



ROLE OF TOURISM IN SOCIAL AND ECONOMIC DEVELOPMENT OF SOCIETY

Dr. Anupama Sharma*

Sumita Kukreja*

Dr. Anjana Sharma**

Abstract: *Tourism is an activity that is mainly carried out for recreational and leisure purposes. This activity has proved vital for many countries-developing as well as developed countries .It has been proved in the case of India. The growth in tourism sector is expected to rise further in the coming decades as the sector is expanding fast. Several establishments are included in the tourism industry whose products are mainly sold to visitors. Railways, Waterways, Roads and other amenities like Electricity, supply of Water, Sewage Drainage, and other facilities like Accommodation, Aviation Sector Recreational facilities, Restaurants and Shopping facilities etc. are one of them. As all these components creates the foundation of tourism industry the Government of India and Ministry of Tourism with the help of state and U.T. Goverenments are launching and developing various development schemes to improve the present situation of infrastructure in India.Present paper highlights the role of tourism industry in social and economical development of country,contribution of Goverenment, Ministry of Tourism and other tourism related organization in infrastructure development, effectiveness of different schemes and programmes initiated by Government to increase the tourist inflow and economic benefits of tourism industry.To measure all above objectives, data and information has been collected through secondary sources including Books, Magazines, Journals, E-Journals, Internet, Reports of WTO, Ministry of Tourism, and World Travel and Tourism Council etc. To analyse all these fact three research questions have been prepared:- a) is tourism industry a boon or a curse to the society? b) are initiatives taken by government to increase the tourist inflow and to develop the tourist infrastructure in india, sufficient or need some amendments? c)do increased economic benefits of tourism industry has created a place for India on world tourism map or not ?.After analyzing all the facts it can be concluded that tourism industry is expanding day by day and contributing a lot towards the economic development of society by providing employment opportunities and huge increase in foreign exchange earning.Though it has some negative sides too but this problem can be eliminated by the joint efforts of government, tourism organizations, media, and of course local communities.*

Keywords: *Socio- Economic Development, Development-Schemes, Direct-Economic Contribution, Indirect- Economic Contribution, Foreign- Exchange, Infrastructure Development.*

*Asst. Professor, Department of Business Administration, Maharaja Surajmal Institute

**Asst.Professor, Department of Tourism, Administration, Govt.P.G. College



INTRODUCTION

Tourism activity is not a new phenomenon for Indians. In recorded history there have been instances whereby one is able to know that man has been travelling throughout the ages. In 19th century people have seen travelling for the purpose of trade and commerce. Throughout history, traders and merchants have travelled to far off lands in order to trade with other nations and tribes. Then after people have started journeys to seek knowledge and to explore the unexplored land.

During the middle ages the practice for travelling for religious purposes became a well established custom in many parts of the world. It served as a powerful means of forging unity and understanding between peoples from widely different regions. The concept of pleasure tourism can be directly associated with the Roman empire. Romans were the first who have constructed a fine network of road and developed spas and seaside resorts during this period.

Besides this the introduction of Railways and Ships in 19th century and introduction of air transport and motor car in 20th century gave a boom to the development of tourism industry .

India is a country which is known for its lavish treatment to all visitors, no matter where they come from . It is entertaining its visitors with its varied attractions which include beautiful beaches, forests, wild life, landscapes, snow, river, mountain peaks, technological parks, science museums, centres of pilgrimage, heritage trains, hotels, yoga, ayurveda and natural health resorts. The Indian handicrafts particularly, jewellery, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. The facts vindicates that nearly forty per cent of the tourist expenditure is done on the shopping of such items.¹

Tourism has various social, economical, cultural, psychological and environmental impacts on larger social fabric of society. The facet of these impacts may be positive or negative. On the one hand tourism industry is helping in socio-economic development of India; on the other hand it is degrading the culture, environment and belief system of the society.

Tourism industry is playing a significant role in the social, economical, cultural and environmental development of society. Tourism industry is one of the world's fastest growing economic sector and largest employer of manpower helps in earning multi-billion



dollar annually by attracting a billion of people from one destination to another. This is evident from the fact that international tourist arrivals has doubled from the year 1995 (565.4 million) to the year 2010(1006.4 million). It is expected to reach to 1.56 billion by 2020, with the largest rate of increase in developing countries including India. It is expected to provide more than 251.6 million jobs by 2020. According to UN World Tourism Organisation, 6-7% of the world's total jobs directly and millions more indirectly comes through the multiplier effect of this sector.²

In India, tourism has made significant contribution to the Indian economy by providing an increase in foreign exchange earning, creating more employment opportunities and infrastructure development. It is clear from the tourism statistics that international tourist arrival has increased from 5.11 million in 2009 to 5.58 million with a growth rate of 8.1% in 2010 and foreign exchange earning has increased from US \$11394 million in 2009 to 648.89 billion in 2010. Approximately 705 million domestic tourists have visited different states /UTs of India in 2010. Share of India in world tourist arrival and world tourism receipts is 0.58% and 1.24% respectively. It is also expected that tourism demand will grow at an annual growth rate of 8.8% over the next ten years.³

Tourism protects and maintains the natural and cultural resources of the country, helps in avoidance of migration of the local population, and brings about improvement in the economic and socio cultural level of the local community. It serve as a tool to financial protection of natural areas and increase their economic importance and raise awareness regarding environmental values.

Social interaction between tourist and host community enhances the mutual appreciation, tolerance, understanding, awareness, family bonding, learning, respect and likings. Where as on the one hand residents of the host country get an education about the outside world while sitting at home on the other hand they availed the facilities of schools,libraries, healthcare institutions, and internet cafe, contributed by tourism industry.

