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Economics of International Tourism in India- An Analysis on FTA's

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***Abstract:** Indian diverse tourist resources are attracting billions of foreign tourists every year its rich heritage, breath taking natural scenery becomes the hot spot for the foreign tourists. This paper is an attempt to explore the significance of tourism economy for the development of India. Tourism is the integral part of Indian culture and tradition. Tourism industry is the vigorous triennial action and a multibillion industry in India. The potential and performance of Indian tourism industry needs an indicator in terms of its economic magnitudes. It also consider the effects of tourism economic growth in India, major players to the economic growth, Role of FTA's in Indian tourism industry, contribution of FTA's in foreign exchange,. Tourism is the world's largest and fast growing labour intensive industry in the nation with gigantic potentials for its further expansion and diversification. . As the recent statistics furnished by ministry of Tourism, Government of India, foreign tourist contributed a huge part in foreign exchange earnings and also inspires the National, regional and local employment opportunities in both organized and unorganized sector. The study is an attempt to notice that foreign tourist arrival is valuable in various aspects as they contribute into the economy of the nation and encourage governments as well as the local bodies to take care of the sites and monuments, as they become the earning avenues for state as well local bodies. Tourism as a service industry plays a pivotal role for the nation's economic development.*
***Key Words:** Indian Tourism Industry, Foreign Tourist Arrivals, Foreign Exchange earnings, Annual tourism Growth rate.*

I. ECONOMICS OF INTERNATIONAL TOURISM IN INDIA- AN ANALYSIS ON FTA'S

Tourism as an industry growing rapidly many nations especially developing countries having huge profit share from this dynamic industry. It is a significant instrument for the economic development and employment generation of the nation. It is the world's largest industry in terms of 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 for itself Tourism is one economic sector in India that has the prospectus to grow at higher rate and can make sure consequential development of the infrastructure of the destinations. India from past few decades has gained great exponential growth in the tourism sector. Nowadays India is the most preferred tourist destinations for the foreign as well as domestic travellers. India's tourism sector is experienced rapid growth rate which is driven by high spending by foreign tourists.

Tourism industry in India is significant and vibrant is at superior of becoming major global destination. Tourism can play an important and effective role in achieving the growth with equity objectives which India has set for itself.

Tourism is one economic sector in India that has the potential to grow at a high rate and can make sure consequential development of the infrastructure of the destinations. It has the capacity to capitalize on the country's success in the services sector and provide sustainable models of growth.

Tourism has been identified as the major export industry in the world (Gosh Viswanath, 1998). The multifaceted nature of this industry makes it a catalyst to economic development and helps balanced regional development. It is a low capital, labour intensive industry with economic multiplier and offers and opportunity to earn foreign exchange at low social cost. Globalization of development programmes has raised the foreign exchange requirements of developed as well as the developing countries.

A number of manufacturing and non-manufacturing, traditional and non-traditional industries, no doubt, have helped them in their stupendous task of industrial transformation but at the same time, the harmful side effects have resulted in atmospheric pollution. In addition, the inadequacy of financial resources has also been an important barrier in speeding up the process of economic transformation.

The magnitude of competition is found at peak, which necessitates world-Class excellence for excelling competition. Amidst all these constraints, the development of tourism industry appears to be an important solution. Tourism, both international and

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domestic, brings about an intermingling of people from diverse social and cultural backgrounds, and also a considerable spatial redistribution of spending power, which has significant impact on the economy of the destination area.

II. LITERATURE REVIEW

An extensive literature relating to the concept of economic significance of tourism industry in Asia and related subject has been collected and reviewed to understand the broader areas of previous research works and also to know the existing research gap. Fateme Tohidy Ardahaey in his work Economic Impacts of Tourism Industry defines short-term and long-term strategic planning and using the specific abilities and tourism products of developing countries, which suffer from some indices as unemployment, limits in earning and currency flows, inflation and other problems, most of their economic problems can be solved.

Mahalakshmi Venkatesh and Dr. P. Stanley Joseph Michal Raj explain about the tourism Contributors to economic growth, Role of Tourism industry in India's GDP, Foreign versus Domestic Tourists. Tourism is one of the fastest growing service industries in the country with great potentials for its further expansion and diversification. Tourism industry plays a major role in any country's economic development.

