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Service Sector in India: Special Reference to Tourism Sector

Abstract::

In India the services sector accounted for more than 60 % of the growth rate in real gross domestic product in current fiscal year of India. The Sector wise analysis of Foreign Direct Investment (FDI) inflow in India reveals that maximum FDI has taken place in the service sector including the telecommunication, information technology, travel and many others. To explore the relatively resilient growth of the services sector in India with perspective of tourism industry, this study talks about service sector in context of tourism and its factors that have contributed to its growth. Tourism is a major driver of economic growth globally. India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourist. For a developing country like India which is on the path of modern economic growth through structural transformation of the economy, tourism is the important tool. As we have talked about and discussed in length and topics like what is global tourism and their few classifications and how India is contributing to the global tourism and we have also touched upon the foreign tourist arrival in the country and by doing that we have also tried to explore contribution of the different states to the tourism sector in terms of both domestic and foreign tourist arrival. The methodology of the present study relied on the web-based research, review of print literature and visit to the selected sites to tourism practice. The paper concludes that economic and social importance of tourism. Therefore, tourism practices have positive impacts not only on development of Indian economy but also social development.

Keywords: Indian Tourism, Service Sector, Economic growth, Social development, Employment

1.0 Service Sector in India: Introduction

After reforms in 1990s Indian economy has been relatively open economy, despite the capital account not being fully open. The current account, as measured by the sum of current receipts and current payments, amounted to about 53 per cent of GDP in 2007-08, up from about 19 per cent of GDP in 1991. Similarly, on the capital account, the sum of gross capital inflows and outflows increased from 12 per cent of GDP in 1990-91 to around 64 per cent in 2007-08. With this degree of openness, developments in international markets are bound to affect the Indian economy and policy makers have to be vigilant in order to minimize the impact of adverse international developments on the domestic economy. India has shown a considerable resilience to the global economic crisis by maintaining one of the highest growth rates. It recorded a growth rate of 6.7% in 2008-09, which was only 2.1 percentage points lower than its average growth of the last five years. One of the main drivers of India's growth during the global economic crisis has been the services sector, which accounted for around 88% of the growth rate of the real gross domestic product (GDP) in 2008-09. The services sector grew at a rate of 9.3%, even as agriculture and industry recorded a steep decline in their growth rates. India's services-led-growth is even more intriguing considering the laggard growth of the global services sector, which has remained far behind the global manufacturing sector and is showing few signs of recovery.

To demystify the relatively resilient growth of the Indian services sector in the face of the global economic crisis, it is important to look closely at the changing structure of the Indian economy and examine its dependence on the export of services. The services sector, which constituted around 49% of the GDP in 1990-91, now contributes 64.5% of the GDP (2008-09). Of this, the export of services comprises around 16% of the services GDP and is less than 10% of the total GDP. The relatively limited impact of the ongoing turmoil in financial markets of the advanced economies in the Indian financial markets, and more generally the Indian economy, needs to be assessed in this context. Whereas the Indian current account has been opened fully, though gradually, over the

1990s, a more calibrated approach has been followed to the opening of the capital account and to opening up of the financial sector. This approach is consistent with the weight of the available empirical evidence with regard to the benefits that may be gained from capital account liberalisation for acceleration of economic growth, particularly in emerging market economies. The evidence suggests that the greatest gains are obtained from the opening to foreign direct investment, followed by portfolio equity investment. The benefits emanating from external debt flows have been found to be more questionable until greater domestic financial market development has taken place (Henry, 2007; Prasad, Rajan and Subramanian, 2007). Accordingly, in India, while encouraging foreign investment flows, especially direct investment inflows, a more cautious, nuanced approach has been adopted in regard to debt flows. Debt flows in the form of external commercial borrowings are subject to ceilings and some end-use restrictions, which are modulated from time to time taking into account evolving macroeconomic and monetary conditions. Similarly, portfolio investment in government securities and corporate bonds are also subject to macro ceilings, which are also modulated from time to time. Thus, prudential policies have attempted to prevent excessive recourse to foreign borrowings and dollarization of the economy. In regard to capital outflows, the policy framework has been progressively liberalized to enable the non-financial corporate sector to invest abroad and to acquire companies in the overseas market. Resident individuals are also permitted outflows subject to reasonable limits.