On the one hand tourism industry is helping in socio-economic development of India; on the other hand it is degrading the culture, environment and belief system of the society by giving birth to several social problems like increased use of narcotics and drugs,sex tourism,child labour, seasonal employment, commercialization of cultural



products, environmental degradation, increased pollution, extinction of rare species and increase in the price of commodities.⁴

OBJECTIVES:-

- to explore the role of tourism industry in social and economical development of country.
- to know the contribution of Government, Ministry of Tourism and other tourism related organization in infrastructure development.
- to explain the effectiveness of different schemes and programmes initiated by Government to increase the tourist inflow and economic benefits of tourism industry.

Research Questions:-

- Is tourism industry a boon or a curse to the society?
- Are initiatives taken by government to increase the tourist inflow and to develop the tourist infrastructure in India, sufficient or need some amendments?
- Do increased economic benefits of tourism industry has created a place for India on world tourism map or not ?

RESEARCH METHODOLOGY:-

Research methodology is partly descriptive, partly exploratory and partly casual .For this study data and information has been collected with the help of Books, Magazines, Newspapers, Research Articles, Research Journals, E-Journals, UNWTO Report, Report of Ministry of Tourism, Report of World Travel and Tourism Council.

ROLE OF TOURISM INDUSTRY IN SOCIAL DEVELOPMENT OF SOCIETY

The growth in tourism sector is expected to rise further in the coming decades as the sector is expanding fast thereby contributing to the economic sector as well. Several establishments are included in the tourism industry whose products are mainly sold to visitors, although they do not form a major share of tourist consumption. In this category several sectors related to infrastructure like power, telecommunication, roads, supply of water, and some production sectors like sports related equipment, materials needed for photography, medicines and cosmetics etc. are included. Besides all these services other components of infrastructure like airport, railways, waterways, roads and other amenities like electricity,



supply of water, sewage drainage, and other facilities like accommodation, recreational facilities, restaurants and shopping facilities etc. are also an important part of tourism infrastructure. As all these components create the foundation of tourism industry the Government of India and Ministry of Tourism with the help of state and U.T. Governments are launching and developing various development schemes to improve the present situation of infrastructure in India.

Table-1

Amount sanctioned by Government of India to various States for the development of infrastructure under the scheme "Product Infrastructure Development for Destination and Circuits"

Executing Agency	Total No. of projects	2010-2011				2011-2012				
		Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)	Total UC Received (in lakhs)	Total UC Pending (in lakhs)	Total No. of project	Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)	Total UC Received (in lakhs)	Total UC Pending (in lakhs)
Andhra Pradesh Govt.	3	714.770	571.820	0.000	571.820	7	4,018.880	3,215.100	0.000	3,215.100
Arunachal Pradesh Govt.	10	3,505.840	2,804.660	0.000	2,804.660	1	385.070	308.050	0.000	308.050
Assam Govt.	4	2,355.320	1,825.600	0.000	1,825.600	1	348.010	278.410	0.000	278.410
Bihar State Govt.	1	360.060	280.050	0.000	280.050	-	-	-	-	-
Chandigarh Administration	3	1,051.480	841.170	0.000	841.170	-	-	-	-	-
Chattisgarh Govt.	3	2,055.460	976.900	0.000	976.900	-	-	-	-	-
Delhi Govt.	3	850.470	614.260	0.000	614.260	1	72.850	58.280	0.000	58.280
Goa Govt.	2	1,258.070	1,006.450	0.000	1,006.450	1	497.840	398.270	0.000	398.270
Gujarat Govt.	-	-	-	-	-	2	5,174.870	2,744.600	0.000	2,744.600
Haryana Govt.	1	2,661,060	1,330.530	0.000	1,330.530	-	-	-	-	-
Himachal Pradesh Govt.	7	3,457.780	2,558.620	94.760	2,493.860	-	-	-	-	-
Jammu & Kashmir Govt.	16	5,521.810	1,713.910	0.000	1,713.910	15	11,897.840	2,337.700	0.000	2,337.700
Jharkhand Govt.	3	705.780	564.600	0.000	564.600	1	2,371.190	1,185.590	0.000	1,185.590
Karnataka Govt.	2	859.970	688.000	0.000	688.000	-	-	-	-	-
Kerala Govt.	2	4,237.540	2,174.190	0.000	2,174.190	3	1,289.660	884.280	0.000	884.280
Madhya Pradesh Govt.	5	2,516.480	2,013.180	0.000	2,013.180	3	1,844.710	1,475.760	0.000	1,475.760
Maharashtra Govt.	2	1,117.290	893.830	0.000	893.830	3	5,232.740	2,829.890	0.000	2,829.890
Manipur Govt.	6	3,891.610	2,741.950	0.000	2,741.950	1	699.910	559.920	0.000	559.920
Meghalaya Govt.	7	2,212.930	1,770.340	0.000	1,770.340	-	-	-	-	-
Mizoram Govt.	3	1,014.020	811.210	0.000	811.210	-	-	-	-	-
Nagaland Govt.	5	2,864.890	2,291.910	0,000	2,291.910	2	1,577.000	1,261.600	0.000	1,261.600
Orissa Govt.	4	1,991.830	1,593.920	0.000	1,593.920	-	-	-	-	-
Puducherry Govt.	2	5,011.000	2,655.500	0.000	2,655.500	-	-	-	-	-
Punjab Govt.	2	1,126.020	900.810	0.000	900.810	-	-	-	-	-
Rajasthan Govt.	6	3,081.920	1,990.380	201.390	1,788.990	2	1,094.550	875.640	0.000	875.640



