

The performance of the Indian Tourism Industry in the era of globalization –a conventional study

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ABSTRACT

This article studies the growth of foreign tourist arrivals and foreign exchange earnings into India through the Indian tourism industry. It also examines the share of the Indian Tourism Industry in the World in general and especially the Asia Pacific region. How stable is India's tourism industry in terms of foreign tourist arrivals, foreign exchange earnings, domestic tourist visits within India and the number of Indian tourists going abroad? The article suggests measures for increasing the growth of foreign tourist arrivals and foreign exchange earnings into India via tourism. It is evident from this study that the India Tourism Industry is growing significantly each year at a rate of 7% in foreign tourist arrivals. In addition, India is currently experiencing a steep jump in its position in terms of tourism growth and has moved from its recent 50th global position to position 40 in tourist receipts. In the Asia Pacific Region India is now 11th in terms of tourist arrivals. Had it not been for terrorism in Mumbai and political disturbances, as well as minor domestic violence which compromised the internal security of foreigners, Indian tourism would have grown at an even faster rate.

Keywords: Compounded annual growth rate, Indian Tourism Industry, foreign tourist arrivals foreign exchange earnings.

INTRODUCTION

The paradigm shift in the concept of 'tourism' has come to include many types of tourism including Adventure tourism, Wildlife tourism, Medical tourism, Pilgrimage tourism, Eco tourism, Cultural tourism, Dark Tourism, Battlefield tourism and Rural tourism. Modern tourists expect something novel and different from the traditional tourism they are accustomed to. Tourists travel not merely to eat, drink and make merry, but also to learn more about the people and cultures of those with whom they come into contact, as well as visiting new and exciting destinations. Such tourism

initiatives are now termed as 'Cultural' or 'Knowledge Oriented' Tourism and tourists learn a great deal from these.

In this day and age tourism has emerged as one of the fastest growing industries in the world and registers its importance in not only developing the country economically but also in providing a source of income, employment, and it also brings needed infrastructural improvements which may help in regional development. It may also help in socio-cultural linkages at the national and international level. It is a multi-disciplinary subject and touches almost every aspect of human activities. It is an industry,

concerned with attracting people to a destination, transporting them there, housing, feeding, entertaining them upon arrival and returning them to their homes.

The tourism industry has become a part or an appendage of the International trade and exchange system. Every country, big or small, rich or poor, wants its due share of the world trade and foreign exchange earnings only to maintain its balance of trade and payments. In the said process the tourism industry has become a lucrative, well-organized and highly competitive. Lately, this industry enjoys the protection from various Governments and also support and the promotional efforts of the authorized national and the private sector role players as well. The tourism industry in India is based on certain core nationalistic ideas and standards such as, Swaagat (Welcome), Sahyog (Co-operation), Soochana (Information), Sanrachanaa (Infrastructure), Suvidha (Facilitation), Safaai (Cleanliness) and Surakshaa (Security).

In India, tourism has emerged as the solitary largest net earner of foreign exchange. Up until the last decade a little attention was paid to the importance and development of tourism in India. However at this juncture, it is not the case. Tourism is not only a good industry in the field of economic development but it is also an important medium for International socio-cultural linkages which assist in developing the country- such as in the case of BRICS (Brazil, Russia, India, China and South Africa trade links).

Besides the direct contribution of revenue to the central exchequer, the tourism industry has significant backward and forward linkages with several other sectors of the economy including agriculture, horticulture, poultry, handicrafts, construction etc. Several items of tourist expenditure tend to, by their nature, induce a chain of transactions in various other sectors. Each of these transaction calls for the supply of some kind of goods and services. Furthermore, those directly or indirectly employed following the development of tourism may also demand more goods and services, and as a result it will not only

induce more employment opportunities, but also generate a further multiplier effect through a successive chain of transactions that occur. Therefore the specified significances of tourism when considered alongside the paradigm change in the concept of the term tourism, and the many linkages to different services, impelled the researchers to undertake a conventional study on the performance of Indian Tourism Industry in the current period of rapid globalization, visa-a-vis the World and the Asia Pacific region.

