



An Analysis of Foreign Exchange earnings from tourism industry of India

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Abstract:

The Ministry of Tourism has made various efforts to expand the tourism infrastructure at various destinations in India. These efforts are a judicious blend of traditions, legacy, religion and eco-tourism projects that intend to offer the tourists a holistic experience. With such rich culture and natural beauty Indian Tourism is a significant sector of the Indian economy and contributes significantly to the country's gross domestic product (GDP) and foreign exchange earnings (FEE). The Indian tourism sector is also linked with important sectors such as transportation, infrastructure, and handicraft, which further helps in the growth and development of the country.

India currently holds the 12th position in Asia and 68th position in the list of overall in the list of the world's most attractive tourist destinations, as per the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum (WEF). FOREX is foreign exchange earned by conversion of money of other country which means to be a value addition to a nation's economy.

Keywords: - FOREX, GDP, FEE, WEF, Tourism Industry.

INTRODUCTION

Tourism has been a major social phenomenon of the societies all along. It is motivated by the natural urge of every human being for new experience, adventure, education and entertainment. The motivations for tourism also include social, religious and business interests. The spread of education has fostered a desire to know more about different parts of the globe. The basic human thirst for new experience and knowledge has become stronger, as communication barriers are overcome by technological advances. Progress in air transport and development of tourist facilities has encouraged people to venture out to the foreign lands.

The importance of tourism as an instrument for economic development and employment generation, particularly in remote and backward areas has been well recognized the world over. It is the largest service industry globally, in terms of gross revenue as well as foreign exchange earnings. Tourism can play an important and effective role in achieving the growth with equity objectives which India has set.

Tourism is one economic sector in India that has the potential to grow at a high rate and can ensure consequential development of the infrastructure of the destinations. It has

the capacity to capitalize on the success of the country in the services sector and provide sustainable models of growth.

It has the potential to stimulate other economic sectors through its backward and forward linkages and cross-sectoral synergies with sectors like agriculture, horticulture, poultry, handicrafts, transport, construction, etc. Expenditure on tourism induces a chain of transactions requiring supply of goods and services from these related sectors. The consumption demand, emanating from tourist expenditure also includes more employment and generates a multiplier effect on the economy. As a result, additional income and employment opportunities are generated through such linkages. Thus, the expansion of the tourism sector can lead to large scale employment generation and poverty alleviation. The economic benefits that flow into the economy through growth of tourism in shape of increased national and State revenues, business receipts, employment, wages and salary income, buoyancy in Central, State and local tax receipts can contribute towards overall socio-economic improvement and accelerated growth in the economy.

Another important feature of the tourism industry, which is of particular significance to India, is the contribution to national integration and preservation of natural as well as cultural environments and enrichment of the social and cultural lives of people. Over 382 million domestic tourists visiting different parts of the country every year return with a better understanding of the people living in different regions of the country. They have a better appreciation of the cultural diversity of India. Tourism also encourages preservation of monuments and heritage properties and helps the survival of art forms, crafts and culture.

It is also important to note that tourism has become an instrument for sustainable human development including: Poverty elimination, Environmental regeneration, Job creation and Advancement of women and other disadvantaged groups.

Scale of tourisms in India

There has been a remarkable growth in the recent years, in foreign tourist arrivals to India due to the various efforts made, including promoting India through the "Incredible India" campaign in overseas markets. It has increased by about 65% from a level of 2.38 million in 2002 to 3.92 million in 2005, while the foreign exchange earnings have grown by about 96% during the same period. In the year 2006, the tourist arrivals have increased to 4.43 million registering an impressive increase of the 14.2% when compared to the previous year. The foreign exchange



earnings from tourism have also shown a phenomenal growth from US\$ 5730.86 million in 2005 to US\$ 6569.34 million in 2006, achieving an increase of 14.6%. The Tourism Satellite Accounting for India has brought out that contribution of tourism to GDP of the country has been 5.9% in 2003-04, while employment in tourism sectors both direct and indirect has been 41.8 million in the same year thus accounting for 8.78% of total employment in the country. It is estimated that by the end of 2006-07, the total employment generated in the tourism sector both direct and indirect would be 51.9 million.