2.0 Services Sector

The analysis in the previous section shows that the global economic crisis has adversely affected the growth rate of the export of almost all services. Despite this, the growth rate of most of the services has remained positive leading to an increase in the contribution of the services sector to the total GDP from 63% in 2007–08 to 65% in 2008–09. One of the probable reasons for this growth in the sector's contribution despite the decline in exports is growing domestic demand, which accounted for 77.6% of the services sector's growth. Hallmarks of the robust growth of the Indian economy in 2003–08 have been robust domestic demand and a low share of external demand. This has provided the economy an in-built resilience to external demand shocks, especially in the services sector. The contribution of private consumption to GDP growth increased from 46.3% in 2005–06 to 53.8% in 2007–08. Government consumption contributed a much smaller part to the domestic demand, which increased from 7.1% in 2005–06 to 8.0% in 2007–08. However, in 2008–09, due to the movement of the global economic crisis into real sector growth, the contribution of private consumption to GDP growth fell drastically to 27%. This decline was cushioned by a substantial 32.5% increase in the contribution of government consumption to aggregate growth. In 2008–09, the contribution of domestic demand to aggregate growth of GDP, therefore, increased from 44.5% in 2007–08 to 59.5% in 2008–09; while external demand, as seen by the net export of goods and services as a percentage of GDP, decreased from -4.6% in 2007–08 to -6.05 in 2008–09. Thus, even in the face of a drastic fall in external demand, the fall in GDP growth was moderated.

The resilient growth of India's services sector and the sector's increasing contribution to growth during the global economic crisis can be explained to a large extent by the increasing domestic demand for services. However, the mere presence of demand is not sufficient for a sector to grow. Also of importance are the supply-side factors that allow the expansion of output to meet the existing demand. Productivity growth is an important factor that enables sectors to grow steadily and increase their share of the total GDP. Using firm-level data, an attempt has been made to estimate productivity growth in services firms in India in three sectors: retail/wholesale trade, software services, and banking services. It must be noted, however, that a very limited amount of literature exists that estimates productivity growth in services through the identification and measurement of the outputs and inputs of services sectors, and the literature that does exist is generally beset with conceptual problems.

3.0 World Tourism Scenario and India's status in the World Tourism

Tourism is acknowledged as a high growth industry globally with over 700 million tourist arrival internationally, the sector accounts for more than US \$ 500 billion by way of receipt. Besides, the sector possesses immense income, employment and foreign exchange generation potential, thereby, providing a multiplier effect to the economy. The tourism as having the ability to generate high levels of economic output with relatively lesser levels of the capital investment.

The potential and benefits of the tourism sector become more relevant especially for developing

economies like India, where capital availability is scarce and need for economic and employment generation activity is high. With a mere 0.4% share of international tourist arrivals and a large volume of domestic travelers – mainly in the religion/ pilgrimage segment – the sector still accounts for 5.6% of GDP while providing direct employment to 20 million people. However, compared to global averages, the industry has not scaled up to its full potential. Geographical smaller countries have managed successfully to generate much higher levels of revenue from this industry. This is borne out by the fact that globally, the industry contributes approximately 11.6% to the GDP. International tourism recovered strongly in 2010 from the blow it suffered due to the global financial crisis and economic recession. International tourist arrivals worldwide registered a positive growth of 6.6% during the year 2010 as compared to negative growth of 3.8% during 2009 over 2008. The international tourist arrivals during 2010, 2009 and 2008 were 940 million, 882 million and 917 million respectively. France maintained the top position in terms of arrivals in 2010, followed by USA, China, Spain, Italy, UK, Turkey, Germany, Malaysia and Mexico. These top 10 countries accounted for 44.42% share of international tourist arrivals in 2010. As regards the regions, the highest tourist arrivals were in Europe, which attracted 476.6 million tourists in 2010, with a positive growth of 3.3% over 2009, followed by Asia & the Pacific with 203.8 million tourists with 12.7% growth over 2009, Americas with 149.8 million tourists with growth of 6.4% over 2009, Middle East with 60.3 million tourists with growth of 14.1% over 2009 and Africa with 49.4 million tourists with growth of 7.3% over 2009. In fact, in all these regions, positive growth was registered during the year 2010 over 2009.

