Prospect of Tourism Industry in India

# Abstract

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Tourism encompasses various forms of travel, including recreational trips, business-related journeys, and leisure activities, typically of limited duration. Although often associated with international travel, the tourism industry can also involve travel within the same country. This sector plays a crucial role in driving economic growth and serves as a significant source of foreign exchange earnings in our nation. In fact, the travel and tourism industry stands as India's second-highest foreign exchange earner. Additionally, it contributes significantly to the process of national integration, promoting the diverse cultural and environmental aspects of the country. According to a report by the World Travel and Tourism Council, India's tourism industry ranks seventh globally in terms of its overall contribution to the country's Gross Domestic Product (GDP).

In this journal paper, an analysis of the Indian tourism industry has been conducted using data from secondary sources, including the Ministry of Tourism, Government of India (2022). Various metrics such as Compound Annual Growth Rate (CAGR) and trend analysis have been applied in the assessment.

The findings indicate that the tourism sector holds a prominent position in India, being the largest service industry. There has been a notable increase in both international tourism arrivals and foreign exchange earnings, as evidenced by the rising CAGR. The tourism industry in India leverages the country's rich culture, traditions, and heritage for profitable purposes and serves as a platform for preserving and promoting the nation's legacy.

Economic tourism plays a significant role in boosting the Gross Domestic Product (GDP) and creating numerous direct and indirect employment opportunities for the population. Based on these findings, it can be concluded that the tourism industry presents strong growth prospects, contributing to the overall development of both the industry and the nation.

**Keywords: -** Tourism industry, Tour and Travels, Economic Development, Exchange Reserve, Accommodation Sector.

# Introduction

India initially entered the tourism industry relatively late, with the government not fully recognizing its economic significance until the 1970s. However, in the present day, the Indian Ministry of Tourism and Planning Commission have acknowledged the tourism industry as an export industry. Currently, tourism stands as a substantial source of revenue for various sectors and businesses, exerting a significant impact on both the source and host countries' economies, often being of paramount importance.

One crucial aspect of the tourism industry is its role in providing employment opportunities, especially in remote or underdeveloped areas. Additionally, it plays a vital role in fostering economic development at both local and national levels. In response to the growing influx of domestic, national, and international tourists to India, Indian planners have prioritized the expansion of infrastructure and contributions from the tourism sector.

# Review of Literature

## (Murugaiyanand Sasijeyanthi, 2017)

This research paper delves into the central role of the tourism industry in Macao's economy. Tourism, encompassing both the theory and practice of attracting and accommodating travelers for leisure and entertainment purposes, is the cornerstone of Macao's economic landscape. Notably, domestic tourism plays a pivotal role in catering to both Indian and foreign tourists. Consequently, this study focuses on analyzing the demographic advantages associated with domestic tourists in the districts of Mudrai.

To achieve this, the study employs various statistical tools such as percentage analysis and chi-square tests, among others, to extract valuable insights from the respondents' data.

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## (Sharma, 2019)

International tourism has a constructive effect on the economics of the country including growth of employment, trade, tour and travels, small and medium industries, etc. the government should concentrate over developing and promoting domestic, national and foreign tourist get fascinated by the unique culture of rural and urban area that include variety of cuisine and different living of standard. Tourist destination in rural area should be developed in such a way that their original and unique does not get harmed. The rural area are unique lucrative in respect of foreign tourism. Villages that contain culturally significance

places should we well connected with city and should be promoted on international platform to attract large number of Indian, domestic and foreign tourist.

## (Campos, Galvez, Fernandez& Guzman, 2020)

Cultural acknowledgement and commitment is given to such place which gets consideration as whole heritage sites by UNESCO. Managing tourism as such places become and incredible responsibilities of authorises, heritage place and area requireddifferenced tourism plan for specific segment of heritage tourist. This entails not only an examination of socio-demographic variables but also an evaluation of the tourist's perception of the historical heritage sites they visit. This includes an assessment of their motivations, interests, and expectations.

**(Masood H. Siddique and Shalini N. Tripathi, 2021)**

It is noted that the tourism industry and hospitality sector have emerged as significant global economic activities due to changing expectations regarding leisure time, including vacations and holiday trips. However, India's share in global tourism arrivals and earnings has been relatively modest. Nevertheless, it is widely acknowledged that India possesses substantial potential for the development of its tourism industry.

# Objectives of the Study

The objectives of the study are follows:

1. To know the genesis and history of tourism industry in India.
2. To identify the possibilities of tourism industry from 2004 to 2022 in India.