Sikkim Govt.	5	2,126.850	1,701.470	0.000	1,701.470	3	1,310.330	1,047.690	0.000	1,047.690
Tamil Nadu Govt.	4	5,961.100	3,231.970	0.000	3,231.970	1	365.000	292.000	0.000	292.000
Tripura Govt.	5	2,653.270	2,122.620	0.000	2,122.620	1	547.310	500.000	0.000	500.000
Uttar Pradesh Govt.	9	2,644.700	2,123.430	281.200	1,842.230	6	1,306.090	1,044.860	0.000	1,044.860
Uttarakhand Govt.	6	2,960.090	2,368.060	0.000	2,368.060	4	2,697.070	2,158.270	0.000	2,158.270
West Bengal	4	2,109.680	1,687.740	0.000	1,687.740	-	-	-	-	-
Total of Product Infrastructure Development For Destination & Circuits		72,879.090	48,879.080	577.350	48,301.730		42,730.920	23,455.910	0.000	23,455.910

Source- Report of Ministry of Tourism 2011-12

To develop high standard infrastructure facilities, a large number of mega projects have been sanctioned by government in different states of India. In the financial year of 2010-11 a total no. of 136 projects have been sanctioned by government in different parts of India and a huge amount of Rs. 72,879.90 lakhs have been sanctioned for the same. In the financial year of 2011-12, under the scheme of Product Infrastructure Development for Destination & Circuits, a total no. of 58 projects have been sanctioned in 19 states of India. In Andhra Pradesh for the development of tourism infrastructure facilities at Ramappa temple and lake, at Bhongir fort, Ghanpur temples, Panduvula Guahlu, and Warangal fort and development of tourism facilities and tourism circuit in Adilabad and Medak district a total no. of 7 projects with an amount of 4,018.880 lakhs INR have been sanctioned. For the development of tourist resort at Lebok under kamba, west siang district, Arunachal Pradesh, Development of tourist destination at Samaguri Lake in Nagaon district in Assam, addition of new facilities at Dilli Haat, INA, New Delhi, and Baga Beach Tourism destination development in Goa, one project in each state has been sanctioned respectively. Two projects for the integrated development of Buddhist circuit, Shukla tirth, Kabirvad, Mangleswar and Angarleshwar tourist destinations in Gujarat with an amount of 5,174.870 lakhs rupees have been sanctioned.⁵

Jammu and Kashmir government itself have sanctioned a total of 15 development projects, to develop various tourist destinations, circuits and tourist facilities in different parts of the state. These projects include preservation/beautification of historical monuments, wayside amenities, construction of tourist reception at Katra and Dooru, construction of integrated infrastructure facilities in Leh, conservation and restoration plan for Poonch Fort, development of Lokh bhawan temple site, Zirati-Haji-Dedi site, Mehmood Gami Park,



development of Sonamarg Bowl and wayside amenities enroute to Shri Amarnathji shrine upto Baital base camp, development of tourist related facilities in and around Padum, Zaskar and its adjoining tourist resort phase and so on. For the effective implementation of all these projects an amount of Rs.11,897.840 lakhs have been sanctioned by government of J&K. Further one project in Jharkhand, one in Manipur, one in Tamil Nadu and one in Tripura has been sanctioned by the government for the development of tourist facilities at all these places.

For the development of cruise passenger facilitation centre at cochin port, and development of Neriamangalam into a tourist destination in Kerala, two projects with an amount of Rs.1,289.660 lakhs has been sanctioned. In the same way the government of Madhya Pradesh, Maharashtra, Nagaland and Sikkim has sanctioned various mega projects in their areas in order to develop various tourist destination, infrastructure and tourist facilities.

Rajasthan Government has sanctioned two projects for the conservation and restoration of Fresco Paintings and Murals of Nahargarh Fort and infrastructure development of Eco-tourism destination named Kumbhalgarh- todgarh-Raoli-Ranakpur as a tourist destination and development circuit. In Uttar Pradesh six projects has been sanctioned to develop the Kalikan Dham at Amethi, Namisharanya-kshetra at Sitapur, Shiv Dham and Eco-tourism at shahpur (Sultanpur), Janwari Dham in village Sitapur, and development of Theme Park at Kapil Vastu, Siddharth Nagar in UP and for the fruitfull execution of the program an amount of Rs.1,306.090 lakhs has been sanctioned. Uttarakhand Government has sanctioned 4 projects to develop the lesser known circuit of Ramganga Valley and Kausani range, tourism circuit of Haripura and Nanaksagar Reservior-Lohaghat-Naukuchiyata-Mayawati Ashram-Kathgodam, Development of Panch Prayag and development of Eco-tourism at Almora, Uttarakhand.⁶

IT sector has played a significant role in shaping the tourism industry's products and services. Computer Technology has shrunked the world and now it is very easy to communicate across the world. Now every type of information is available in tourism sector such as geographic location of potential tourist destination, its culture, history, attractions, facilities and other information that actually decides the design and development of a particular place. Keeping in view the advantage of computer technology or IT sector Ministry of Tourism, Government of India has launched a scheme named " Central Financial



Assistance for IT” , for developing various tourism information facilities with interactive touch screen kiosks and audit guides, setting up of mobile multimedia tours, setting up of information kiosks at 10 selected major cities of India, and for providing facilities for internet online reservation and information to tourists.⁷

Table-2

Project and Amount sanctioned by Government of India under the scheme”Central Financial Assistance for IT”