4.0 Tourism in India

Republic of India is a country in South Asia. It is the seventh-largest country by area, the second-most populous country with over 1.2 billion people, and the most populous democracy in the world. Surrounded by the Indian Ocean on the south, the Arabian Sea on the south-west, and the Bay of Bengal on the south-east, it shares land borders with Pakistan to the west, China, Nepal, and Bhutan to the north-east; and Burma and Bangladesh to the east. In the Indian Ocean, India is in the vicinity of Sri Lanka and the Maldives with this India's Andaman and Nicobar Islands share a maritime border with Thailand and Indonesia. According to World Bank, the Indian economy is the world's tenth-largest by nominal GDP and third-largest by purchasing power parity (PPP). With the introduction of market-based economic reforms in 1991, India became one of the red hot economies in the world; it is considered a newly industrialized country. India is a federal constitutional republic governed under a parliamentary system consisting of 28 states and 7 union territories. India is a pluralistic, multilingual, and multiethnic society. It is also home to a diversity of wildlife in a variety of protected habitats. Indian tourism is the largest service industry, showing a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals (FTA) in India were 5.78 million and India generated about 200 billion US dollars in 2008 and that is expected to increase to US\$375.5 billion by 2018 at a 9.4% annual growth rate. The majority of foreign tourists come from USA and UK. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan are the top five states to receive inbound tourists. Domestic tourism in the same year was 740 million. Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Maharashtra received the big share of these visitors. Ministry of Tourism is the nodal agency to formulate national policies and programmes 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, the state governments and union territories and the representatives of the private sector. Concerted efforts are being made to promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry of Tourism also maintains the Incredible India campaign.

In 2011, total Foreign Tourist Arrivals (FTA) in India were 6.18 million and Foreign Exchange Earnings stood at US\$ 16.691 billion (Global rank-17) up 17.6% from previous year figure of US\$ 14.193 billion (5.58 million FTAs in 2010). India's Foreign Exchange earnings grew by an astonishing 14.1% (CAGR) during 2001-10 out-pacing global average 7.7%. Owing to steady decade-long growth India's share in world Foreign exchange earnings has gone up from 0.64% in 2002 to about 1.72% in 2011. According to World Travel and Tourism Council, India will be a tourism hot-spot from 2009 to 2018, having the highest 10-year growth potential. The Travel & Tourism Competitiveness Report (2007) ranked tourism in India sixth in terms of price competitiveness and 39th in terms of safety and security. Despite short- and medium-term setbacks, such as shortage of hotel rooms, tourism revenues are expected to surge by 42% from 2007 to 2017. India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. It presents heritage and cultural tourism along with medical, business and sports tourism. India has one of the largest

and fastest growing medical tourism sectors. The data on domestic and foreign tourist visits to state/uts, 2000-2010 is given below. The compilation of domestic tourism statistics is undertaken by the Statistical Cells in the Departments of Tourism of State Governments /Union Territory (UT) Administrations. These statistics are based on the monthly returns collected from hotels and other accommodation establishments. The information is collected by using specific formats, and aggregate centre-wise statistics sent to the Market Research Division of the Union Ministry of Tourism. Most of the States/UTs have been furnishing information on domestic and foreign tourist visits to the States, as also number of nights spent by them on monthly basis. The data obtained from the State Tourism Surveys have been appropriately used to estimate domestic and foreign tourist visits to the States. The data on domestic and foreign tourist visits to State/UTs, 2000-2010 is given below.

5.0 Empirical Analysis of Tourism Sector in India

5.1 State/UT-Wise Domestic and Foreign Tourist Visits

As one can see that in table number 2.5 we will try to understand the relation between the year and the movement of the tourist both domestic and foreign and how they are increasing or decreasing over the year. As one can explore that in the year 2000 the movement of the domestic tourist was on rise with good number and the rising rate (1.1%) of the foreign tourist during that period was in slower side and it mainly happened due to the stable Indian economy and the rising purchasing capacity of the people and the same time the world market was going through the economic slowdown due to rise in the prices of the petroleum product. If one can go through the table 5.1 in 2002 there was little bit decrease in the number of domestic tourist and there was a huge downward movement of foreign tourist in the country and it was mainly due to internal security problem and also the global security issues which forced people to content themselves rather than moving around in the country and out of the country. And in year 2004 there was a good number of people visited different places within the country and also foreign tourist came to the country and it can be seen in the table there is a rise of the domestic tourist number and also the foreign tourist number and in 2008 due to the economic slowdown because collapse of the banking system in America which affected negatively or adversely economy of all most every country in the world and our country India was not the exception, and we did got effect but it was not as severe as that was in the abroad. But the Indian tourism sector did got effected by that, as one can see in the table that there is decrease in the number of the both the foreign and domestic tourist mainly due to economic recession and in year 2010 it did increased due to improvement in the world economy and the Indian economy and the same time there was atmosphere of stability which created any an environment of both domestic and foreign tourist movement.