Major achievements and initiatives

a) Record Tourist Arrivals -India achieved a significant growth in terms of foreign tourist arrivals during the year 2006 taking India's tourist arrivals from 3.92 million in 2005 to 4.43 million in 2006, showing an increase of 13%. Foreign exchange earnings from tourism also showed a phenomenal growth from USD 5730.86 million in 2005 to USD 6569.34 million in 2006, achieving an increase of 14.6%

b) International Recognition -• "Conde Nast Traveler", the world's leading travel and tourism journal, ranked India amongst top 4 preferred holiday destinations in world.
• ABTA (Association of British Travel Agency) ranked India as No. 1 amongst top 50 places for 2006.
• World Travel Awards received for (a) Asia's Leading Destination, (b) World's Leading Travel Destination Television Commercial, (c) World's Leading Responsible Tourism Project for Endogenous Tourism Project, and (d) Asia's Leading Tourism & Convention Bureau.

Foreign Exchange Earnings from Tourism in India

Tourism has become an important segment of Indian economy contributing substantially to its foreign exchange earnings. The estimated foreign exchange earnings during 2006 were Rs. 29603.56 crore as compared to Rs. 25172.28 crore during the same period of 2005, showing a growth of 17.6%. Month wise estimated foreign exchange earnings both in Rupee and US\$, during the year 2006, along with the corresponding figures for the last 2 years, are given in the following statements:

For the FEE's, tourism is the most important sector in the country. As per the monthly estimates prepared by Ministry of Tourism, FEE from tourism in India in 2010 were `64889 crore as compared to ` 54960 in 2009 registering a growth of 18.1 % in 2010 over 2009. In US \$ term, FEE from tourism in 2010 were US \$ 14.19 billion as compared to US\$ 11.39 billion in 2009 with a growth rate of 24.6%. The FEE from tourism in India, in INR terms and US\$ terms, during 1991-2010 are given in the table below.

Current Trend in Tourism Industry Tourism and Hospitality

The Indian tourism sector has been experiencing a resilient phase of growth, driven by the flourishing middle class, increased spending by the foreign tourists, and synchronized administration and promotions by the Government of India

to encourage 'Incredible India'. The tourism industry in India is extensive and lively, and the nation is fast becoming a major international destination. India's travel and tourism industry is one of the most lucrative businesses in the country, and also accredited with contributing a considerable volume of foreign exchange to the country reserves.

A number of reasons are cited as being the cause of the progress and success of India's travel and tourism sector. Economic growth has added millions annually to the ranks of India's middle class, a group that is driving domestic tourism growth. Thanks in part to its booming IT and outsourcing industry a growing number of business trips are made by foreigners to India, who will often add a weekend break or longer holiday to their trip. Foreign tourists spend more in India than almost any other country worldwide.

Growth Trends

The tourism and hospitality industry being the largest service sector in the country, adds around 6.23 per cent to the national GDP and 8.78 per cent of the total employment in the country. Recently, the Ministry of Tourism also compiled a monthly estimate on the foreign tourist arrivals (FTAs) and foreign exchange earnings (FEE) based on the total number of foreign visitors in the country. During the month of September 2011, the total number of Foreign Tourist Arrivals (FTAs) was 401,000 as compared to FTAs of 369,000 during the month of September, 2010 and 331,000 in August, 2009. There has been a growth of 8.7 per cent in September, 2011 over September, 2010 as compared to a growth of 11.6 per cent registered in September 2010 over September, 2009. The growth of 8.7 per cent in September 2011 is higher than 5.3 per cent in August, 2011.

During January-September, 2011, the total FTAs stood at 4,220,000 with a growth of 10.0 per cent, as compared to the FTAs of 3,835,000 with a growth of 8.0 per cent during January-September 2010 over the corresponding period of 2009.

In a report by the Ministry of External Affairs, the Indian hospitality sector is expecting a projected investment of US\$ 12 billion within the next two years along with a number of industry initiatives already in progress. As per the report by the Ministry of Tourism, the Foreign Exchange Earnings (FEE) is as follows -

Foreign Exchange Earnings (FEE) during the month of September 2011 were US\$ 1.1 billion as compared to US\$ 892.15 million in September 2010. The growth rate in FEE in September 2011 was 22.9 per cent as compared to 23.2 per cent in September 2010 over September 2009.

FEE from tourism in rupee terms during January-September 2011 were US\$ 10.25 billion with a growth of 16.6 per cent, as compared to the FEE of US\$ 8.79 billion with a growth of 22.7 per cent during January- September 2010 over the corresponding period of 2009.