OBJECTIVES OF THE STUDY

The objectives of the present study are:

- 1) To study the growth of foreign tourist arrivals, foreign exchange earnings in India emanating directly from the Tourism Industry.
- 2) To ascertain the share of Indian Tourism Industry in relation to the rest of the World and especially the Asian and Pacific region.
- 3) To ascertain the level of stability of the India Tourism Industry in terms of foreign tourist arrivals, Foreign exchange earnings, domestic tourist visits within India and Indian tourists going abroad.
- 4) To suggest measures for increasing the growth of foreign tourist arrivals and to increase foreign exchange earnings within India as a direct result of tourism.

METHODOLOGY

The study was based on a range of secondary data collected from various government sources such as the Ministry of Tourism, the Government of India, the World Tourism Organization and other relevant websites. In order to study the specified objectives, statistical tools like Compound Annual Growth Rate (CAGR), Coefficient of Variation (CV) and Percentages were used.

The study concerned the growth and stability of Indian tourism. Parameters like foreign tourist arrivals into India, foreign exchange earnings, domestic tourist visits within India and Indian tourists going abroad were all carefully analyzed. The study covered the years 2000 up to and including 2010.

HYPOTHESES

To arrive at the objectives of the present study the following hypothesis were framed:

H₀₁: Tourism Industry doesn't grow significantly in India during the study period.

H₀₂: Tourism Industry does grow significantly in India during the study period.

H₀₃: There is no stability in the Indian Tourism Industry during the study period.

H₀₄: There is stability in the Indian Tourism Industry during the study period.

CONCEPTUAL FRAMEWORK

The Tourism Industry includes many different 'gears'. These are essentially the different specialized industries which are grouped under the heading of homogeneous groups as specified under Table 1.

FOREIGN TOURIST ARRIVALS INTO INDIA

Table-2 clearly presents foreign tourist arrivals into India. The 'quantum leap' of foreign tourist arrivals in India has increased from 2.65 million in 2000 to 5.58 million in 2010 and this has registered a positive significant compound annual growth rate of 7 %. Between 2000 and 2010 the tourist arrivals into India barring the years 2000 to 2002 and 2009 showed an increasing trend in absolute terms, but in relative terms, the percentage change in tourist arrivals had showed an increasing annual rate of growth of 7%. Between the years 2000 and 2010 the tourist arrivals into India barring the years 2000,2001 and 2002 and 2009 showed an increasing trend in absolute terms and showing a negative (-0.02)% change over the previous year in 2009. . The decrease in the years may be due to the global and domestic financial crisis and

political disturbances and terrorism. The variation in arrivals of tourists in India during the study period is registered at 31.49 % (See Table- 2.)

FOREIGN EXCHANGE EARNINGS AS A RESULT OF TOURISM IN INDIA

The Foreign Exchange Earnings through foreign tourists are presented in Table-3. It is crystal clear that the foreign earnings have increased from Rs.15626 Crores in 2000 to Rs.64889 Crores in 2010, recorded a positive and spectacular compound annual growth rate of 13.82%. But in US dollar terms, the quantum of foreign exchange earning has also been increased from US\$ 3460 Million in 2000 to US\$ 14140 Million in 2010 representing a positive compound growth rate 13.67%. There was a higher instability noticed in the quantum of foreign exchange earnings both in terms of dollars and monetary value. But in relative terms, the percentage change in the amount of foreign exchange earnings through the arrivals of foreign tourists have shown a growing trend except in the year 2009 over the ten years period of study. Tables- 2 and 3 clearly demonstrate this. (See Tables 2 and 3.)

SHARE OF INDIA VISA-A-VIS THE WORLD AND ASIA PACIFIC REGION

The annual growth rate of foreign tourist arrivals into India, foreign exchange earnings through foreign tourists shows a significant increase at a 1% significant level during the study period with a registered 7.00% and 13.67% respectively, hence the null hypothesis is rejected and it is inferred that the Indian tourism industry does grow significantly during the study period. (See Table-4)

Table-4 depicts the India's share of world tourist arrivals and in the Asia Pacific region during the period in question, namely, 2000-2010. In absolute terms, the number of international tourist arrivals in the world, Asia and the Pacific region reached 1.38, 1.86 times but for India the number has almost tripled during the study period. The number of tourist arrivals in the world

increased from 683.3 Million in 2000 to 940 Million in 2010 registering a compound growth rate of 2.94%. Interestingly, the number of international tourist arrivals in Asia and the Pacific Region also increased from 109.3 Million in 2000 to 203.8 Million in 2010, except in the years 2001, 2003 and 2009 and with a positive and significant compound growth rate of 5.83 %.