The percentage growth of domestic and foreign tourist arrival in States / UTs of India are categorized in the different belts as follows. We have divided the country into six regions to understand the movement of both domestic and foreign tourist during the year 2009-2010. In the northern region of nation that includes Chandigarh (-1, 3.6), Delhi (53.5,-3.3), Haryana (7.9,-22.4), Himachal Pradesh (16.6, 13.2), Jammu and Kashmir (8, -11.7), Punjab (97.1, 24.2), Rajasthan (-0.1, 19.1), Uttar Pradesh (7.4, 8.1) and Uttrakhand (37.7, 19.5). As we have mentioned in the table 2.5 numbers which are related in the states which are located in the northern region of the country and it is not difficult to understand that the most of the domestic and foreign tourist movement is centralized around Delhi and state like Jammu and Kashmir is supposed to be tourist hub is not doing as good as it should because of internal security problem.

Table: 5.1 State/UT-Wise Domestic and Foreign Tourist Visits, 2009- 2010

| Sl.no | State | 2009 | | 2010 | | % Growth (2010/09) | |
|-------|---------------------------|-----------|---------|-----------|---------|--------------------|---------|
| | | Domestic | Foreign | Domestic | Foreign | Domestic | Foreign |
| 1 | Andaman & Nicobar Islands | 142042 | 13684 | 180781 | 14615 | 27.3 | 6.8 |
| 2 | Andhra Pradesh | 157489927 | 795173 | 155789584 | 322825 | -1.1 | -59.4 |

| | | | | | | | |
|--------------|----------------------|------------------|-----------------|------------------|-----------------|-------------|-------------|
| 3 | Arunachal Pradesh | 195147 | 3945 | 227857 | 3395 | 16.8 | -13.9 |
| 4 | Assam | 3850521 | 14942 | 4050924 | 15157 | 5.2 | 1.4 |
| 5 | Bihar | 15784679 | 423042 | 18491804 | 635722 | 17.2 | 50.3 |
| 6 | Chandigarh | 914742 | 37967 | 905450 | 39333 | -1.0 | 3.6 |
| 7 | Chhattisgarh | 511561 | 1277 | 566298 | 1586 | 10.7 | 24.2 |
| 8 | Dadra & Nagar Haveli | 506625 | 7109 | 495575 | 1698 | -2.2 | -76.1 |
| 9 | Daman & Diu | 563461 | 5748 | 774166 | 5139 | 37.4 | -10.6 |
| 10 | Delhi | 8834047 | 1958272 | 13558353 | 1893650 | 53.5 | -3.3 |
| 11 | Goa | 2127063 | 376640 | 2201752 | 441053 | 3.5 | 17.1 |
| 12 | Gujarat | 15909931 | 102747 | 18861296 | 130739 | 18.6 | 27.2 |
| 13 | Haryana | 6408423 | 137094 | 6915269 | 106433 | 7.9 | -22.4 |
| 14 | Himachal Pradesh | 11036572 | 400583 | 12873986 | 453616 | 16.6 | 13.2 |
| 15 | Jammu & Kashmir | 9234862 | 54475 | 9973189 | 48099 | 8.0 | -11.7 |
| 16 | Jharkhand | 7610160 | 13872 | 6885273 | 15695 | -9.5 | 13.1 |
| 17 | Karnataka | 32701647 | 326944 | 38202077 | 380995 | 16.8 | 16.5 |
| 18 | Kerala | 7789378 | 548737 | 8595075 | 659265 | 10.3 | 20.1 |
| 19 | Lakshadweep | 6553 | 4309 | 7705 | 1512 | 17.6 | -64.9 |
| 20 | Madhya Pradesh | 23106206 | 200819 | 38079595 | 250430 | 64.8 | 24.7 |
| 21 | Maharashtra | 30628394 | 2426362 | 48465492 | 5083126 | 58.2 | 109.5 |
| 22 | Manipur | 124229 | 337 | 114062 | 389 | -8.2 | 15.4 |
| 23 | Meghalaya | 591398 | 4522 | 65275 | 4177 | 10.4 | -7.6 |
| 24 | Mizoram | 56651 | 513 | 57292 | 731 | 1.1 | 42.5 |
| 25 | Nagaland | 20953 | 1423 | 21094 | 1132 | 0.7 | -20.4 |
| 26 | Odisha | 6891510 | 45684 | 7591615 | 50432 | 10.2 | 10.4 |
| 27 | Pondicherry | 851192 | 54039 | 835872 | 50964 | -1.8 | -5.7 |
| 28 | Punjab | 5369995 | 110404 | 10583509 | 137122 | 97.1 | 24.2 |
| 29 | Rajasthan | 25558691 | 1073414 | 25543877 | 1278523 | -0.1 | 19.1 |
| 30 | Sikkim | 615628 | 17730 | 700011 | 20757 | 13.7 | 17.1 |
| 31 | Tamil Nadu | 115755800 | 2369050 | 111637104 | 2804687 | -3.6 | 18.4 |
| 32 | Tripura | 317541 | 4246 | 342273 | 5212 | 7.8 | 22.8 |
| 33 | Uttar Pradesh | 134831852 | 1550309 | 144754977 | 1675123 | 7.4 | 8.1 |
| 34 | Uttrakhand | 21934567 | 106470 | 30206030 | 127258 | 37.7 | 19.5 |
| 35 | West Bengal | 20528534 | 1180418 | 21072324 | 1192187 | 2.6 | 1.0 |
| Total | | 668800482 | 14372300 | 740214297 | 17852777 | 10.7 | 24.2 |