2010-2011				2011-2012			
Project Name	Executing Agency	Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)	Project Name	Executing Agency	Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)
Setting up of Mobile Multimedia tours at Golaconda fort, A.P.	Andhra Pradesh Govt	10.00	9.000	Comprehensive Mobile based tourism promotion system and dedicated Tourist Helpline	Andhra Pradesh Govt	8.850	7.960
Setting up of 3 D LED information display board at Rajiv Gandhi International Airport Shamsabad, Hyderabad	Andhra Pradesh Govt	9.900	8.910	-	-	-	-
Setting up of information Kiosks at 10 selected major cities of India and Andhra-Pradesh.	Andhra Pradesh Govt	19.690	17.720	-	-	-	-
CFA for Revamping of Website of Himachal Pradesh Tourism under the IT Scheme.	Himachal Pradesh Govt.	15.000	13.500	CFA for providing facilities for Internet online reservation and Information to tourist	Himachal Pradesh Govt.	13.650	12.290
-	-	-	-	CFA for installation of Kiosks in Himachal Pradesh for providing instant information to the tourist	Himachal Pradesh Govt.	8.550	7.700
CFA for computerization and IT System on M.P. tourism Properties/Complexes	Madhya Pradesh Govt.	44.120	39.710	-	-	-	-
IT Proposals for Tourism Promotion in Mizoram.	Mizoram Govt.	41.000	36.900	-	-	-	-
Development of Tourism Information Facilities with Interactive Touch Screen Kiosks and Audit Guides Onboard Busses and boats for IT Proposal.	West Bengal Govt.	50.000	45.000	-	-	-	-
-	-	-	-	Developing mobile based service and IT based projects for the promotion of Kerala tourism.	Kerala Govt	46.000	41.000
Total of Central Financial Assistance For IT		189.710	170.740			77.050	69.350

Source- Source- Report of Ministry of Tourism 2011-12



It is clear from the above table that in the year 2010-11 a total no. of 8 mega projects have been sanctioned under the CFA scheme, and an amount of Rs.189.710 lakhs has been sanctioned for the same. Further in the year 2011-12 four projects have been sanctioned to provide instant information services to the tourists and an amount of Rs. 77.050 lakhs has been sanctioned by the Ministry of Tourism, Govt. of India. Out of which Rs. 69.350 lakhs has been released for the effective implementation of the programme.

In order to facilitate high standard infrastructure and superstructure in India, Ministry of Tourism has launched another Scheme "Capacity Building For Service Providers" to develop various software work plan and Rural Tourism Project in different states of India.⁸

Table-3

Project and Amount sanctioned by Government under the scheme "Capacity Building for Service Providers"

2010-2011				2011-2012			
Project Name	Executing Agency	Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)	Project Name	Executing Agency	Total amount sanctioned (in lakhs)	Total Amount Released (in lakhs)
Software work plan for the site: Village Deke Distt. West Siang, Arunachal Pradesh	Arunachal Pradesh Govt	17.000	13.600	Hardware Work Plan under the Rural Tourism Scheme of Ministry of Tourism, Govt. of India for the site at Village Deke Distt. West Siang, Arunachal Pradesh	Arunachal Pradesh Govt	45.520	36.420
Devt. Of Tourist Village Litter, dist. Pulwama, J&K for Software Work Plan	Jammu & Kashmir Govt	20.000	16.000	Software Work Plan under CBSP Scheme of Ministry of Tourism, Govt. of India at Village Sadarkote Payeen, District Bandipora, J&K	Jammu & Kashmir Govt	20.000	16.000
Software work plan for the site: Village Khag distt. Budgam, J&K	Jammu & Kashmir Govt	20.000	16.000	Rural Tourism Project at Village Sadarkote Payeen, Distt Bandipora, J&K	Jammu & Kashmir Govt	49.910	39.930
Software work plan for the site: Village Srijunga Martam, distt. West Sikkim	Sikkim Govt.	20.000	16.000	-	-	-	-
Software work plan for the site: Village Bagbari, distt. Sadar Sub Division, Tripura	Tripura Govt.	17.500	14.000	-	-	-	-



Rural Tourism Project at Village Nirmal, Distt Adilabad, Andhra Pradesh	Andhra Pradesh Tourism Development Corporation Ltd.	39.900	31.920	Rural Tourism Project at Village Pembarthi, Distt Warangal Andhra Pradesh	Andhra Pradesh Govt-	14.420	11.540
-	-	-	-	Rural Tourism Project at Village Tenzawl, Distt Serchip, Mizoram	Mizoram Govt.-	50.000	40.000
Rural Tourism Project at Village Pembarthi, Distt Agra, Uttar Pradesh	Uttar Pradesh Govt.	40.510	32.410	-	-	-	-
Total of Capacity Building For Service Providers		174.910	139.930			179.850	143.890

Source- Source- Report of Ministry of Tourism 2011-12

SCHEME FOR ASSISTANCE FOR LARGE REVENUE GENERATING PROJECTS

It is recognized that the development of tourism infrastructure projects requires very large investment that may not be possible out of the budgetary resources of the Government of India alone. In order to remove these shortcomings and to bring in private sector, corporate and institutional resources as well as techno-managerial efficiencies, it is proposed to promote large revenue generating projects for development of Tourism infrastructure.

In the financial year 2008-09 two large revenue generating projects, one in Rajasthan and one in Tamil Nadu has been sanctioned and an amount of Rs.750.000 lakhs and Rs.802.700 lakhs respectively has been released for the same. In order to bring out the private, corporate and institutional support for infrastructure development, one large revenue generating project In Delhi has been sanctioned in the year 2009-10 and for which an amount of Rs.1,237.000 lakhs has been sanctioned and released by the government of India.⁹

HOTEL INDUSTRY

Hotel Industry is witnessing continued momentum due to the increased number of foreign tourist arrivals together with the growth of domestic tourism in the country. The Indian Hospitality industry contributes around 2.2 percent of India's GDP. The Industry is expected to reach INR 230 billion growing at a compound growth rate of 12.2 percent. The Industry also witnessed an increase in the number of hotel rooms with a growth 5% during the last three to four years. In the next two years, a total investment of US\$12.2 billion (INR545.2 billion) is expected that will add over 20 new international brands in the hospitality sector. To attract budget tourist in India government is planning to develop budget hotels in



the country. In this series various budget category hotels like Ginger Hotels, Lemon Tree Hotels, Sarovar Hotels, and Fortune hotels have been established.¹⁰

The growth of the Hotel Industry is largely due to the rising business opportunities, strong economic performance and cross border investments. India has currently base of 110,000 hotels rooms and still face the shortage of 150,000 rooms. There is a mismatch between demand and supply, leading to higher occupancies and average room rates. Occupancy rates across India have improved from 52 percent in 2005 to 67 percent in 2009-2010. Average Room Rates across cities have improved from USD 51.6 to USD 76.4 in the same period. Over the years the demand for the five stars- deluxe hotels have been increasing.