The number of international tourist arrivals into India has increased from 2.65 million in 2000 to 5.58 millions in 2010 which recorded a positive and spectacular growth rate of 7%. Though, India's share in the world tourist arrivals was very meager compared to the Asia Pacific region, its share in the world tourist arrivals has increased from 0.39% in 2000 to 0.59% in 2010 and it accounts for an impressive share of 2.74 % of foreign tourist arrivals in the Asia and the Pacific Region. The World Travel and Tourism Council states that India is one of the fastest growing tourism industries in the world and is expected to grow by a further 6.7% annually and should create 13,127,000 employment opportunities by 2020.

The Tourism Industry has been emerging in India as a leading and lucrative global sector, and this applies to India as well. Tourism is now the number one industry in earning valuable foreign exchange for the central exchequer. It is very clear from the Table-4 that the share of India in the world market and in the Asia Pacific Region market during 2000-2010 is growing. The amount of foreign exchange earned from tourism in India showed an almost five-fold increase.

INDIA'S SHARE IN INTERNATIONAL TOURISM RECEIPTS IN THE WORLD AND ASIA & PACIFIC REGION

From Table-5, it is clear that the amount of foreign exchange earnings from the tourism industry in India has jumped from US\$ 3.46 billion in 2000 to US\$ 14.160 billion in 2010 and this registered a positive and significant annual growth rate 13.67% over the years 2000-2010. As per India's share in the world in terms of tourism receipts, it holds only 0.73 % in 2000 by occupying the rank of 36, this drastically increased to 1.54 % and it occupied the 16th rank in 2010. Its share in

the Asia Pacific region was 4.06 % in the year 2000 and India ranked 10th in position and this increased to 5.71 % in share and by 2010 she came to occupy 6th position in ranking for the region. (See table 5.)

FOREIGN TOURIST ARRIVALS IN INDIA AND VICE-VERSA

Table-6 reveals that the majority of the tourist arrivals are from the USA with 0.916 Million which comprises 16.40 % followed by UK with 0.755 Million comprising of 13.52 %, Bangladesh with 0.318 Million comprising of 6.82% and Malaysia 0.164 Million comprising of 2.87% in the foreign total tourist arrivals in India in 2010. The tourism industry in India is thus considerably substantial and very vibrant, and the country is fast becoming a major global destination.

Table-7 clearly portrays the number of Indian nationals going abroad and the number of domestic tourist visits to all states and union territories in India during the study period and also illustrates the percentage change over the previous year. It is clear that domestic tourism in the country has recorded a massive compound annual growth rate of 11.66 % compared to Indians going aboard as registering a compound annual growth rate of 9.56 % during the study period from the year 2000 to the year 2010. The maximum instability was observed in the number of domestic tourist visits in India with 40.65 Coefficient of Variance and 37.03 in the domestic Indian tourists going abroad.

In relative terms, the percentage increase in number of Indian nationals going abroad had shown an increasing trend during 2002 to 2004 and 2006 to 2008 then this was drastically reduced in the year 2009 and increased again to 9% in the year 2010. The domestic tourism sector has also shown fluctuating trends over the years, hence steps should be taken to maintain stability domestically so as to enhance tourist arrivals in India when compared to the rest of the region and indeed the world. (See Table 7.)

FINDINGS AND CONCLUSIONS

From the study it is clearly inferred that the India Tourism Industry has grown significantly during the study period and the growth of the tourism Industry is spectacular as it has registered a Compound Annual Growth rate of 7% in Foreign Tourist Arrivals into India, 13.67 % and 13.82 % of CAGR in Foreign exchange Earnings in terms of US dollars and in Indian Rupees respectively, with the increased percent share from 0.39 and 2.42 to 0.59 and 2.74 in world tourist arrivals and in the Asia Pacific arrivals respectively. There has also been a steep jump in its rating from 50th position to 40th position in the world and it has maintained 11th position in the Asia Pacific Region. India achieves 5.71 % of International tourism receipts in the world and Asia Pacific region, and has jumped in leaps and bounds from a ranking of 36 to 16th position in the world and from 10th position to 6th position in the Asia Pacific region.