Source: State / Union Territory Tourism Departments. GOI, India

And states like Punjab Haryana are not a huge attraction for both domestic and foreign tourist due to lack of heritage places and other tourist attraction and the state like Himachal Pradesh is doing well due to its natural beauty and its location and within a state, city like Shimla, Nainital, Kullu Manali are a good tourist attraction destinations for specially domestic tourist and the same thing applies to the state like Uttarakhand which is also constitute of natural beauty. The state like Uttar Pradesh is also doing decently well because of the presence of the spiritual cities like Banaras, Allahabad are huge attraction for domestic tourist as well as for foreign tourist whom are looking for the sublime life and the peace. In the northern region Rajasthan is the biggest tourist attraction specially for the foreigners and domestic tourist it is mainly due to presence of historical monuments, forts, and other places which attracts people and the city like Jaipur which is known as a pink city, city like Jodhpur and Udaipur are also a big tourist attraction and the other traditional and cultural aspect of Rajasthan are motivating factor for the foreign tourist. These nine states alone constitute 33.6% of total domestic tourist arrival and 33.2% of total foreign tourist arrival.

The eastern region of nation including Bihar (17.2%, 50.3%), Jharkhand (-9.5%, 13.1%), Orissa (10.2%, 10.4%), and west Bengal (2.6%, 1%). As all these numbers suggest that the state like Bihar is doing pretty well in terms of the foreign tourist due to the presence of spiritual city like Bodhi Gaya, Nalanda which attracts lots of foreign tourist mainly from country like China, Japan and other country which constitutes large amount of Buddhist population. And the same case is with the state like Orissa which has a spiritual city like Puri and Cuttack which attracts large number of the domestic tourist as well as the foreign tourist. And as one can see that in the state like Jharkhand has a negative growth rate of domestic tourist it is mainly due to problem of the internal security. West Bengal do attract a good number of tourist both domestic and the foreign tourist table 5.1 also suggest that the growth rate in terms of both rise in number of both domestic and foreign tourist is quite stable and the biggest attraction specially for the foreign tourist is the cultural and heritage aspect of the west Bengal specially Kolkata. Because of that the rise in number of tourist in west Bengal is constant. These four states constitute only 7.3% of total domestic tourist arrival and 10.6% of total foreign tourist arrival.

In the western region of country Goa (3.5%, 17.1%), Gujarat (18.6%, 27.2%), and Maharashtra (58.2%, 109.5%). As all the above number in table 2.5 regarding the western region of the country suggest that the state like Maharashtra Gujarat and Goa all of them are doing very well in terms of both domestic and foreign tourist and as we can see that a place like Goa is doing pretty well in terms of tourist arrival specially from the foreign countries mainly due to presence of the beaches, forts and the cultural diversification of the state. By going through the table the numbers in context of Gujarat suggest that the economic development and the rise of the number of both domestic tourist have a positive relation and the numbers are rising in Gujarat also because of cosmopolitan city like Ahmadabad and the presence of spiritual city like Dwarka, Somnath and famous temple known as Akshardham and one also need to consider that the large number of Gujarati also stay abroad in a country like USA UK Canada and the Indians from these countries as well as the foreigners visit India in large numbers. Maharashtra is doing best of the lot in the western region and the number suggests the same thing, it is mainly due to presence of global city like Mumbai and Pune. Mumbai being the financial capital of the country and also the business hub of the country and attracts large number of the foreign tourist. Maharashtra also constitutes a city like Nasik which conducts Kumbh Mela and it also attracts lots of domestic and foreign tourist. And the heritage and historical places like Ajanta and Ellora also attract foreign tourist in large number. These three states constitute only 10.6 % of total domestic tourist arrival and 9.3% of total foreign tourist arrival.

