has now placed hotels and tourism related activities as a priority industry. Foreign investment and collaborations are now facilitated under the new economic policy. Automatic approval is available for foreign direct investment (FDI) upto 100 per cent in hotel and tourism sector.

Conclusion

Tourism in India has a strong relevance to economic development, cultural growth and national integration. As mentioned earlier, India is a vast country of great beauty and diversity and her tourist potential is equally vast. With her rich cultural heritage as superbly manifest in many of the architectural wonders (palaces, temples, mosques, forts, etc), caves and prehistoric wall paintings, her widely varied topography ranging from the monotonous plains to the loftiest mountains of the world, her large climatic

variations ranging from some of the wettest and the driest as well as from the hottest and the coldest parts of the world, beautiful long beaches on the sea coast, vast stretches of sands, gregarious tropical forests and above all, the great variety of the life-style, India offers an unending choice for the tourist.

The Travel and Tourism Competitiveness Report 2019 ranked India 34th out of 140 countries overall. India improved its ranking by 6 places over the 2017 report which was the greatest improvement among the top 25% of countries ranked. The report ranks the price competitiveness of India's tourism sector 13th out of 140 countries. It mentions that India has quite good air transport infrastructure (ranked 33rd), particularly given the country's stage of development, and reasonable ground and port infrastructure (ranked 28th). The country also scores high on natural resources (ranked 14th), and cultural resources and business travel (ranked 8th). However, some other aspects of its tourism infrastructure remain somewhat underdeveloped. The nation has many hotel rooms per capita by international comparison. The World Tourism Organization reported that India's receipts from tourism during 2012 ranked 16th in the world, and 7th among Asian and Pacific countries.

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