AVIATION INDUSTRY

Aviation as an important sector of Travel Industry is playing a significant role in economic development of world. Oxford Economics has estimated that over 5.5 million workers are employed directly in the industry worldwide and generating around US\$425bn. It further enhances efficiencies through economies of scale, increased competition and innovation, and access to wider pools of human resources. In particular, the benefits to society of expenditure on research and development by the aerospace industry are very significant, adding 70% to GDP year after year for every dollar initially invested.

The aviation sector has undergone a significant structural transformation over the past decade, with the birth of a new airline model, the low-cost carrier (LCC). With their focus on no-frills, point-to-point services, LCCs have had a significant impact on the demand for airline travel, making it affordable for a much wider segment of the population in all key world regions.

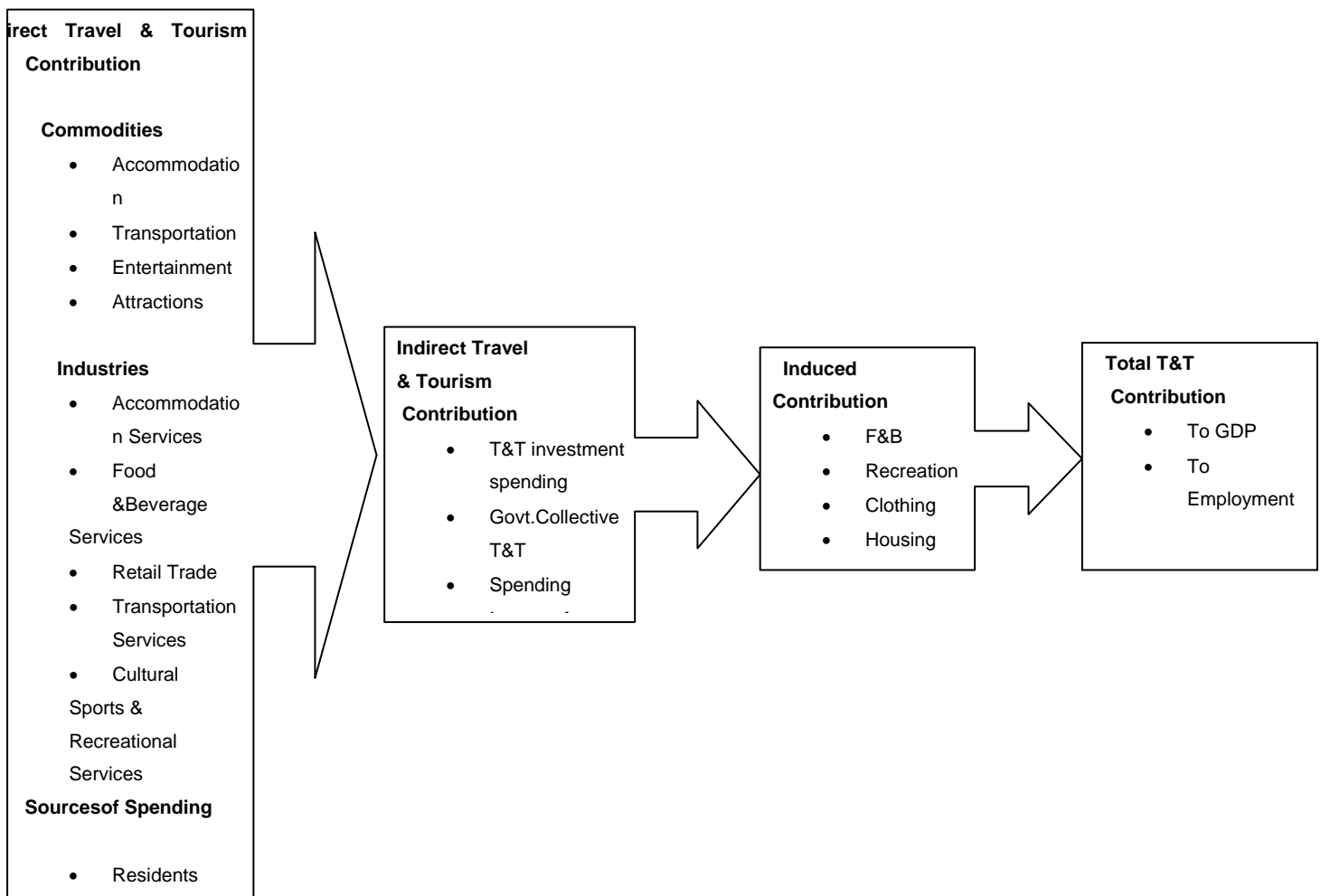
To make Tourism sector in India more attractive the Government has launched a scheme of 'Visa on Arrival' from January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore visiting India for tourism purposes. The Government has now extended this scheme for the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, Philippines, Laos and Myanmar from January 2011. In this order 5774 VoAs were issued during the period January to June.¹¹



ROLE OF TOURISM INDUSTRY IN ECONOMIC DEVELOPMENT OF INDIA

Travel and Tourism contributes to be one of the world's largest industries. 2011 was one of the most challenging years ever experienced by the global travel & tourism industry. Despite political upheaval, economic uncertainty and natural disasters, the industry's direct contribution to world GDP grew by nearly 3% to US\$ 2 trillion and directly generated 1.2 million new jobs. This was supported by a 3% increase in visitor exports to US\$ 1.2 trillion, with almost 3% growth in capital investment, which rose to over US\$0.7 trillion.