Central region of the nation constitutes only two states one is Chhattisgarh (10.7%, 24.3%) and second is Madhya Pradesh (64.8%, 24.7%). as the numbers in context of Madhya Pradesh do suggest that there is a stable rise in number of both domestic and the foreign tourist. it is mainly due to the historical city like Bhopal, Gwalior etc. and these cities also has large number of famous monuments and forts which attracts both foreign tourist and domestic tourist. Number given in the context of Chhattisgarh do suggest even though number is rising in terms of both domestic and foreign tourist but it is still in a small number which is not much significant in terms of the contribution towards a tourism sector as whole and the country economy. It is mainly due to the problem of internal security and lack of historical heritage and spiritual tourist destination. Both comprise only 5.2% of total domestic tourist arrival and 1.4% of total foreign tourist arrival.

The southern region of India in which 5 state comprises these are Andhra Pradesh (27.3%, 6.8%), Karnataka (16.8%, 16.5%), Kerala (10.3%, 20.1%), Pondicherry (-1.8%, -5.7%), and Tamil Nadu

(-3.6%, 18.4%). As the number suggest that in table 2.5 that the state like Andhra Pradesh has the rising number of domestic tourist and stable number of the foreign tourist. Mainly people are coming to Andhra Pradesh through railways and airlines. Hyderabad also has international airport so it facilitate the foreign tourist in a smoother way. The main attraction for the foreign tourist and domestic tourist is Charminar, Golconda fort and other historical and heritage monument. Hyderabad is also a hub of information technology in India which attracts lots of domestic and foreign people for business as well as other purposes and do we have a spiritual city like Tirupati in Andhra which attracts huge number of Indians and foreign tourist whom are looking for the blessings and other purposes they come to Tirupati and visit there. We do have a very modern and developing state like Karnataka in the southern region of the country and it is doing decently well in terms of both domestic and foreign tourist footfall mainly due to presence of a global information technology city like Bangalore and historical places like Mysore which attracts large number of foreign and domestic tourist. Many people to visit Bangalore mainly due to presence of the information technology of the industry and also do get attracted by cosmopolitan culture of the city and the cultural aspect also attracts large number of foreign tourist. In the southern region we have the state like Kerala which attracts both number of domestic and foreign tourist mainly due to a presence of the natural beauty and large number of river which contribute to the natural beauty of the state. Kerala is famous for its spirituality and meditation. And state like Tamil Nadu is doing quite decently in terms of the foreign tourist arrival but not doing better in domestic tourist movement in the state and thus the same case is also there which the neighboring state Pondicherry in case of domestic tourist arrival even thou it is constitute of heritage and historical places. It is also not exposed to the media and there is not much awareness regarding in terms of tourist destinations. These five states constitute only 42.5% of total domestic tourist arrival and 8.2% of total foreign tourist arrival.

Finally, the north eastern region constitutes 8 states these are Arunachal Pradesh (16.8%, -13.9%), Assam (5.2%, 1.4%), Manipur (-8.2%, 15.4%), Meghalaya (10.4%, -7.6%), Mizoram (1.1%, 42.5%), Nagaland (0.7, -20.4%), Sikkim (13.7%, 17.1%), and Tripura (7.8%, 22.8%). The environment in the all the north east region states is very much same they are constituent of natural beauty in terms of mountains and rivers but due internal security problem both domestic and foreign tourist don't visit north eastern states to often so it leads to the less number of domestic and foreign tourist arrival in all the north east states .These eight states constitute only 0.7% of total domestic tourist arrival and 0.2% of total foreign tourist arrival.