FEE in US\$ terms during the month of September 2011 were US\$ 1208 million as compared to FEE of US\$ 1015 million during the month of September 2010 and US\$ 785 million in September 2009.

The growth rate in FEE in US\$ terms in September 2011 over September 2010 was 19 per cent as compared to the growth of 29.3 per cent in September 2010 over September 2009. FEE from tourism in terms of US\$ during January-September 2011 were US\$ 11.9 billion with a growth of 18.7 per cent, as compared to US\$ 10.01 billion with a growth of 30.5 per cent during January-August 2010 over the corresponding Period of 2009.

REVIEW OF LITERATURE:

According to the market researchers (2006), the total inbound tourists were 1.28Mn while the same was 1.14Mn in 2005. The resulting foreign exchange earnings were as high as 12% of an amount of \$1,780Mn.

Besides giving statistical details the report, "Indian Tourism Industry Outlook (2006)" discusses about the significant role that the government has for the growth of the Indian Tourism industry. It also tells which are the factors that play a dominant role in pushing this Industry.

The World Travel and Tourism Competitiveness report (2006) projects that by 2016 the total travel & tourism activity is expected to post a total demand of economic activity of US \$ 12,118 billion. The world's travel & tourism is expected to contribute US \$ 2,969.4 billion in nominal terms (3.6% of total) by 2016. The travel & tourism economy contribution is expected to reach US \$ 8.971.6 billion (10.9%) in the year 2016. By 2016, travel & tourism is expected to create 9% of total employment or one in every 11.1 jobs and is expected to get capital investment in both public & private sector by US \$ 2,059.8 billion or 9.6% of the total global investment. The Government is expected to spend on travel & tourism US \$ 480.9 billion or 4% of total government expenditure by 2016.

The Travel & Tourism Competitiveness Report (2007) India ranked sixth in terms of price competitiveness and 39th in terms of safety and security for tourism. Despite short- and medium-term setbacks, such as shortage of hotel rooms, tourism revenues are expected to surge by 42% from 2007 to 2017. India's thousands of years of history, its length, diversity and the variety of geographic features make its tourism basket large and varied. It presents heritage and cultural tourism along with medical, business and sports tourism.

The RNCOS-formulated report titled "Indian Tourism Industry Forecast (2007-2011)" objectively analyzes the current scenario and future prospects of the Indian tourism industry, focusing on different parameters of the industry such as: inbound and outbound tourism, expenditure by inbound tourists, and medical tourism in India. It helps analyze the opportunities and factors, which are crucial to the success of the tourism industry in India. The key findings of the report are:

- Inbound tourist expenditure per head in India, is third highest in the world and even more than the global average tourist spending.
- Healthcare tourism is on the rise in India. Visitors can avail several private healthcare facilities. The number of tourists visiting India for medical treatment is expected to reach one million by 2012, representing a Compounded Annual Growth Rate (CAGR) of 28.09% since 2007.
- During 2001-2006, disposable income grew at a CAGR of 10.11%, which led to an increase in domestic as well as outbound tourism.
- More than 50% of the revenue earned by the Indian hotel industry comes from room rents. Over the five-year period spanning 2007-2011, Indian outbound tourist flow is expected to increase at a CAGR of 12.79%. It is expected that the tourist influx to India will increase at a CAGR of 22.65% between 2007 and 2011.

As per the Travel and Tourism Competitiveness Report (2009) by the world economic forum, India is ranked 11th in the Asia Pacific Region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destinations for its natural resources and 24th for its cultural resources, with many World Heritage Sites, both natural and cultural, rich fauna, and strong creative industry in the country. The Indian travel and tourism industry ranked 5th in the long-term (10 years) growth and is expected to be the second largest employer in the world by 2019.

According to WTO, in the year 2006, 842 million International tourist arrivals were seen and tourism receipts were of the order of US \$ 682 billion. The World Travel & Tourism Council (WTTC) for 2006 forecasts that Travel and Tourism will generate 234 million direct and indirect jobs worldwide, accounting for 8.7% of the global economy and contributing 10.3% of the global GDP. According to the same estimate, the global travel and tourism activity is expected to increase by 4.7% between 2007 and 2016.

According to World Travel and Tourism Council (2010), India will be a tourism hot-spot from 2009–2018, having the highest 10-year growth potential.