# Sampling and Methodology of the Study

The present article journal paper is based on both primary and secondary data sources. I have collected secondary data required from this research paper for this paper from report of the ministry of tourism statistical handbook of India, government of India 2022, Indian tourism statistics at a glance2022, and other related important information has been collected from the policy paper. In addition to research papers published in various journals, this study gathered secondary data for analysis. The data analysis involved the utilization of trend line analysis, focusing on several aspects including foreign tourist arrivals (FTAs), foreign exchange earnings (FEEs), and domestic and forest tourist visits. The base data was observed over a 19-year period from 2004 to 2022 and was sourced from the website, utilizing the compound annual growth rate (CAGR) as a key analytical tool.

**Compound Annual Growth Rate (CAGR)**

The compound annual growth rate (CAGR) is a financial metric commonly employed by business professionals and investors to describe the annual growth rate of an investment over a specific period, typically exceeding one year in duration. The formula for computing the compound annual growth rate is as follows:

CAGR = (End Value/Start Value) ^ (1/ period) -1

# Discussion and Result

**Growth of Tourism Industry in India**

The tourism industry in India has shown consistent growth from 2004 to 2022, particularly in terms of the increasing number of international tourist arrivals and foreign exchange earnings. This growth trajectory is evident in the annual report of the tourism industry for 2017-2018, where the progress of the tourism sector is detailed.

**Table no-1**

|  |  |  |
| --- | --- | --- |
| **Table no. 1 Foreign Tourist Arrivals (FTA’s) in India 2004 to 2022** | | |
| **Year** | **FTA’s from tourism in India (in millions)** | **Percentage (%) Change over the year** |
| 2004 | 2.73 | 14.36 |
| 2005 | 2.65 | 13.94 |
| 2006 | 3.46 | 18.21 |
| 2007 | 3.92 | 20.63 |
| 2008 | 4.45 | 23.42 |
| 2009 | 5.08 | 26.73 |
| 2010 | 5.28 | 27.78 |
| 2011 | 5.17 | 27.21 |
| 2012 | 5.78 | 30.42 |
| 2013 | 6.31 | 33.21 |
| 2014 | 6.58 | 34.63 |
| 2015 | 6.97 | 36.68 |

|  |  |  |
| --- | --- | --- |
| 2016 | 7.68 | 40.42 |
| 2017 | 10.04 | 54.73 |
| 2018 | 10.56 | 55.57 |
| 2019 | 8.80 | 46.31 |
| 2020 | 2.54 | 13.36 |
| 2021 | 2.38 | 12.52 |
| 2022 | 8.03 | 42.26 |

Source Indian Tourism Statistics at a Glance 2022.



60

54.73

55.57

50

46.31

42.26

40

36.68

33.21

30

26.73

27.21

34.63

30.42

27.78

20

18.21

23.42

40.42

FTA from tourism industry in India

Percentage % change over the year

14.36

20.63

13.36

12.52

10

13.94

0

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

## Chart no.1

**Foreign Tourist Arrivals (%)**

**Table No. 1**

Highlighting the growth in foreign tourist arrivals in India, it's evident that there has been a consistent upward trend from 2004 to 2019. However, in 2020, following the onset of the COVID-19 pandemic, there was a significant decline in tourist arrivals to India, causing substantial setbacks to the tourism industry.

The figure number -1 depicts the trend line in foreign tourist’s arrival. From the compound annual growth result express during 2006 the change of growth rate was high of 18.21% and during 2005; the change is growth rate was very low of 13.94 during study period.

# Foreign Exchange Earnings from Tourism Sector

It is crucial to assess the economic importance of the tourism industry in India. The overall revenue generated from international tourist arrivals in India and its evolution from 2004 to 2022 has shown a steady increase, rising from 20,729 rupees to 194,842 rupees since 2018. It indicates has given continuously foreign earning to India. But after arrival covid-19 in India foreign exchange rate very low because foreigner tourists not come visit in India because of which the Indian government had to suffer a lot. In the year 2022, tourist started coming back to India, due to which there was a fast improvement in foreign exchange and tourism industry was also benefitted. Information pertaining to Foreign Exchange Earnings (FEE) from tourism in India and its annual variations are presented in Table No. 2.

|  |  |  |
| --- | --- | --- |
| **Table no. 2 Foreign Exchange Earning from Tourism Sector (in Rs. in Crore)** | | |
| **Year** | **F.E.E. from Tourism in India** | **Percentage (%) Change**  **over the year** |
| 2004 | 20729 | 37.60 |
| 2005 | 15626 | -24.62 |
| 2006 | 27944 | 78.83 |
| 2007 | 33123 | 18.53 |
| 2008 | 39025 | 17.82 |
| 2009 | 44362 | 13.68 |
| 2010 | 51294 | 15.63 |
| 2011 | 53754 | 4.80 |
| 2012 | 66172 | 23.10 |
| 2013 | 83036 | 25.49 |
| 2014 | 95607 | 15.14 |
| 2015 | 107563 | 12.51 |
| 2016 | 120367 | 11.90 |
| 2017 | 177874 | 47.78 |
| 2018 | 194882 | 9.56 |
| 2019 | 154146 | -20.90 |

|  |  |  |
| --- | --- | --- |
| 2020 | 15083 | -90.22 |
| 2021 | 15064 | -0.13 |
| 2022 | 134844 | 795.14 |

Source Indian Tourism Statistics at a Glance 2022.