Daniel J. Stynes in his article economic impact of tourism describes about the economic impact of the tourism and analysis of the economic impact and direct, indirect and induced effect of tourism, he also states regional economic model and multiplier effect of tourism.

WTTC 2015 report on Travel & Tourism Economic impact2015 Asia pacific describes about statistic of contribution of travel & tourism towards GDP, support to the employment, visitor exports, and investments in the financial year 2015.

A. Statement of Problem

India's diverse heritage includes not just breathtakingly beautiful architecture, rich traditions and rich 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. Tourism in India has grown in leaps and bounds over the years, with each region of India contributing something to its splendour and exuberance. It is a treasure house of cultural and traditional embellishes as reflected in its artefacts, scenic beauties of the rivers, sea and mountains, thus enabling it to gain a prestige in the international arena. Tourism industry contributes 4809 billion rupees to the GDP directly with an average of 3.3% total GDP in 2016 and is forecast to increase by 6.9% in 2017-2027, to 9948 billion rupees with 3.5% 0f total GDP in 2027. The following researchable issues are identified after a thorough literature review.

1) What is the present economic development of tourism in India through Foreign Tourist arrivals?
2) What are the factors affecting for the economic growth of tourism in India through Foreign Tourist arrivals?

III. OBJECTIVE OF THE STUDY

The objectives of this study are the following:-

A. To assess the present economic development of tourism in India through Foreign Tourist arrivals.
B. To evaluate the factors affecting for the economic growth of tourism in India through Foreign Tourist arrivals.

IV. RESEARCH DESIGN AND METHODOLOGY

Research is designed on the basis of descriptive method here the study will investigates tourism economic significance in India. The data will be collected to through various reports of trustable sources such as UNWTO Economic Impact Report, WTTC Annual travel and Tourism Report, World Economic Forum Report, Ministry of tourism, Government of India Report etc., to gather the statistical data to process the study. The information gathered from various authentic sources are analysed and reported in the study.

A. Economic s of International tourism in India – An Analysis on FTA's

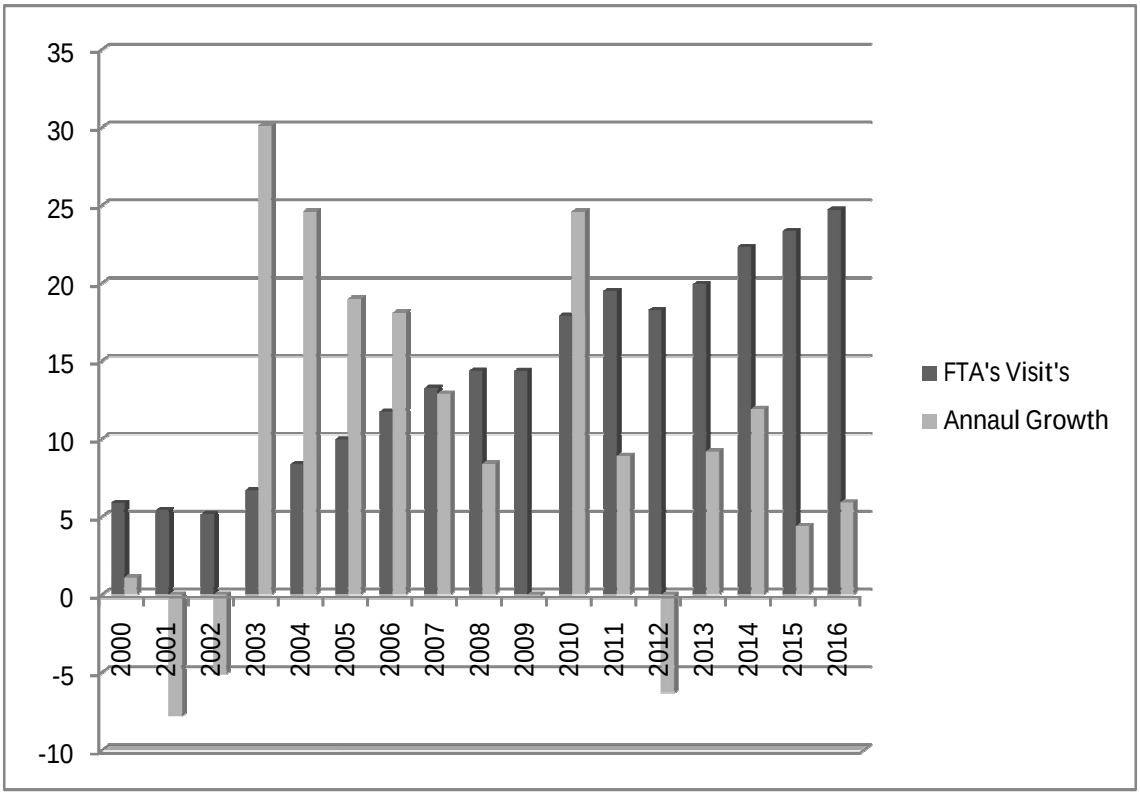
The growth and performance of tourism industry in India needs to scale in terms of its economic magnitudes. It also tests the impact of economic growth of India in tourism, major players to economic growth, Role of Tourism industry in India's GDP, International versus Domestic Tourists.