According to the 'Conde Nast Traveller', one of the ace travel magazines, India's bounteous heritage includes not just breathtakingly beautiful architecture, rich traditions and diverse cultures but also mesmerizing and scenic landscapes. From the challenging snow-clad peaks of the Himalayas and the cool hill stations of the north, to the alluring beaches on the western and eastern coasts and the ornate temples of the south, India has the variety to satiate the interests of all those travelling through the country. In fact so popular is the country as a global tourist hot spot that it profiled India as the most preferred tourist destination in recent times.

According to the World Tourism Organization, It is true that tourism is an important and flourishing industry in the country. It accounts for one-third of the foreign exchange earnings of India and also gainfully employs the easily highest number of people compared to other sectors. By the



year 2020, it is expected that India will become the leader in the tourism industry in South Asia, with about 8.9 million arrivals.

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According to Tourism Market & Future Forecast (2009 - 2015), In Indian union budget 2010 Indian government has given more than INR 1,000 Crore to Ministry of Tourism, India.

- In 2009 FDI investment in Indian hotel and tourism sector was more than US\$ 550 Million.
- The number of cruise tourist arrivals in India is expected to jump by 233.33% by 2010 from the number of cruise tourist arrivals in 2007.
- Number of Buddhist tourist arrivals in India has doubled in 2009 from 2008
- Budget for Incredible India campaign increased by INR 62.3 Crore for 2010-11 from previous year 2009-10.
- The number of medical tourist arrivals in India is expected to increase by a CAGR of 24.6% from 2009 to 2013.
- India medical tourism market is expected to be more than US\$ 2 Billion by 2013

The 11th Plan strategy of government of India on tourism is to achieve International tourist arrivals of 10 million by the end of the 11th Plan through diversification of source markets increase per capita spending and length of stay of international visitors and by reducing seasonality. The Plan also proposes to achieve a level of 760 million domestic tourists by 2011 at an annual growth rate of 12 % and to increase accommodation units. Strategy for Tourism Development in the 11th Five-Year Plan by the Government of India is:

During the 10th Five Year Plan, a doubled pronged strategy of upgrading the tourism infrastructure and vigorous marketing under the banner of 'Incredible India' campaign was followed to position India as a global brand. The following four-point progress was sought to be achieved to a large extent among the target tourists and in source markets:

- From non-awareness to awareness.
- From awareness to interest.
- From interest to desire.
- From desire to final action i.e. booking a holiday.

The Working Group on Tourism for the 11th Five Year Plan 2007-12, felt that keeping in view all variables in the environment, the product opportunities, the market scenario, the Indian planning and national objectives.

The Government of India has from time to time introduced tax deductions and incentives for investments in this sector.

In its Union Budget 2010–11, it introduced an investment-linked deduction benefit, for new hotels, in the '2-star' category and above, anywhere in India, was introduced. It is to figure under Section 30/35 of the IT Act, 1961. Tax deductions would be on the 'Profits linked to investments'. This would induce investment in new projects in the hospitality segment, create more hotel rooms, and boost employment rates; a positive development indeed.

In the Union Budget 2011–12, Service tax on air travel was hiked - by INR 50 for domestic travel and INR 250 for international travel, in the economy class. For higher classes, it would be a flat 10%. The Service tax net was widened to include in its purview hotel accommodation above INR 1,000 per day; air-conditioned restaurants serving liquor and some categories of hospitals and diagnostic tests.

OBJECTIVES OF THE STUDY

1. To study the arrival of foreign tourist from various regions in India (from 2008-2010)
2. To study the trend of foreign exchange earning from tourism industry of India.
3. To formulate suggestion for Tourism Industry of India.

RESEARCH METHODOLOGY

The universe of research was FOREX EARNING FROM TOURISM INDUSTRY IN INDIA. The period of study was from 2000 to 2011 spanning 12 years and future predictions for next 4 years. The study was descriptive in nature and was based on secondary data. The data was collected from various secondary sources like books, journals, tourism journals, Incredible India!, internet sources, official websites like indiastats.com, etc. Descriptive statistics along with trend analysis was used for forecasting. The trend has been calculated using formulas listed below:

$$S=a+bt$$

$$\sum S = Na+b\sum T \quad - (1)$$

$$\sum ST=a\sum T+b\sum T^2 \quad - (2)$$

FOREIGN EXCHANGE EARNINGS FROM TOURISM IN INDIA

For the FEE's, tourism is the most important sector in the country. As per the monthly estimates prepared by Ministry of Tourism, FEE from tourism in India in 2010 were ` 64889 crore as compared to ` 54960 in 2009 registering a growth of 18.1 % in 2010 over 2009. In US \$ term, FEE from tourism in 2010 were US \$ 14.19 billion as compared to US\$ 11.39 billion in 2009 with a growth rate of 24.6%. The FEE from tourism in India, in INR terms and US\$ terms, during 1991-2010 are given in Table 1.1



