INDIAN TOURISM DEVELOPMENT: 
A REVIEW

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ABSTRACT

This paper examines the development of travel and tourism industry in India. The past trends indicate that, in most of the developing countries economies are shifting from manufacturing sector to service sector. In the process tourism has established itself as one of the most important industries in the service sector. India is no exception and tourism in the country has emerged as one of the major contributors to Forex earnings is next only to gems and jewelry. The present study is an attempt to examine the development of travel and tourism industry in India, so that emphasis is on making more efficient and effective future investments in the industry. Also the appropriateness of the tourism policies needs to be measured in the light of changing conditions.

Keywords: Indian Tourism, Tourism Development, Indian Tourism Policies

INTRODUCTION

It is an established fact that tourism is an economic sector and is equally important in scope as oil production, automobile industry or food production. Many of the countries have used their natural resources to develop tourist centric attractions while others have artificially created touristic attractions which are not even natural. These countries have created something they don’t have. Quite recently it has been clear to everybody that tourism is an important economic sector in many countries and regions across the globe (Middleton, 1998).

The United Nations has designated year 2017 as the International Year of Sustainable Tourism for Development. According to United Nations World Tourism Organisation (2017), expenditures by 1,235 million international tourists traveling in 2016 totaled USD 1,401.5 bn

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(7% of total exports), roughly US $ 3.84 billion per day worldwide. Tourism being one of the largest industries in world creates jobs, drives exports, helps in cultural preservation and promotes growth across different nations. Tourism has proved to be an alternative source of exports, contributing to gross domestic product of nations through foreign exchange earnings. Therefore, tourism generated receipts have proved to be a significant source of house hold income and government income.

Source: Travel & Tourism Economic Impact 2017 (WTTC)

India has enormous advantage and potential in terms of vibrant destinations, rich cultural heritage, varied topography etc. Liberalization, privatization and globalization has prompted a highly competitive environment. Over the years India to some extent has been successful in attracting tourists. Improved world rankings are the witness to this fact.

Tourism has taken a center stage in the economic development of various countries around the world. Besides having direct economic impact (transportation, accommodation, retail trade etc) tourism has indirect (T&T investment spending, Impact of purchases from suppliers) as well as induced (food and beverages, clothing, housing) impact. Tourism-led growth tends to occur when tourism demonstrates a stimulating influence across the overall economy in the form of spillovers and other externalities (Marin, 1992).

In recent years a lot of time and attention has been given to research in tourism development. it has been found that tourism development is being affected by financial systems (Karadzova & Dicevska, 2011), transport infrastructure (Khadaroo & Seetanah, 2007), political risks (Eilat & Einav, 2004), infrastructure development (Chew, 1987; Gebrehiwot & Gebre, 2015;
Inskeep, 1991; Kilinc, Semiz, Katircioglu, & Unusan, 2013; Martin & Witt, 1988), and many other economic variables, such as gross domestic product (GDP), real exchange rates, and bilateral trade agreements (Culiuc, 2014).

THE TOURISM INDUSTRY IN INDIA AND ITS DEVELOPMENT

India is often considered as the country with mysterious and adventurous destinations for potential visitors. India has to offer rich diversity in terms of culture, languages, varied topography and climates. Organized efforts to promote tourism in India were taken up as early as 1945, when a committee was set up under the leadership of Sir John Sargent by the Government (Krishna.A.G. 1993). Even though in First Five Year plan (1951 – 1955) planning commission did not take note of tourism, but government did adopt some measures to attract foreign tourists. A noteworthy step for the development of tourism was actually taken in October 1966, which happened to be the last year of Third Five Year Plan, when the Indian Tourism Development Corporation (ITDC) was established. The intention behind this decision was that this corporation was to play a crucial role in the progressive development, promotion and expansion of tourism in the country.

Another major development which took place in 1982 was the approval of the National Tourism Policy. Later on Government of India took a number of decisions and steps for the promotion and development of tourism in country like the National Committee on Tourism was set up in 1988, setting up of the Tourism Finance Corporation in 1989 to finance tourism projects, the National Action Plan in 1992, the 1996 National Strategy for Promotion of Tourism, National Tourism Policy in 1997, National Tourism Policy of 2002 and The New National Tourism Policy of 2015 have all aimed to promote the fast growth of Indian Tourism sector. In 2015 Ministry of Tourism decided that the seven point plan for tourism development of Swagat, Suchana, Suvidha, Suraksha, Sahyog, Samrachana and Safai meaning Welcome, Information, Facilitation, Safety, Cooperation, Infrastructure Development and Cleanliness respectively are relevant even today. So the new policy of 2015 should aim at value addition over the previous one and a serious thought should be given to the causes of non-implementation of various schemes under 2002 policy.