Tourism is world's fastest growing service industry which plays major role in the country with ample potentials for its further expansion and diversification. Tourism industry plays an important role in any nation's economic development. It helps significantly to the nation for generating the employment opportunities to the huge number of persons.

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B. Number of Foreign Tourists Visits to all states/ Union Territory in India 2000- 2016.

Year	Foreign Tourist visits (in Million)	Annual Growth (%)
2000	5.89	1.1
2001	5.44	-7.8
2002	5.16	-5.1
2003	6.71	30.1
2004	8.36	24.6
2005	9.95	19.0
2006	11.75	18.1
2007	13.27	12.9
2008	14.38	8.4
2009	14.37	-0.1
2010	17.91	24.6
2011	19.50	8.9
2012	18.26	-6.3
2013	19.95	9.2
2014	22.33	11.9
2015	23.33	4.4
2016	24.71	5.92



Source: Annual report 2017 by Ministry of Tourism, Govt. of India.

The above data shows that India is attracting foreign tourists towards its rich and diverse tourist destinations and FTA's are continuously growing at a nominal growth rate which is great sign for the potential of Indian tourism industry which is largely contributing for the economic development.

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C. *Inbound Tourism: Foreign Tourist Arrivals (FTA's), Non-Residence Indians Arrivals (NRI) and International Tourist's Arrivals (ITA's) 2000- 2017 (Till June).*

Year	FTA in India (in Million)	Percentage (%) Change Over previous year	NRI's Arrivals in India (in Million)	Percentage (%) Change Over previous year	International Tourist Arrivals in India (in Million)	Percentage (%) Change Over previous year
2000	2.65	6.7				
2001	2.54	-4.2				
2002	2.38	-6				
2003	2.73	14.3				
2004	3.46	26.8				
2005	3.92	13.3.				
2006	4.45	13.5				
2007	5.08	14.3				
2008	5.28	4				
2009	5.17	-2.2				
2010	5.78	11.8				
2011	6.31	9.2				
2012	6.58	4.3				
2013	6.97	5.9				
2014	7.68	10.2	5.43	-	13.11	-
2015	8.03	4.5	5.26	-3.15	13.29	1.4
2016	8.80	9.7	5.77	9.67	14.57	9.6
2017(P) (Jan-Jul)	4.89	17.2@	-	-	-	-

(P) Provisional @growth rate over Jan – Jun 2016.
Source: (i) Bureau of Immigration, Govt. of India for 2000- 2016.