ECONOMIC CONTRIBUTION OF TRAVEL & TOURISM INDUSTRY





The direct contribution of Travel & Tourism to GDP reflects the internal spending on Travel & Tourism(total spending within a particular country on T&T by residents and non-residents for business and leisure purposes) as well as government ‘individual’ spending(spending by government on Travel & Tourism directly linked to visitors, such as cultural or recreational.The direct contribution of Travel & Tourism to GDP is calculated from total internal spending by netting out the purchases made by the different tourism sectors.The direct contribution of Travel & Tourism to GDP in 2011 was INR 1,689.8bn (1.9% of GDP).It is expected that it will rise up to 7.6% to INR 1,818.5bn in 2012.This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services.But it also includes the activities of the restaurant and leisure industries directly supported by tourists.The direct contribution of T&T to GDP is expected to grow by 7.7%pa to INR 3,805.2bn (1.9% of GDP) by 2022.¹²

The total contribution of Travel & Tourism includes its wider impacts on the economy.The indirect contribution includes the GDP and jobs supported by Travel & Tourism investment spending(such as purchase of new aircraft and construction of new hotels),Government collective spending(such as tourism marketing & promotion, aviation, administration,security services ect.) and Domestic purchases of goods and services by the sectors dealing directly with tourists(including purchases of food and cleaning services by hotels, of fuel and catering services by airlines and IT services by travel agents).The total contribution of Travel and Tourism to GDP was INR5,651.0bn in 2011(6.4% of GDP) and is expected to grow by 7.3% to INR 6,062..3bn(6.5% of GDP) IN 2012. It is forecast that it will rise by 7.8%pa to INR12,891.2bn by 2022 (6.5% of GDP).¹³

The induced contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel & Tourism industry.

Table- 4 Estimates and Forecasts

India	2011	2011	2012	2022		
	INRbn	% of Total	Growth	INRbn	% of Total	Growth
Direct contribution to GDP	1,689.8	1.9	7.6	3,805.2	1.9	7.7
Total contribution to GDP	5,651.0	6.4	7.3	12,891.2	6.5	7.8
Direct contribution to	24,975	5.0	3.0	30,198	5.1	1.6



Employment						
Total contribution to Employment	39,352	7.8	2.8	47,911	8.0	1.7
Visitios Exports	801.4	3.8	3.5	1,382.6	2.0	5.2
Domestic Spending	3,703.1	4.2	8.3	8,710.3	4.4	8.1
Leisure Spending	3,335.4	3.8	8.6	7,554.3	3.8	7.6
Business Spending	1,181.3	1.3	4.1	2,562.2	1.3	7.6
Capital Investment	1,253.9	5.1	12.3	2,903.9	4.4	7.5

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India 2011-12

Table- 5 The Economic Contribution of Travel & Tourism

India(INRbn,real 2011 prices	2009	2010	2011	2012(Expected)	2022(Forecast)
Visitors Exports	674.7	730.6	801.4	829.2	1382.6
Domestic Expenditure	3268.1	3415.8	3703.1	4009.9	8710.3
Internal Tourism Consumption	3954.2	4157.9	4516.8	4853.0	10122.1
Purchases by Tourism Providers,Including imported goods	-2478.9	-2603.3	-2827.0	-3034.5	-6316.9
Direct contribution of T&T to GDP	1475.3	1554.6	1689.8	1818.5	3805.2
Domestic Supply Chain	2260.4	2381.8	2589.1	2786.2	5830.1
Capital Investment	1136.8	1145.6	1253.9	1407.6	2903.9
Government Collective Spending	76.0	80.8	84.5	88.3	163.0
Imported Goods from Indirect Spending	-792.4	-833.6	-892.0	-1009.7	-1807.0
Induced	834.4	857.7	925.7	971.4	1996.1
Total Contribution of T&T to GDP	4990.5	5186.9	5651.0	6062.3	12891.2
Direct contribution of T&T to Employment	24644.4	24143.0	24974.9	25733.7	30197.9
Total Contribution of T&T to Employment	38044.1	37786.8	39351.9	40450.7	47911.4
Expenditure on outbound travel	542.3	583.3	690.0	742.0	1612.3

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India 2011-12

VISITOR EXPORTS AND INVESTMENT

Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2011 India generated INR801.4bn in visitor exports. In 2012, this is expected to grow by 3.5%, and



the country is expected to attract 6,504.000 international tourist arrivals. It is expected that by 2022, international tourist arrival will increase to total 11,276,000, generating expenditure of INR1,382.6bn, with an increase of 5.2% pa. In the year 2011, Travel & Tourism has attracted a capital investment of INR 1,253.9bn. This is expected to rise by 12.3% in 2012, and rise by 7.5% pa over the next 10 years to INR 2,903.9bn in 2022.¹⁴

In the year 2011 the Travel & Tourism Industry has generated 24,975,000 directly (5.0% of total employment) and this is forecast that it will grow by 3.0% in 2012 by providing jobs to 25,733,500 people (5.0% of total employment). By 2022, Travel & Tourism will account for 30,198,000 jobs directly, an increase of 1.6% pa over the next 10 years. The total contribution of T&T to employment was 39,352,000 jobs in 2011 (7.8% of total employment). This is forecast to rise by 2.8% in 2012 to 40,450,500 jobs (7.9% of total employment). By 2022, Travel & Tourism is forecast to support 47,911,000 jobs (8.0% of total employment), an increase of 1.7% pa over the period.¹⁵