TABLE 1.1

FOREIGN EXCHANGE EARNINGS FROM TOURISM IN INDIA DURING 2000-2010

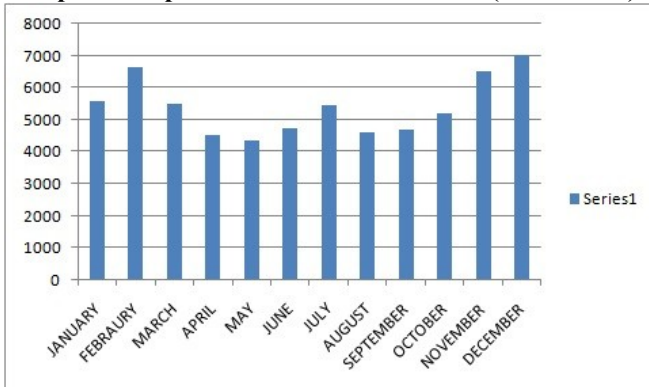
Year	Fees in terms of rupees		fees in terms us\$ million	
	In crores	% change	us\$	% change
2000	15626	20.6	3460	15
2001	15083	-3.4	3198	-7.6
2002	15064	-0.1	3103	-3
2003	20729	37.6	4463	43.8
2004	27944	34.8	6170	38.2
2005	33123	18.5	7493	21.4
2006	39025	17.8	8634	15.2
2007	44360	13.7	10724	24.3
2008	51294	15.6	11832	10.3
2009	54960	7.1	11394	-3.7
2010	64889	18.1	14193	24.6
Total	382097		84664	

Source: INDIA TOURISM STATISTICS 2010

FEE FROM TOURISM in India during 2008-10 (monthwise Rs. Crore)

MONTH	2008	2009	2010	(Percentage Change)	
				2009/08	2010/09
JANUARY	4599	4598	5593	0	21.6
FEBRAURY	5496	4547	6646	-17.3	46.2
MARCH	4312	4437	5507	2.9	24.1
APRIL	3740	4061	4518	86	11.3
MAY	3153	3249	4358	3	34.1
JUNE	3538	3801	4751	7.4	25
JULY	4553	4983	5444	9.4	9.3
AUGUST	4041	4115	4620	1.8	12.3
SEPTEMBER	3602	3798	4678	5.4	33.2
OCTOBER	4234	4806	5219	13.5	8.6
NOVEMBER	5003	5523	6516	10.4	8
DECEMBER	5023	7042	7039	40.2	0
TOTAL	51294	54960	64889	71	18.1

Graphical Representation of FEE in 2010 (month wise)

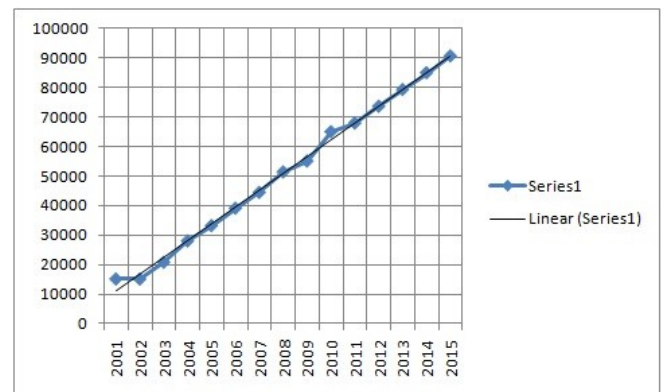


RESULTS AND DISCUSSION

FEE FROM TOURISM INDUSTRY IN INDIA OVER THE YEARS AND ITS TREND FOR NEXT 5 YEARS

Year	Value	Predicted Values
2001	15083	11133.43636
2002	15064	16803.13939
2003	20729	22472.84242
2004	27944	28142.54545
2005	33123	33812.24848
2006	39025	39481.95152
2007	44360	45151.65455
2008	51294	50821.35758
2009	54960	56491.06061
2010	64889	62160.76364
2011		67830.46667
2012		73500.1697
2013		79169.87273
2014		84839.57576
2015		90509.27879

Graph 1.1 showing the trend of FEE from Tourism Industry of India



Foreign exchange earnings of India with special reference to Indian tourism industry:-

FEE from tourism in India in 2010 were ` 64889 crore as compared to ` 54960 in 2009 registering a growth of 18.1 % in 2010 over 2009.