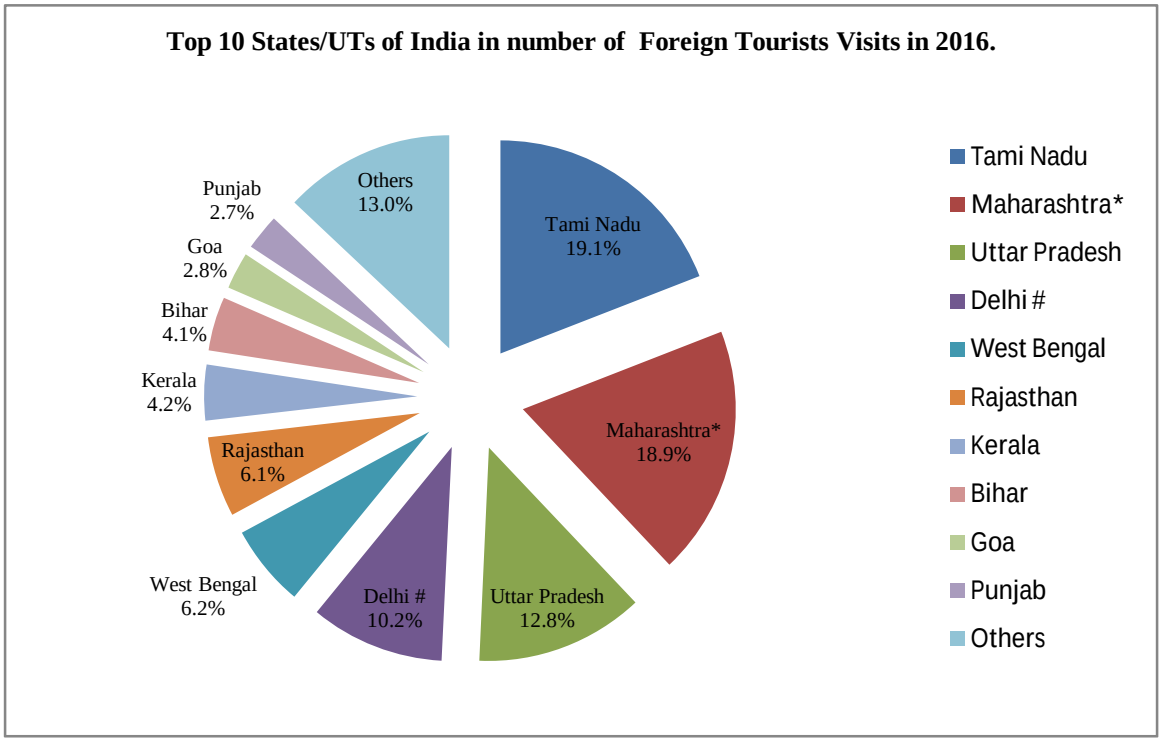
Ministry of Tourism, Govt. of India for Jan - Jun 2017.

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Inbound tourism plays significant role in the economic development of the country which also contributes largely for the infra and superstructure of tourist destinations. FTA has major role for the growth of Indian inbound tourism and 7.68 million Foreign tourists arrived to India in 2014 at a growth rate of 10.2 when compare to 2013. It has drastically increased to 8.80 Million Foreign tourist arrivals to India in 2016. It shows that India has the immense potentiality in inbound tourism upcoming years.

Top 10 States/UTs of India in number of foreign tourists Visits in 2016.

Rank	States/UT	Foreign Tourist Visits in 2016	
		Number	Percentage (%) Share
1	Tami Nadu	4721978	19.1
2	Maharashtra*	4670048	18.9
3	Uttar Pradesh	3156812	12.8
4	Delhi #	2520083	10.2
5	West Bengal	1528700	6.2
6	Rajasthan	1513729	6.1
7	Kerala	1038419	4.2
8	Bihar	1010531	4.1
9	Goa	680683	2.8
10	Punjab	65736	2.7
	Total of Top 10	21500719	87.0
	Others	3207012	13.0
	Total	24707732	100.0