Table-6

Foreign Tourist Arrivals (FTAs) and Foreign Exchange Earnings (FEE) from Tourism in India during 2011 and comparative figures of 2010 and 2009					
Foreign Tourist Arrivals (Nos)					
Month	Foreign Tourist Arrivals (Nos.)			Percentage Change	
2009	2010 (R)	2011 @	2010/09	2011/10	
January	481308	568719	623885	18.2%	9.7%
February	489787	552152	635527	12.7%	15.1%
March	442062	512152	550051	15.9%	7.4%
April	347544	371956	437792	7.0%	17.7%
May	305183	332087	355333	8.8%	7.0%
June	352353	384642	412336	9.2%	7.2%
July	432900	466715	513853	7.8%	10.1%
August	369707	422173	444548	14.2%	5.3%
September	330707	369821	401995	11.8%	8.7%
October	458849	507093	562873	10.5%	11.0%
November	541524	608178	636762	12.3%	4.7%
December	615775	680004	715364	10.4%	5.2%
Total	5167699	5775692	6290319	11.8%	8.9%
Foreign Exchange Earnings (in Rs. Crore)					
Month	Foreign Exchange Earnings (in Rs. Crore)			Percentage Change	
2009 #	2010 #	2011 #	2010/09	2011/10	
January	4598	5593	5777	21.6%	3.3%



February	4547	6646	7653	46.2%	15.2%
March	4437	5507	5522	24.1%	0.3%
April	4061	4518	5724	11.3%	26.7%
May	3249	4358	5047	34.1%	15.8%
June	3801	4751	5440	25.0%	14.5%
July	4983	5444	7116	9.3%	30.7%
August	4115	4620	5734	12.3%	24.1%
September	3798	4678	5748	23.2%	22.9%
October	4806	5219	7019	8.6%	34.5%
November	5523	6516	7941	18.0%	21.9%
December	7042	7039	8870	0.0%	26.0%
Total	54960	64889	77591	18.1%	19.6%
Foreign Exchange Earnings(in US\$ million)					
Month		Foreign Exchange Earnings (in US\$ million)		Percentage Change	
2009 #	2010 #	2011 #	2010/09	2011/10	
January	941	1215	1273	29.1%	4.8%
February	923	1434	1684	55.4%	17.4%
March	867	1209	1227	39.4%	1.5%
April	811	1013	1290	24.9%	27.3%
May	669	951	1124	42.2%	18.2%
June	796	1020	1213	28.1%	18.9%
July	1028	1163	1603	13.1%	37.8%
August	851	992	1264	16.6%	27.4%
September	785	1015	1208	29.3%	19.0%
October	1028	1175	1424	14.3%	21.2%
November	1185	1448	1566	22.2%	8.1%
December	1510	1558	1688	3.2%	8.3%
Total	11394	14193	16564	24.6%	16.7%
@ Provisional Estimates # Advance Estimates R: Revised					

Source-UNWTO Report 2010-11

From the above table it is clear that foreign tourist arrival and foreign exchange earning is increasing day by day in India. In the year 2009 the total foreign tourist arrival was 516 million which has reached up to 629 million in the year 2011. Whereas the foreign exchange earning in the year 2009 was 54960 crore which has reached up to 77591 crore in the year 2011. The reasons which are responsible for increasing foreign tourist traffic and foreign exchange earnings in India may be described as, India is considered as a economical as well as business cum pleasure destination, opening of the sectors of economy to private sectors, attracting foreign investment, open skies policies of aviation sector which has led to better



connectivity with many countries with India, liberal government policies and tourism promotion measures initiated by tourism organizations.¹⁶

Not only foreigners but also millions of domestic tourist are attracted towards different tourist destinations of India and are travelling to different states and union territories to explore culture, to seek knowledge and for medical treatment. In the year 2009 about 668.8 million domestic tourist have visited different states of India. This figure has rose up to 740.21 million in the year 2010. In the year 2010 the state Maharashtra is visited by maximum number (28.5%) of total foreign tourist. Then Tamil Nadu and Delhi have received 15.7% and 10.6% of total foreign tourist respectively. In the case of domestic tourist arrival the state Andhra Pradesh has received 21.0% of total domestic tourist arrival. Then comes the Uttar Pradesh and Tamil Nadu which has received 19.6% and 15.1% of total Domestic tourist arrival in the year 2010 respectively. This increase has been seen as a direct outcome of rapidly increasing purchasing power of the middle class , better road connectivity, evolving life style, hike in salaries and liberal government policies.¹⁷

CHALLENGES BEFORE TOURISM INDUSTRY

From the all above description it is clear that tourism industry is growing day by day in the world and India is sharing a major part of world tourism receipts and world tourism traffic and has proved successful in maintaining its place on world tourism map. Though India shares only 1.24 % of international tourist receipts and 0.59% of international tourist traffic but this contribution can not be neglected The major constraint in the expansion of international tourist traffic to India is non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation and trained manpower in sufficient number. Poor visitor experience, particularly, due to inadequate infrastructural facilities, poor hygienic conditions and incidents of touting and harassment of tourists in some places are factors that contribute to poor visitor experience.

EFFECTIVENESS OF DIFFERENT SCHEMES AND PROGRAMMES INITIATED BY GOVERNMENT TO PROMOTE TOURIST INFRASTRUCTURE AND TO INCREASE TOURIST INFLOW

Different components of infrastructure like airport, railways, waterways, roads and other amenities like electricity, supply of water, sewage drange, and other facilities like



accommodation, recreational facilities, restaurants and shopping facilities etc. plays an important role in tourism infrastructure. As all these components create the foundation of the tourism industry, the Government of India and Ministry of Tourism with the help of state and U.T. Governments are launching and developing various development schemes to improve the present situation of infrastructure in India. As discussed above, various new schemes and mega projects have been launched by the Ministry of Tourism in India to facilitate the foreign tourist with high standard infrastructure facilities. To develop high standard infrastructure facilities, a large number of mega projects have been sanctioned by the government in different states of India under the **“Product Infrastructure Development for Destination and Circuits Scheme”**. In the financial year of 2010-11, a total no. of 136 projects have been sanctioned by the government in different parts of India and a huge amount of Rs. 72,879.90 lakhs have been sanctioned for the same. In the financial year of 2011-12, under the scheme of Product Infrastructure Development for Destination & Circuits, a total no. of 58 projects have been sanctioned in 19 states of India.¹⁸