900

795.14

800

700

600

500

400

300

Percentage % change over the

previous year

Linear (Percentage % change over the previous year)

200

100

78.83

37.6

-24.62

18.53 17.82 13.68

15.63

4.8

23.1 25.49

47.78

15.14

11.9

-0.13

0

-20.9

12.51

9.56

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

-100

-200

The table above illustrates the increase in foreign exchange earnings in India. When examining the trends in foreign exchange earnings from 2004 to 2020, we observe consistent growth. Figure No. 1 provides a graphical representation of the trend line for foreign exchange earnings. From the compound annual growth result express that during 2006 the change of growth rate was high of 78.83 percent and during 2005 the change of growth rate was very low of -24.62 during study period.

## Chart no. 2

**Foreign Exchange Earnings (%)**

**State Wise Scene of Foreign Tourists Arrival in India**

The top 10 states in India that attract foreign tourists annually include Tamil Nadu, Maharashtra, Uttar Pradesh, Delhi, Rajasthan, West Bengal, Punjab, Kerala, Bihar, and Goa. These states are known for their popular tourist destinations. The total number of foreign tourists who visited these states in 2018 is presented in Table No. 3

**Share of top 10 States /UT’s of Indian in Number of Foreign Tourist Visits in 2022**

|  |  |  |
| --- | --- | --- |
| **Rank State / UT** | **Number** | **Percentage Share %** |
| Tamil Nadu | 6074345 | 21.0 |
| Maharashtra | 5078514 | 17.6 |
| Uttar Pradesh | 3780552 | 13.1 |
| Delhi | 2740502 | 9.5 |
| Rajasthan | 1754348 | 6.1 |
| West Bengal | 1617105 | 5.6 |
| Punjab | 1200969 | 4.2 |
| Kerala | 1096407 | 3.8 |
| Bihar | 1087971 | 3.8 |
| Goa | 933841 | 3.2 |
| Total of top ten states | 25364524 | 87.9 |
| Other States | 3507630 | 12.1 |
| **Total** | **28872154** | **100** |

Source Indian Tourism Statistics at a Glance 2022.

**Table no. 3**: This paragraph highlights the contribution of ten significant states in India to the tourism industry. Tamil Nadu, Maharashtra, Uttar Pradesh, and Delhi emerge as the four most prominent states, collectively contributing 61.2% of foreign tourist arrivals in 2022, even after the impact of COVID-19. The remaining states also play a crucial role in attracting foreign tourists. Together, these ten states account for approximately 87.9% of the total tourist arrivals in India.

Summary and Conclusion

* It is identified that the foreign tourist arrival in India. From the compound annual growth result express that during 2006 the change of growth rate as high of 18.21 percent and during 2005 the change of growth rate very low of 13.94 during the study time period.
* It is captured that the trend line in foreign exchange earnings. From the compound annual growth result express that during 2006 in the change of growth rate was high of 78.83 percent and during 2005 the change of growth rate was very low of -24.62. It is evident that the contribution of ten significant states in India to the tourism industry is substantial. Among these states, Tamil Nadu, Maharashtra, Uttar Pradesh, and Delhi stand out as the four most crucial ones, collectively accounting for 61.2% of foreign tourist arrivals in 2022, even after the onset of the COVID-19 pandemic.
* The analysis reveals the significance of 10 key states in India concerning the advancement of the tourism industry. Tamil Nadu, Maharashtra, Uttar Pradesh, and Delhi emerge as the four most crucial states, contributing a total of 61.2% to foreign tourist arrivals in the year 2022, even in the post-COVID-19 period.

# Tourism in India revolves around leveraging the culture, heritage, and traditions of the country for profitable purposes. It serves as a platform to showcase our national legacy. Economically, tourism plays a significant role in boosting the Gross Domestic Product (GDP) and creating both direct and indirect employment opportunities for the Indian population. Based on these findings, we can confidently conclude that the primary service sector of tourism exhibits robust growth and promising prospects, contributing to the sustainable development of our nation.

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