As viewed from the table of foreign exchange earnings from tourism industry in India, there has been a continuous increase in FEE, with the exception in the year 2001 and 2002 as the percentage change in terms of crore were(-3.4) and (-0.1) respectively. And in terms of USD the percentage change were negative in three different year i.e., in 2001, 2002, and 2009 with the figures as (-7.6), (-3), and (-3.7) respectively.

From the study it could be predicted that there will be a constant increase in foreign exchange earnings from tourism industry in India from 2011 to 2015.

If the monthly earnings of 2010 are seen, it could clearly be pointed that there is a sudden increase in FEE, the month of February, then a continuous decrease was observed till the month of May, then in June and July a jump in FEE value was observed. But in the month of August and September



the earnings again lowered than the previous month but again from October the rise was observed with the highest earning in the month of December with the amount 7039 crore.

Global Recession and the September 11, 2001, events are estimated to have resulted in a temporary decline in travel and tourism demand in 2001-02, international and domestic tourism is expected to boom over the next two decades. The World Travel and Tourism Council (WTTC) had estimated a 4.5 per cent per annum increase in the total amount of travel and tourism economic activity between 2002 and 2012. This is largely attributed to a rise in global wealth, liberalization of international airspace, cheaper flights and the use of the Internet as a travel tool. The earnings from tourism have made it one of the world's largest industries and the fastest growing sectors of global trade accounting for 10.7 per cent of global gross domestic product (GDP), 12.8 per cent of global exports, 8.2 per cent of global employment (or one in every 12.2 jobs), and 9.4 per cent of global capital investment. International tourist arrivals worldwide reached 698 million in 2000, generating \$ 595 billion revenues. International tourism flows are expected to reach 1.5 billion by 2015 and revenue estimated to cross \$ 2000 billion. Today, only 3.5 per cent of the world population travels internationally but the number of Asian, particularly Chinese, tourists is predicted to grow enormously as the region becomes more integrated with the global economy.

The interest in cultural tourism, spiritualism, 'wellness' holidays, eco-tourism and rural tourism would tend to favour India, provided the country can avail of the opportunities offered to maximize its natural advantages in these areas. There are several factors that are responsible for the inadequate growth of the tourism sector in India. These are: barriers related to approach, barriers that discourage private investment, factors that affect competitiveness and factors that affect the long-term sustainability of tourism. The effective and early removal of these barriers during the Tenth Plan is an essential determinant for the success of the New Tourism Policy. The need for a national consensus on the role and level of tourism development in the country has been voiced repeatedly but a concerted effort to achieve a consensus has not been made. Tourism should not be limited by state or regional boundaries if distortions in policies are to be avoided. It is important that a consensus among all states is evolved through the National Development Council (NDC) and the barriers to the growth of tourism removed.

Foreign Tourist Arrival in India

Based on the information contained in the Disembarkation cards, data regarding the number of Foreign Tourist Arrivals (FTAs) and related aspects have been compiled and presented in this chapter. The FTAs in India continued to grow from 1.28 million in 1981, to 1.68 million in 1991, 2.54 million in 2001, which reached 5.78 million in 2010. During the year 2010, India registered a positive growth of 11.8 % over 2009. The growth rate of 11.8% in 2010 for India was better than UNWTO's projected growth rate of 5% to 6% for the world in 2010. The compound annual

growth rate (CAGR) in FTAs in India during 2001 to 2010 was 9.6 %. Table 2.1.1 gives the number of FTAs in India for the years 1981 to 2010 and the growth rate over previous years.