Further, keeping in view the advantage of computer technology or IT sector, the Ministry of Tourism, Government of India has launched a scheme named **“Central Financial Assistance for IT”**, for developing various tourism information facilities with interactive touch screen kiosks and audio guides, setting up of mobile multimedia tours, setting up of information kiosks at 10 selected major cities of India, and for providing facilities for internet online reservation and information to tourists. Then, after in order to facilitate high standard infrastructure and superstructure in India, the Ministry of Tourism has launched another scheme **“Capacity Building For Service Providers”** to develop various software work plans and Rural Tourism Project in different states of India.¹⁹

Besides these schemes, all other programmes which are initiated by the Ministry of Tourism are as follows:-

SCHEME FOR ASSISTANCE FOR LARGE REVENUE GENERATING PROJECTS

In order to remove all shortcomings and to bring in private sector, corporate and institutional resources as well as techno-managerial efficiencies, it is proposed to promote large revenue generating projects for development of Tourism infrastructure.

In the financial year 2008-09, two large revenue generating projects, one in Rajasthan and one in Tamil Nadu, have been sanctioned and an amount of Rs.750.000 lakhs and Rs.802.700



lakhs respectively has been released for the same. In order to bring out the private, corporate and institutional support for infrastructure development, one large revenue generating project in Delhi has been sanctioned in the year 2009-10 and for which an amount of Rs.1,237.000 lakhs has been sanctioned and released by the government of India.

SCHEME FOR SUPPORT TO PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURE DEVELOPMENT

This is a scheme for attracting financial support to Public Private Partnerships in infrastructure and will be administered by Ministry of Finance .under this scheme suitable budgetary provisions will be made in the annual plans on a year to year basis.

FOREIGN INVESTMENT

Government of India has allowed 100% Foreign Investment under the automatic route in the Hotel and Tourism Related Industry.The terms hotel includes restaurants, beach resort and other tourism complexes and the term tourism related industry includes travel agencies,tour operating agencies, transport organizations and other event organizing agencies.

DEVELOPMENT OF BUDGET HOTELS

To attract budget tourist in india government is planning to develop budget hotels in the country. In this series various budget category hotels like Ginger Hotels, Lemon Tree Hotels, Sarovar Hotels, and Fortune hotels have been established.²⁰

LOW- COST CARRIER

The aviation sector has undergone a significant structural transformation over the past decade,with the birth of a new airline model,the low-cost carrier(LCC).With their focus on no-frills, point-to-point services,LCCs have had a significant impact on the demand for airline travel, making it affordable for a much wider segment of the population in all key world regions.

VISA ON ARRIVAL SCHEME

To make Tourism sector in India more attractive the Government has launched a scheme of 'Visa on Arrival' from January 2010 for citizens of five countries, viz. Finland, Japan,



Luxembourg, New Zealand and Singapore visiting India for tourism purposes. The Government has now extended this scheme for the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, Philippines, Laos and Myanmar from January 2011. In this order 5774 VoAs were issued during the period January to June.

IMPLEMENTATION OF SEAMLESS TRAVEL

To overcome the bottlenecks of multiple inter-state road transport barriers, Ministry of Tourism has been advocating implementation of seamless travel for commercial tourist vehicles. This would facilitate smooth movement of tourist traffic and avoid delays and inconvenience to tourist.

SCHEME FOR THE DEVELOPMENT OF EMERGING TOURISM PRODUCTS

Now the main concern of Ministry of Tourism and Government of India is to develop infrastructure for Rural Tourism, Golf Tourism, Cruise Tourism, Adventure Tourism, Sustainable Tourism, Well-ness Tourism, and Medical Tourism etc.

By developing rural tourism the Ministry of Tourism intends to help the local community economically and socially. On 28 February 2011, 169 rural tourism sites in 28 states/ UT have been sanctioned by the Ministry of Tourism.

To promote Golf- Tourism in India the Ministry of Tourism has organized a workshop “Promotion of Golf-Tourism” in New Delhi in January 2011.

Cruise Tourism is emerging as one of the most dynamic segment of the tourism industry. With an objective of making India attractive as cruise tourism destination, to develop infrastructure facilities and to attract right segment of the foreign tourists to cruise shipping in India a policy “Cruise Shipping Policy of the Ministry Of Shipping” was approved by the Government of India on June 28, 2008.²¹

The Ministry of Tourism has included the promotion of wellness Tourism as new initiatives. The Marketing Development Assistance Scheme (MDA) administered by the Ministry of Tourism provides financial support to Wellness Tourism Service Providers accredited by State Governments till the guidelines of AYUSH-NABH for accreditation are finalized. As per the report ‘Domestic Tourism in India’, 2008-09’ released by the National Sample Survey office on October 20, 2010, trips for health and medical purposes formed 7% of overnight trips in the rural population and about 3.5% in the urban population.



Recently, the Ministry of Tourism has sanctioned INR 1.2 million under the Marketing Development Assistance (MDA) Scheme to 10 Medical Tourism Service Providers during 2010.²²

CONCLUSION

Tourism in India has vast potential for increasing foreign investments, foreign exchange earning, for generating employment, besides contributing towards the economic and social development of the society. Central and State government with the help of private sector and voluntary organizations are working towards improving the status of infrastructure including increasing air seat capacity, increasing trains and railway connectivity to important tourist destinations, four-laning of roads, and availability of accommodation by adding heritage hotels and 7 star hotels. Though India shares only 1.24% of international tourist receipts and 0.59% of international tourist traffic but this contribution can not be neglected. After analyzing all the facts it can be concluded that tourism industry is expanding day by day and contributing a lot towards the economic development of society by providing employment opportunities and huge increase in foreign exchange earning. Though it has some negative sides too but this problem can be eliminated by the joint efforts of government, tourism organizations, media, and of course local communities.

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