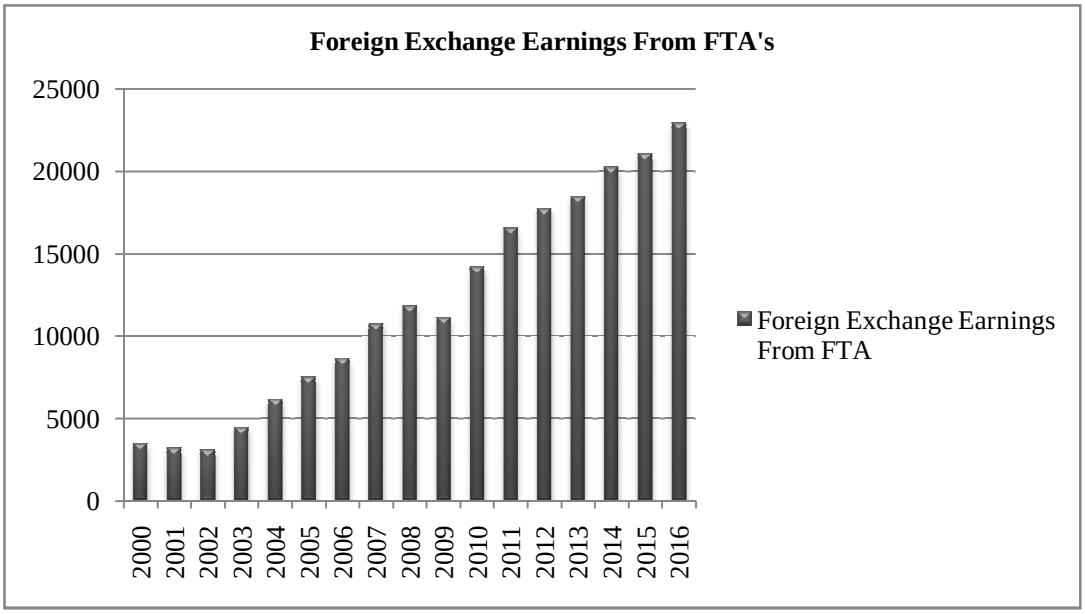
Source: State/UT Tourism Departments. * Estimated Using All India growth rate.

Tamil Nadu received 19.1% of total foreign tourists in India which is the largely preferred state from foreign tourists. The distinctive combination of heritage destination and modern urban attractions have collectively received 18.9% Foreign tourists to become second largest state interns of foreign tourist arrivals in India during 2016. The facts also tell about the tremendous works of states and union territories like Goa, Bihar, and Punjab in receiving and retaining the foreign tourists.

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Foreign Exchange Earnings from FTA's 2000-2016.

Year	FEE From Tourism in India (in US$ Million)	Percentage (%) Change over the previous year
2000	3460	15.0
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43. 8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010	14193	27.5
2011*1	16564	16.7
2012*1	17737	7.1
2013*2	18445	4.0
2014*2	20236	9.7
2015*2	21071	4.1
2016*2	22923	8.8
2017(Jan- Jun)	13230	22.3@



Source: Reserve Bank of India 2000-2010
Ministry of Tourism, Government of India for 2011- 2017.
Provisional estimates (based on provisional FTA's), @ growth rate over Jan- Jun 2016.
Revised estimates (based on final FTA's received from BOI)

India has received largely foreign currency earning through FTA's. Foreign tourists spent a huge sum of money during their visitation. The FEE data is accumulated by government of India, Ministry of Tourism, during last few decades, shows an interesting data of earnings from FTA's in India. As per the data, the FEE has growing at a rapid phase, which takes lion share in economic development of tourism and hospitality sector. In the year2016, US$ 22923 million at an 8.8% Change over rate than previous year