To test the second hypothesis Coefficient of Variation was employed. The Percent Coefficient of Variation was recorded as 31.49, 53.97, 40.65, and 37.03 in Foreign Tourist Arrivals in India, Foreign Exchange Earnings in US dollars, Domestic Tourist Visits within India, Indian Tourists Going Abroad respectively. These results clearly indicate that we should accept the null hypothesis that there is instability in the Indian Tourism Industry during the study period. Where instability exists, it may be due to political disturbances, domestic violence, cross border terrorism, internal security to foreigners etc.

In addition to these hindrances, the Indian tourism industry is suffering from qualified employee shortages, insufficient accommodation, unclean rooms and food problems which plague tourists who come to India. Many places in the interior of the country are not well-connected by proper roads, railways or airways. Excessive bureaucracy, red tape, nepotism etc., as well as delays in new hotel construction and transportation projects make matters worse. Tourists are often exploited economically,

and criminal elements in India can make visits to India unsafe for women and particularly elderly tourists are vulnerable. The tourist attractions in India are also being damaged by pollution. Oil refinery smoke is damaging the Taj Mahal, while ecosystems of the coast, Rann of Kutch and the Himalayas are being battered by pollution. Terrorism such as that which has happened in Mumbai recently for the second time,, epidemic diseases, rising fuel prices, lower consumer spending in the light of the economic down turn, policy and infrastructural issues are some of the other factors which must be kept in mind if India is to ultimately realize its dream of becoming one the foremost tourist growth centres by 2020.

Steps should be initiated to maintain the consistency in the growth patterns of the Indian tourism industry. Growth should of course, be incremental and should be initiated by the Government, as well as public and private agencies. Together they can cooperate to enhance the facilities and provide the necessary tools to support the different 'gears' of the tourism industry. Special initiatives must be undertaken to promote eco tourism, rural tourism and especially health tourism to India if it is to achieve a suitable level of sustainability in the global competitive world of tourism.

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Table-1

Gears of Tourism Industry

Group I	Accommodation	Hotels, Resorts, Lodging and boarding, Hostels, Guest House, Camps, House Boats, Restaurants, Dhabas, Road side food joints, Cafeterias etc.
Group II	Transportation	Airlines, Railways, Roadways, Ships, Cruises, Car rentals, Auto rickshaws, City buses, Ferries, Local trains etc.
Group III	Tours And Travel Operators	Government agencies, International / National Tour operators, Local tours and sight seeing, Adventure Tours, Religious Tours, Educational tours, Special Interest Tours (Business, Event etc.,) etc.
Group IV	Industry	Hospitals, Retailing, Art and Handicrafts, Books, Luggage, Garments, Pharmacy, Exploring new business possibilities, and all the industries to which the tourist is directly or indirectly related.
Group V	Other Services	Packaging agents, Guides, Tour Managers, Ticketing Agents, Holiday Sellers, Industry Associations, Machinery and equipment hiring and leasing, Insurance (travel, life, medical, luggage etc.), Recreational services, Communication Services (Phone, fax, Internet, Postal services etc), Banking Services.

Table-2

Foreign Tourist Arrivals into India

Year	Arrivals (In Millions)	% Change over the Previous Year
2000	2.65	
2001	2.54	-0.04
2002	2.38	-0.06
2003	2.73	0.14
2004	3.46	0.27
2005	3.92	0.13
2006	4.45	0.14
2007	5.08	0.14
2008	5.28	0.04
2009	5.17	-0.02
2010	5.58	0.08
CAGR (%)	7.00%	
CV	31.49	

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.