The highest growth percentage of domestic tourist visit in 2010 over the previous year 2009 recorded in Punjab which was nearly 97.1% and the lowest domestic tourist visit recorded in Jharkhand which was in negative figure i.e. -9.7%. On the other hand in case of foreign tourist arrival visit the highest growth percentage in 2010 over the previous year 2009 recorded in Maharashtra is more than 100% and the lowest foreign tourist visitors recorded in Lakshadweep which was in negative figure i.e. -64.9%.

5.2 International Tourist Arrivals in World and India

International inbound tourists (overnight visitors) are the number of tourists who travel to a country other than that in which they have their usual residence, but outside their usual environment, for a period not exceeding 12 months and whose main purpose in visiting is other than an activity remunerated from within the country visited. When data on number of tourists are not available, the number of visitors, which includes tourists, same-day visitors, cruise passengers, and crew members, is shown instead. The data on inbound tourists refer to the number of arrivals, not to the number of people traveling. Thus person who makes several trips to a country during a given period is counted each time as a new arrival. Tourist's arrivals are affected by wide range of factors. In a competitive environment, operators have no other choice but to produce the diversified product based on consumer demand. Factors influencing tourism products may be external to the tourism industry or internal. External factors are related to environment, economic and society in which the industry operates, the change with relation to culture and environment, demographic structure, and globalization influencing the taste of tourist. Similarly changes in contemporary technology, economic environment, political scenario, and regulations have a far reaching effect on industry. Change in taste and preferences, sustainability approach, ethical issues, technological change, health safety and security issues, quality issues and the competition in the market of tourism industry are the internal factors which influence the tourist arrival in the particular country or region.

Table 5.2 International Tourist Arrivals in World and India, 2000-2010

| Year | World | | India | | Percentage Share of India | Rank of India |
|------|---------------------|----------|---------------------|----------|---------------------------|---------------|
| | Number (in million) | % Change | Number (in million) | % Change | | |
| 2000 | 683.3 | 7.8 | 2.65 | 6.7 | 0.39 | 50th |
| 2002 | 703.2 | 2.9 | 2.38 | -6.0 | 0.34 | 54st |
| 2004 | 762.0 | 10.3 | 3.46 | 26.8 | 0.45 | 44th |
| 2006 | 846.0 | 5.3 | 4.45 | 13.5 | 0.53 | 44th |
| 2008 | 917.0 | 2.6 | 5.28 | 4.0 | 0.58 | 42nd |
| 2010 | 940.0* | 6.6 | 5.78 | 11.8 | 0.61 | 40th |

Source: World Tourism Organization and Bureau of Immigration, India (2010-11)

As data in table 2.1 one can see that in the year 2000 the global number of tourist were 683.3 million and in the year 2002 it has increased little bit by 2.9% to 703.2 million which suggest that the improvement in the condition of the world economy was very slow at that time. But in the year 2004 there was increase in the number of tourist was 10.3% to the previous year and the main reason behind was the economic rise of the global consumer, in the 2006 number of tourist again went down and the main reason was environment in the world was not appropriate for the tourism due to the internal security and global security problem allover so it didn't allow the movement of the tourist all around the world. As in the above table it is mentioned that in year 2000 there were 2.65 tourist who arrived in India and in the year 2002 it went down to 2.38 million and the growth rate was in negative numbers i.e. -6% and the main reason was global security and internal security of the country was not appropriate for tourist arrival but after that situation did improved in a faster way .As one can see in the above table that number of tourist increased to 3.46 million and the percentage increase in the tourist was 26.8 so it suggested that how the situation has improved from the previous years but due to the economic slowdown all over the world has really negative impact on tourism and as the above table suggest that the number of tourist in the year 2008 was just 5.28 and the increase from the previous year was just 4% and now it is again improving due to improvement in the security problem and the economic problem and in the year 2010 the percentage increase is 11.8 which is a very positive sign for Indian tourism sector. In year 2002 India ranking was 54th in the world but since then it has improved or remain constant and in year 2010 it is 40th in the world.

5.3 Foreign Tourist in India

According to Bureau of Immigration 2010- 2011 the total number of foreign tourist arrival in India was 5775692 and it increased by 11.8% over the preceding year.