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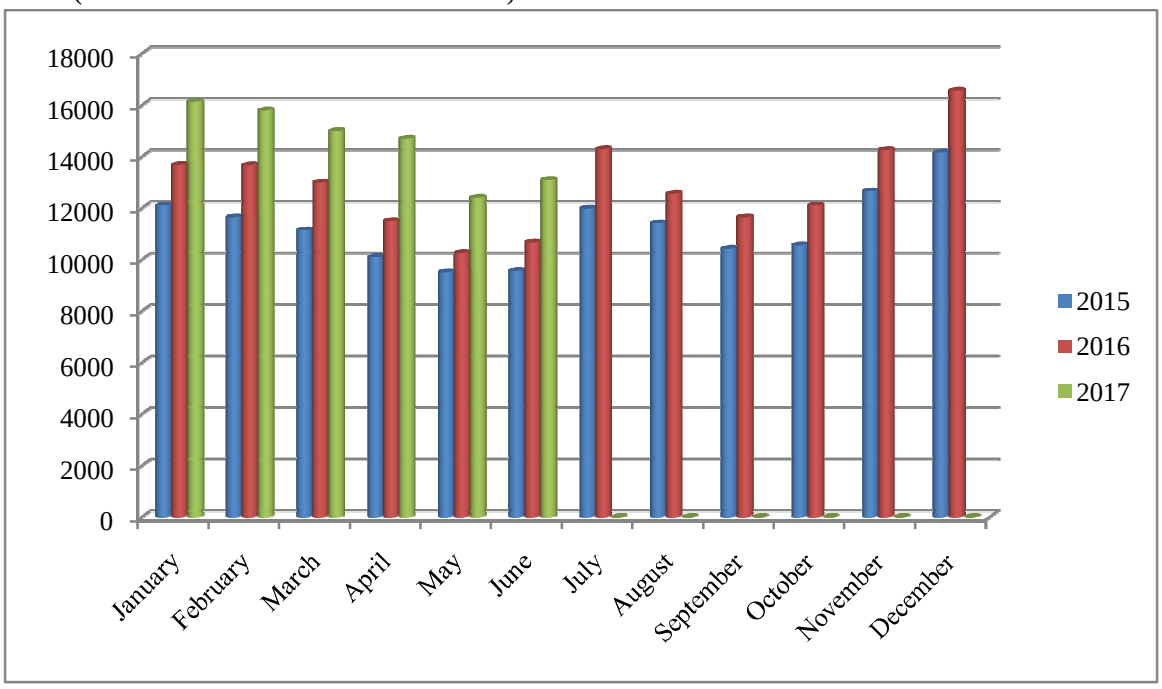
(2015). It is a tremendous growth as compared to other sectors in India. The major factor is the earnings are largely from foreign exchange, which plays a crucial role in the development of tourism sector in India.

Month – Wise Foreign Exchange Earnings, From Tourism in India, Jan 2015 – Jun 2017.

Month	FEEs From Tourism in India (in Rs. Crore)			Percentage (%) Change	
	2015[#2]	2016[#2]	2017[#1]	2016/15	2017/16
January	12100	13671	16135	13.0	18.0
February	11642	13661	15790	17.3	15.6
March	11133	12985	14988	16.6	15.4
April	10091	11495	14692	13.9	27.8
May	9505	10260	12403	7.9	20.9
June	9564	10667	13088	11.6	22.6
July	11982	14285	-	19.2	-
August	11411	12553	-	10.0	-
September	10415	11642	-	11.8	-
October	10549	12100	-	14.7.	-
November	12649	14259	-	12.7	-
December	14152	16558	-	17.0	-
Total	135193	154146	61605	14.0	-
Subtotal (Jan-Jun)	64035	72749	8796	13.6	19.7@

Source: Ministry of Tourism, Govt. of India.

Provisional estimates (based on Provisional FTAs), @: Growth Rate over Jan- Jun, 2016
Revised estimates (based on final FTAs received from BOI).



The income from the FTA's has increasing in past few years, from 14.0% in the year 2015-16 to 19.7 in the year 2017-17 (Jan-Jul), in which 135193 crore in 2015 to 1541146 crore in 2016 in Indian rupees in just twenty four months. Overall income from FTA's stands at 289339 crore between 2015 and 2016. The highest FEE was recorded in the month of April 2017 which is 27.8% as compared to April 2017. June 2017 also seen a growth of 22.6% in FTA's in India. In March 2017, the growth of FEE was very

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low at 15.4% only due to several reasons. Government and ministry of tourism pushing hardly to rise the income from foreign visitation in past few years by introducing several new strategies like "Incredible India" Campaign. The above data reveals that income from FTA's is increasing at a steady pace, but still the full potential of India's tourism industry is yet to be understood.

V. CONCLUSION

While tourism is no universal elixir, the development of tourism can play a much more significant role in the future than it does at present. The potential and performance of Indian tourism industry needs an indicator in terms of its economic magnitudes. It also consider the effects of tourism economic growth in India, major players to the economic growth, Role of Indian tourism industry in GDP, contribution of Indian tourism industry in foreign exchange, FDI and employment generation. The study based on the foreign tourist's visitation in number and total income earned from the visitation in 2000 - 2016. In the year2016, US$ 22923 million at an 8.8% Change over rate than previous year (2015). It is a tremendous growth as compared to other sectors in India. The major factor is the earnings are largely from foreign exchange, which plays a crucial role in the development of tourism sector in India. This data itself gives clear idea about the growth rate even high in the future days, along with the income earned from each trip as well.