Table-3

Foreign Exchange Earnings (FEE) From Tourism in India (2000-2010)

Year	FEE (US \$ Millions)	% Change over the Previous Year	FEE (Rs.Crores)	% Change over the Previous Year
2000	3460	-	15626	-
2001	3198	-0.04	15083	-3.5
2002	3103	-0.04	15064	-0.1
2003	4463	0.21	20729	37.6
2004	6170	0.75	27944	34.8
2005	7493	0.21	33123	18.5
2006	8634	0.15	39025	17.8
2007	10729	0.24	44360	13.7
2008	11832	0.10	51294	15.6
2009	11394	-0.06	54960	7.1
2010	14160	0.27	64889	18.1
CAGR (%)	13.67%	-	13.82%	-
CV	53.97	-	50.58	-

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.

Table 4

India's Share in World Tourist Arrivals and Asia & Pacific Region During 2000-2010

Year	International Tourist Arrivals (in Millions) in the World	Asia & Pacific (in Millions)	FTAs in India(in Millions)	% of India in World	India Rank in the World	% of India in Asia & Pacific	India Rank in Asia and Pacific
2000	683.3	109.3	2.65	0.39	50	2.42	11
2001	683.4	114.5	2.54	0.37	51	2.22	12
2002	703.2	123.4	2.38	0.34	54	1.93	12
2003	691	111.9	2.73	0.40	51	2.44	11
2004	762	143.4	3.46	0.45	44	2.41	11
2005	803.4	154.6	3.92	0.49	43	2.53	11
2006	846	166	4.45	0.53	44	2.68	11
2007	894	182	5.08	0.57	41	2.79	11
2008	917	184.1	5.28	0.58	41	2.87	11
2009	882	180.9	5.17	0.59	41	2.86	11
2010	940	203.8	5.58	0.59	40	2.74	11
CAGR(%)	2.94%	5.83%	7%	-	-	-	-
CV	12.55	22.17	31.48	-	-	-	-

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.

Table-5

India's Share in International Tourism Receipts in the World and in Asia & Pacific Region (2000-2010)

Year	International Tourist Receipts(in US\$ Billions) in the World	Asia & Pacific	FEEs in India (in US \$ millions)	% Share of Indians in World	India Rank in the World	Asia & Pacific	India Rank in the Asia & Pacific
2000	475.3	85.3	3460	0.73	36	4.06	10
2001	463.8	88.1	3198	0.69	36	3.63	12
2002	481.9	96.5	3103	0.64	37	3.22	13
2003	529.3	93.7	4463	0.84	37	4.76	9
2004	633.2	124.1	6170	0.97	26	4.97	7
2005	679.6	135	7493	1.10	22	5.55	7
2006	744	155.9	8634	1.16	22	5.50	6
2007	857	187	10729	1.25	22	5.74	6
2008	939	208.6	11832	1.26	22	5.67	6
2009	851	203.1	11394	1.31	22	5.61	6
2010	919	248.7	14160	1.54	16	5.71	6
CAGR (%)	6.18%	10.22%	13.67%	-	-	-	-
CV	26.82	39.44	51.13	-	-	-	-

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.

Table-6

Top 10 Countries for Foreign Tourist Arrivals in India In 2010

Source Country	FTAs(In Millions)	% Share
USA	0.916	16.40
UK	0.755	13.52
Bangladesh	0.318	6.82
Canada	0.240	4.30
Germany	0.224	4.01
Srilanka	0.219	3.92
France	0.218	3.90
Japan	0.165	2.95
Australia	0.164	2.94
Malaysia	0.160	2.87
Top 10	3.442	61.64
Others	2.142	38.36
All Countries	5.584	100

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.

Table-7

Indian Nationals Going Abroad and Number of Domestic Tourists Visits to All States and Union Territories in India

Year	Indians Going Abroad	% Change over the Previous Years	Number of Domestic Tourist Visits	% Change over the Previous Years
2000	4.42	7.3	220.11	15.4
2001	4.56	3.4	236.47	17.4
2002	4.94	8.2	269.60	14.0
2003	5.35	8.3	309.04	14.6
2004	6.21	16.1	366.27	18.5
2005	7.18	15.6	391.95	7.0
2006	8.34	16.1	462.31	18.0
2007	9.78	17.3	526.43	13.9
2008	10.87	11.1	563.03	7.0
2009	11.07	1.8	668.80	18.8
2010	12.07	9.0	740.21	10.7
CAGR (%)	9.56%		11.66%	
CV	37.03		40.65	

Source: Ministry of Tourism, Government of India (2010), Bureau of Immigration.