Tourism has a greater role to play in coming years for the promotion of faster, sustainable and inclusive economic growth. In India, 45 jobs are created per million rupees of investment in the manufacturing sector while for travel and tourism sector same investment creates 78 jobs (Twelfth Five Year Plan 2012-2017, Government of India). In 2016, India witnessed
foreign tourist arrivals surged to 8.80 million while foreign exchange earnings from tourism touched US$ 22.92 billion. The T&T Competitiveness Report ranks India at 40th overall, out of 136 countries in the Travel and Tourism Competitiveness Index for 2017 up twelve places since the Index of 2015. The report also mentions that India is well assessed for its cultural resources and business travel (9th), natural resources (ranked 24th) and, with many World Heritage sites, both natural and cultural, rich fauna, many fairs and exhibitions, and strong creative industries. India also has quite good air transport (ranked 32nd), particularly given the country’s stage of development, and reasonable Ground and port infrastructure (ranked 29th).

India has to offer great attractions in the form of beaches, mountains, rivers, lakes, world heritage sites, hospitality, medical tourism, cultural tourism, religious tourism etc. so this potential should be exploited in a rational manner to reap some economic benefits from it. Usually the development of tourism has been considered as a positive contribution to economic growth (Khan et al., 1995; Lee and Kwon, 1995; Lim, 1997 and Oh, 2005).

This paper is an attempt to look into the development scenario of tourism industry in India. Although a number of studies have been carried out in this field but only a few have focused on providing the general overview of the development scenario of the industry. So by taking various characteristics of Indian tourism industry in consideration this paper will try to present their developmental patterns.

CHARACTERISTIC FEATURES

1. Domestic Tourism

The tourism industry in India is growing at a steady rate largely because of domestic travelers. Domestic tourists use locally owned facilities, thereby minimising leakages in the system and promoting linkages between various businesses (Canavan, 2012). Government policies that encourage international tourism often leads to undervaluation of domestic tourism (Canavan, 2012; Kruger & Douglas, 2015). Domestic tourism is an important factor for promoting national integration.

One of the major contributors to domestic tourism in India was religious tourism but with greater disposable income and affordable holiday packages domestic tourism has shown an encouraging trend in other forms of tourism as well include medical tourism, wildlife tourism, adventure tourism etc. It is necessary to mention that even through the period of recession Indian tourism has not seen a decline but has recorded growth at a consistent rate
Figure 1. In 2016 the states that received the maximum domestic tourist visits were Tamil Nadu at 21.3% of the total share, closely followed by Uttar Pradesh and Andhra Pradesh at 13.1% and 9.5% respectively.

2. International Tourism

a) Inbound tourism

The travel and tourism industry has emerged from being a small scale activity to one of the fastest growing economic sectors in the world. International tourist arrival trend has been recording an upward trajectory since last seven years reaching 1.2 billion worldwide (WTO, 2016). Tourism has witnessed uninterrupted growth over time. International tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1,235 million in 2016 (UNWTO).

The inbound tourism in India has shown an uninterrupted growth over years from 2.12 million in 1995 to 24.71 million in 2016 (Figure 2). The foreign exchange earnings also have gone up from US $2.13 million in 1992 to US $22.923 million in 2016. Globally India has a minute share in tourism receipts at 1.82%, with USA having 16.88%.
b) Outbound tourism

Tourism today has become an important segment of Indian economy. With the increase in disposable income due to incredible economic growth Indian middle class has been a major contributor to the outbound tourism. The motivation of outbound tourists are somewhat similar to domestic tourists but with an appetite and resources to visit outside country. With 4.42 million Indians opting for foreign trips in 2000 Indian outbound tourism has been recording a consistent growth over years reaching 21.87 million in 2016 (Figure 3).
3. **Foreign Exchange Earnings**

Similar to the trends of tourist arrivals in India, economic returns from tourism activity have been showing growth over years. While assessing the contribution of tourism on economic growth of the country one must not only look into its contribution towards generating local employment and household income. Tourism also contributes to foreign exchange reserves of a nation. Tourism has contributed US $3460 million to Indian foreign exchange reserves in year 2000 and US $22923 million in year 2016(Figure 4). International tourism receipts earned by destinations worldwide have surged from US$ 2 billion in 1950 to US$ 104 billion in 1980, US$ 495 billion in 2000, and US$ 1,220 billion in 2016 (UNWTO).

![Foreign Exchange Earnings from Tourism in India from 2000 to 2016](image)

**Figure 4**

*Source: (i) Indian Tourism Statistics at Glance 2017, Ministry of Tourism, Govt. of India for 2011 - 2017.*


4. **Infrastructural and Tourist Destination Development**

India has already made its mark in International tourism with more and more tourists arriving each year. The planned development approach for tourism was taken up in Second Five Year Plan 1951 – 1956 when a separate fund of Rs.3.36 crore was set aside for tourism. Over the years India has successfully developed more and more tourist destinations. The fund allocations by central as well as state governments has been increasing year on year. In the Union Budget 2016-17, `1590 Cr (Figure 5) were allocated to the Ministry of Tourism. The Ministry of Urban Development has launched a `500 cr project for 12 cities across the
country including Ajmer, Amravati, Amritsar, Wranger, Varanasi, Mathura, Gaya, Dwarka and Puri with the aim of preserving and rejuvenating the rich cultural heritage of the country under Heritage City Development and Augmentation Yojana (HRIDAY) scheme.