Table 5.3 Foreign Tourist Arrivals (FTAs) in India, 2000-2010

| Year | FTAs in India(million) | Annual Growth (%) |
|------|------------------------|-------------------|
| | | |

| | | |
|------|------|------|
| 2000 | 2.64 | 6.7 |
| 2002 | 1.67 | -6.0 |
| 2004 | 3.45 | 26.8 |
| 2006 | 4.44 | 13.5 |
| 2008 | 5.28 | 4.0 |
| 2010 | 5.77 | 11.8 |

Source: Bureau of Immigration, Govt. of India (2010)

The above table 5.3 indicated that the FTAs in India continued to grow from 2.44 million in 2000, to 3.45 million in 2004, 4.44 million in 2006, to reach 5.78 million in 2010 and the main reason behind it was more economic development, much better media exposure at international stage and the improvement in the image of India in abroad due some policy changes and reforms implemented by the government. During the year 2010, India registered a positive growth of 11.8 % over 2009. The growth rate of 11.8% in 2010 for India is better than UNWTO's projected growth rate of 5% to 6% for the world in 2010. The compound annual growth rate (CAGR) in FTAs in India during 2001 to 2010 was 9.6 % is mainly due to higher GDP of the country and India's image got enhanced as a one of the super power in the world and it has attracted foreign tourist in large numbers along with the other factors. The growth in FTAs in India during the eighties & nineties did not follow any consistent pattern mainly due to fragile economy and lack of the accessibility and the information regarding the country. It may be clarified that distribution of FTAs in 2010 has been worked out for figure of 5.78 million, which is higher than the total FTAs as per the unit level data furnished by Bureau of Immigration (BOI).

5.4 Top 15 Source Countries for FTAs in India

As one can see in the Table 5.4 it do provide us the information regarding the top 15 countries which contributes towards the highest number of the tourist and this top 15 countries contributes 71.86% of the total foreign tourist arrival to the India and it also contribute towards the economy.

Table 5.4 Top 15 Source Countries for FTAs in India During 2010

| Country | FTAs | Rank | % Share |
|------------|--------|------|---------|
| USA | 931292 | 1 | 16.12 |
| UK | 759494 | 2 | 13.15 |
| Bangladesh | 431962 | 3 | 7.48 |
| Sri Lanka | 266515 | 4 | 4.61 |
| Canada | 242372 | 5 | 4.20 |
| Germany | 227720 | 6 | 3.94 |
| France | 225232 | 7 | 3.90 |
| Malaysia | 179077 | 8 | 3.10 |
| Australia | 169647 | 9 | 2.94 |
| Japan | 168019 | 10 | 2.91 |

| | | | |
|---------------------------|----------------|----|---------------|
| Russian Fed. | 122048 | 11 | 2.11 |
| China | 119530 | 12 | 2.07 |
| Singapore | 107487 | 13 | 1.86 |
| Nepal | 104374 | 14 | 1.81 |
| Rep. of Korea | 95587 | 15 | 1.65 |
| Total of top 15 Countries | 4150356 | | 71.86 |
| Others | 1625336 | | 28.14 |
| Grand Total | 5775692 | | 100.00 |

Source: Bureau of Immigration, India (2010)

By going through the above table 5.4, one can see that USA (931292) and UK (759494) is topping the chart for obvious reason such as these countries have the large number of Indian's living in those countries and also the native people of these countries are quite attracted towards the heritage and culture of the India. And it is followed by a country like Bangladesh (431962) and Sri Lanka (266515) which belongs to Indian sub-continent the main reason behind the presence of these countries in the top FTA is the more economic and social reason such as migration problem lack of job opportunity and many people come to India more for the business reason than any other reason. And then it is followed by the European country like Germany (227720) and France (225232) which constitutes a good amount of foreign tourist arrival and this tourist come to India to explore the culture and the heritage. And there is large number of tourist also visit from country such as China, Japan (168019), Malaysia and the main reason behind it is the presence of the Buddhist tourist place in the country such as Bodh Gaya. As the table suggests that the people from these countries visit India as a tourist for various reason it could be anything from exploring the culture, employment or migration.

6.0 Conclusion

UNWTO has defined tourism as "Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes." It is very much true because in the modern era our world tourism is working like that it is being applicable and implemented in every country of the world in the same way with only little bit of variation. As we have talked about and discussed in length and topics like what is global tourism and their few classifications and how India is contributing to the global tourism and we have also touched upon the foreign tourist arrival in the country and by doing that we have also tried to explore contribution of the different states to the tourism sector in terms of both domestic and foreign tourist arrival and as we have already seen that the variation of the tourist footfall within a country and it is mainly due to the presence of different tourist attraction and accessibility for the tourist to that particular place and how they are impacting the local economy. We have also tried to explore some of the new forms of tourism which is making us sustainable mark on the economy society and the country.

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