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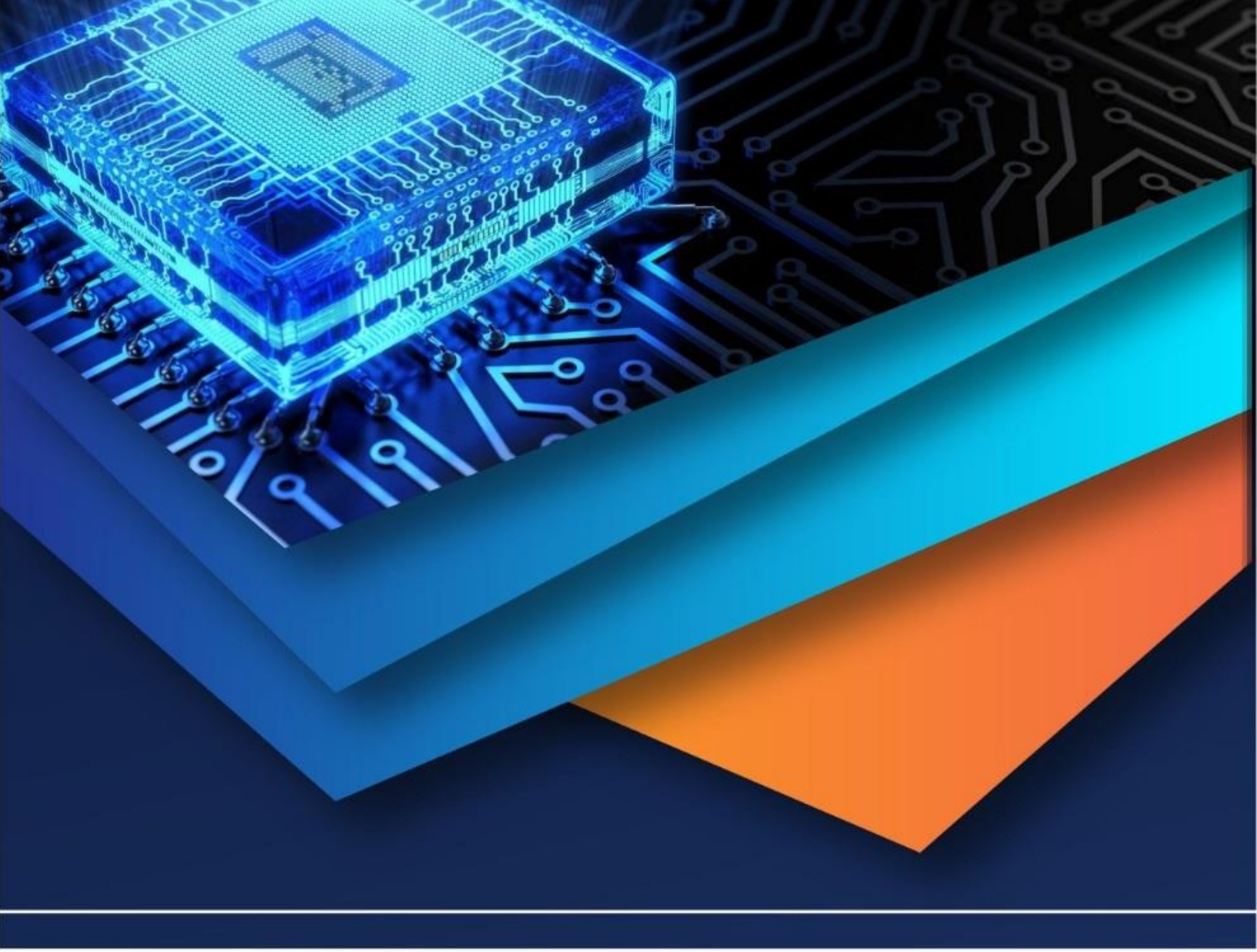
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