**Figure 5**

![Budget allocation to Tourism Sector Under Union Budget](Source: www.indiabudget.nic.in)

India has been successful in developing efficient transport system including road, railways, water and air. This pace of infrastructural development has increased demand for tourism industry in India. With only 67,613 rooms and 1190 hotels approved by Ministry of Tourism in year 2005, the number has reached to 104289 rooms and 1903 rooms in year 2016 (MoT, GoI). Similarly in 2016 number of registered tourist operators by Ministry of Tourism stands at 823. India currently has 36 World Heritage Sites recognised by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as of November 2017.

**5. Diversity of Resources**

India is a land of great diversity whether it be in terms of geology, geography, culture, languages etc. According to census 2001 there are 1635 rationalised mother tongues, 234 identifiable mother tongues and 22 major languages. According to Ministry of Environment, Forests & Climate Change India has 103 National parks, 543 Wildlife Sanctuaries, 73 Conservation Reserves and 45 Community Reserves. India has a vast number of conservation areas of notable environmental or historical importance. Some of the notable conservation areas include 26 RAMSAR Wetland Sites, 50 tiger reserves, 107 Important Coastal and
Marine Biodiversity Areas, 131 Marine Protected Areas, 467 Important Bird Areas and 531 Key Biodiversity Areas. 

India is a country with great diverse physical features like dry deserts, evergreen forests, snowy Himalayas, a long coast and fertile plains. India has a large number of snow covered mountains which pose the greatest challenge to the most adventurous mountaineers. India has almost every type of climate with blazing heat of the planes to freezing point of the Himalayas. There is an amazing cultural diversity with east, west, north and south having their own distinct cultures.

Despite all the advantages and resources Indian tourism has not yet achieved it potential. In 2016, Indian shares of only 1.18% in international tourist arrivals, ranking 25\textsuperscript{th} internationally and has a share of 1.88% in international tourism receipts, ranking 13\textsuperscript{th} internationally. India should continuously strive towards excellence in tourism as it has already done in so many other industries. India has been successful in positioning itself among some of the top favoured nations for investments. In Nov 2017, global rating agency Moody’s Investors Service has upgraded India’s local and foreign currency issuer ratings to Baa2 from Baa3 and also changed the outlook on the rating to stable from positive.

There are a lot of challenges which have been identified by various government policy documents like Tenth five Year Plan (2002-2007), various researches and reports. Some of the key issue that need to be addressed are

- **Lack of quality infrastructure** – India needs to upgrade its infrastructure to international standards. There is a need to upgrade our airports, roads, hotels, transport, sanitation, water, electricity etc.

- **Lack of training** – Education plays key role in the development of any sector. India needs to upgrade it training programmes being imparted at various educational and training institutions throughout the country. New programmes should be formulated so that they can produce enough professionals meeting global industry demands.

- **Complex visa procedures** – Even though procedure obtaining tourist visa have been relaxed to greater extent, India still needs to make its tourist visa procedures less complex than they currently are. Currently around tourists from 44 nations have been made eligible to get “Tourist Visa on Arrival”. This visa available at only selected airports is a non-extendable, non-convertible and valid for only 30 days.
• **Marketing efforts** – In order to make better image of India as a tourist destination a meaningful and more holistic marketing campaign needs to be out in place. All the relevant marketing channels need to be utilized to reach maximum target audience including online marketing channels. More efforts need to be put in place and campaigns such as “Incredible India” are needed to establish “Brand India” globally.

• **Destination management** – In order to guarantee best tourist experience packaging of destination is important. Providing memorable overall impression to tourists better roads, transport, IT and other associated services need to be managed effectively and appropriately.

**CONCLUSION**

The main area of this study is to explore the pattern of development of Indian travel and tourism industry. Secondary data was used from year 2000 to 2016. The findings of the study confirm that the investment in tourism together with other factors have been successful to some extent in attracting the tourists both domestic and foreign. India has the most diversified tourism profile among all the Asian countries. Even though tourism inflows have been increasing with each passing year still India’s share in world tourism is negligible. The potential of travel and tourism has not yet been realized. If India will be able to gain more share in world tourism it will be having a tremendous impact on the economic profile of the country and will be helpful in reducing the current account deficit. The significant growth rate justifies the necessity of devising policies with the focus on more and more public intervention in the sector, on the one hand, at promoting and increasing tourism demand and also encouraging the development of tourism supply.

In spite of the initiatives taken by central and state governments various constraints that are impeding the growth of Indian travel & tourism industry include ICT readiness, health & hygiene, safety and security of foreign & domestic tourists, environmental sustainability, tourist service infrastructure etc. It is the need of an hour to stabilize the country politically and try to attain self-sustenance to actually realize policy goals. There is also need to create general awareness among masses to preserve the environment and local culture. Educational courses related to the travel and tourism industry need to be made more industry oriented and strong inbuilt management component & sustainability concepts need to be developed.
REFERENCES