FOREIGN TOURIST ARRIVAL IN NUMBERS

MONTH	2008	2009	2010	CHANGE IN %	
				2009/08	2009/10
JAN.	511781	481308	568719	-6	18.2
FEB.	611493	489787	552152	-19.4	12.7
MAR.	479765	442062	512152	-7.4	15.9
APR.	361101	347544	371956	-3.8	7
MAY.	304361	305783	332087	0.3	8.8
JUN.	341539	432900	384642	3.2	9.2
JUL.	431933	369707	466715	0.2	7.8
AUG.	383337	330707	422173	-3.6	14.2
SEP.	341693	458849	369821	-3.2	11.8
OCT.	450013	541524	507093	2	10.5
NOV.	531683	541524	608178	1.9	12.3
DEC.	533904	615775	680004	15.3	10.4
TOTAL	5282603	5167699	5775692	-2.2	11.8

Source: INDIA TOURISM STATISTICS 2010

The growth in FTAs in India during the eighties & nineties did not follow any consistent pattern. While 3 years, viz. 1986, 1992 and 1995, saw double-digit positive growth, but continuously negative growth in the years 1984, 1990, 1991, 1993, 1998, 2001, 2002 and 2009. It may be clarified that distribution of FTAs in 2010 has been worked out for figure of 5.78 million, which was higher than the total FTAs as per the unit level data furnished by Bureau of Immigration (BOI).

The FTAs from USA were maximum during 2008, 2009 and 2010. The growth rate in FTAs in India in 2010 as compared to 2009 was maximum Iraq (72.1%) followed by Turkey (50.6%), Sudan (48.7%), Afghanistan (45.5%), Iran (42.2%), Saudi Arabia (38.9%), Egypt (36.6%), Republic of Korea (35.6%), Japan (34.7%), Vietnam (33.7%), Ukraine (32.4%), Malaysia (32.3%), Indonesia (30.4%) and Nigeria (30.3%). FTAs from Argentina, Mexico, Italy, Portugal, Spain, Hungary, Kazakhstan, Poland, Russia, Kenya and South Africa recorded more than 20% growth in 2010 as compared to 2009. Some of the countries for which decline in FTAs were observed were Bangladesh (7.9%) followed by U.A.E (3.7%), Finland (3.2%), Pakistan (2.6%), Bahrain (1.7%) and U.K. (1.3%). The 21 countries which accounted for about 2% share only in FTAs in India during 2010 were: Afghanistan, Australia, Bangladesh, Canada, China (Main), France, Germany, Italy, Japan, Korea (South), Malaysia, Maldives, Nepal, Netherlands, Russia, Singapore, Spain, Sri Lanka, Thailand, U.K. and USA.

CONCLUSIONS

Thus it can be concluded that Tourism is the largest service industry globally in terms of gross revenue as well as foreign exchange earnings. It can play an important and effective role in achieving the growth with equity objectives which India has set. Tourism is one economic sector in India



that has the potential to grow at a high rate and can ensure consequential development of the infrastructure of the destinations. It has the capacity to capitalize on the success of the country in the services sector and provide sustainable models of growth.

The demand emerging from tourist expenditure includes more employment and generates a multiplier effect on the economy. As a result, additional income and employment opportunities are generated through such linkages. Thus, the expansion of the tourism sector can lead to large scale employment generation and poverty alleviation.

Tourists visiting different parts of the country every year return with a better understanding of the people living in different regions of the country. They have a better appreciation of the cultural diversity of India. Tourism also encourages preservation of monuments and heritage properties and helps the survival of art forms, crafts and culture.

Development of hill areas for tourism, increase in promotional activities to draw a steady of tourists to south India, trekking and winter sports in Himalayas, ropeways, transportation in hill stations, forests lodges and other facilities, beautifications of the places of archaeological importance etc. All these facilities if created might be able to bring a sea change to the tourism industry in India.

SUGGESTIONS

- India should make the most of its topography, natural resources and labour to develop not only traditional products but also non traditional products of tourism.
- Better services need to be provided to the international tourists and quality standards for providing services should be upgraded, which include readily accessible information guides / bulletins, clean public utilities (sanitation, drainage etc.), stress-free arrivals, improved hygienic conditions in tourism sites and surroundings, clean air ports and railway stations and so on.
- Better infrastructure facilities, like, road lines, air ports, accommodation facilities, drainage and sanitation facilities etc. need to be created immediately for faster tourism development.

- Capacity building for service providers (CBSP) is of utmost importance for long-term sustainability and enhanced competitiveness of tourism services.
- Education, research and training are crucial workings in the wheel of tourism. HRD should be given priority. Adequate importance should be given to inductive research on historical importance and contemporary relevance. Tour operators, guides must develop a good relationship with tourists.
- Better marketing techniques should be used to attract the tourist from foreign countries. Special facilities should be provided to foreign tourist, like better hospitality services and special government packages.

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