# Development and Impact of Tourism Industry in India

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## Abstract

There are various definitions of tourism. Theobald (1994), suggested that etymologically, the word "tour" is derived from the Latin *'tornare'* and the Greek *'tornos,'* meaning *'a lathe or circle; the movement around a central point or axis.'* This meaning changed in modern English to represent 'one's turn.' The suffix -ism is defined as 'an action or process; typical behavior or quality' whereas the suffix -ist denotes one that performs a given action. When the word tour and the suffixes -ism and -ist are combined, they suggest the action of movement around a circle. One can argue that a circle represents a starting point, which ultimately returns back to its beginning. Therefore, like a circle, a tour represents a journey that is a round trip, i.e., the act of leaving and then returning to the original starting point, and therefore, one who takes such a journey can be called a tourist. The study examines the development and impact of tourism industry in India.

**Keywords***: Development, Tourism industry, India*

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**Background to the Study**

The Macmillan Dictionary defines tourism as the business of providing services for people who are traveling for their holidays. Wikipedia defines it as travel for recreational, leisure, or business purposes. The OECD glossary of statistical terms defined tourism as the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes not related to the exercise of an activity remunerated from within the place visited.

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest-growing economic sectors in the world. Tourism has become a thriving global industry with the power to shape developing countries in both positive and negative ways. No doubt it has become the fourth largest industry in the global economy.

Similarly, in developing countries like India tourism has become one of the major sectors of the economy, contributing to a large proportion of the National Income and generating huge employment opportunities. It has become the fastest growing service industry in the country with great potentials for its further expansion and diversification. However, there are pros and cons involved with the development of the tourism industry in the country. Let us discuss the development as well as the negative and positive impacts of the tourism industry in India.

**Development of Tourism in India**
**Early Development**

The first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India (Krishna, 1993). Thereafter, the development of tourism was taken up in a planned manner in 1956 coinciding with the Second Five Year Plan. The approach has evolved from isolated planning of single unit facilities in the Second and Third Five Year Plans. The Sixth Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development.

But it was only after the 80's that tourism activity gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, the *New Tourism Policy* recognizes the roles of Central and State governments, public sector undertakings, and the private sector in the development of tourism were. The need for involvement of Panchayati Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised.

**Present Situation and Features of Tourism in India**

Today tourism is the largest service industry in India, with a contribution of 6.23% to the national GDP and providing 8.78% of the total employment. India witness's more than 5

million annual foreign tourist arrivals and 562 million domestic tourism visits. The tourism industry in India generated about US$100 billion in 2008 and that is expected to increase to US$275.5 billion by 2018 at a 9.4% annual growth rate. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the "Incredible India" campaign.

According to World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. 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 destination for its natural resources and 24th for its cultural resources, with many *World Heritage Sites*, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019. The 2010 Commonwealth Games in Delhi are expected to significantly boost tourism in India further. [www.ibef.org/industry/tourismhospitality.aspx]

Moreover, India has been ranked the "best country brand for value-for-money" in the Country Brand Index (CBI) survey conducted by *Future Brand*, a leading global brand consultancy. India also claimed second place in CBI's "best country brand for history", as well as appears among the top 5 in the best country brand for authenticity and art and culture, and the fourth-best new country for business. India made it to the list of "rising stars" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam. [www.ibef.org/industry/tourismhospitality.aspx]

**Tourist Attractions in India**
India is a country known for its lavish treatment to all visitors, no matter where they come from. Its visitor-friendly traditions, varied lifestyles, and cultural heritage, and colourful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful beaches, forests, and wildlife and landscapes for eco-tourism; snow, river, and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centres of pilgrimage for spiritual tourism; heritage, trains, and hotels for heritage tourism. Yoga, ayurveda and natural health resorts, and hill stations also attract tourists.

The Indian handicrafts particularly, jewelry, carpets, leather goods, ivory, and brass work are the main shopping items of foreign tourists. It is estimated through a survey that nearly forty percent of the tourist expenditure on shopping is spent on such items.

Despite the economic slowdown, medical tourism in India is the fastest-growing segment of the tourism industry, according to the market research report "Booming Medical Tourism in India". The report adds that India offers great potential in the medical tourism industry. Factors such as low cost, scale, and range of treatments provided in the country add to its attractiveness as a medical tourism destination.

### Initiatives to Boost Tourism

Some of the recent initiatives taken by the Government to boost tourism include a grant of export house status to the tourism sector and incentives for promoting private investment in the form of Income Tax exemptions, interest subsidy, and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment up to 51 percent of foreign equity and allowing 100 percent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators and tourist transport, operators.

The first-ever Indian Tourism Day was celebrated on January 25, 1998. The Year 1999 was celebrated as Explore India Millennium Year by presenting a spectacular tableau on the cultural heritage of India at the Republic Day Parade and organising India Tourism Expo in New Delhi and Khajuraho. Moreover, the campaign 'Visit India Year 2009' was launched at the International Tourism Exchange in Berlin, aimed to project India as an attractive destination for holidaymakers. The government joined hands with leading airlines, hoteliers, holiday resorts, and tour operators, and offered them a wide range of incentives and bonuses during the period between April and December 2009.

### Future Prospects

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC) and its strategic partner Oxford Economics in March 2009:

1.  The demand for travel and tourism in India is expected to grow by 8.2 percent between 2010 and 2019 and will place India at the third position in the world.
2.  India's travel and tourism sector are expected to be the second-largest employer in the world, employing 40,037,000 by 2019.
3.  Capital investment in India's travel and tourism sector is expected to grow at 8.8 percent between 2010 and 2019.
4.  The report forecasts India to get capital investment worth US$ 94.5 billion in the travel and tourism sector in 2019.
5.  India is projected to become the fifth fastest-growing business travel destination from 2010-2019 with an estimated real growth rate of 7.6 percent.

### Constraints

The major constraint in the development of tourism in India is the non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation, and trained manpower in sufficient numbers. 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 the poor visitor experience.

### Impact of tourism in India

The tourism industry in India has several positive and negative impacts on the economy and society. These impacts are highlighted below. The positive impacts are as follows,

1.  **Generating Income and Employment:** Tourism in India has emerged as an instrument of income and employment generation, poverty alleviation, and sustainable human development. It contributes 6.23% to the national GDP and 8.78% of the total employment in India. Almost 20 million people are now working in India's tourism industry.

2.  **Source of Foreign Exchange Earnings:** Tourism is an important source of foreign exchange earnings in India. This has favourable impact on the balance of payment of the country. The tourism industry in India generated about US$100 billion in 2008 and that is expected to increase to US$275.5 billion by 2018 at a 9.4% annual growth rate.

3.  **Preservation of National Heritage and Environment:** Tourism helps preserve several places which are of historical importance by declaring them as heritage sites. For instance, the Taj Mahal, the Qutab Minar, Ajanta and Ellora temples, etc, would have been decayed and destroyed had it not been for the efforts taken by Tourism Department to preserve them. Likewise, tourism also helps in conserving the natural habitats of many endangered species.

4.  **Developing Infrastructure:** Tourism tends to encourage the development of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that cater to foreign visitors. The development of infrastructure has in turn induced the development of other directly productive activities.

5.  **Promoting Peace and Stability:** Honey and Gilpin (2009) suggests that the tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. However, key challenges like the adoption of regulatory frameworks, mechanisms to reduce crime and corruption, etc, must be addressed if peace-enhancing benefits from this industry are to be realized.

The negative impacts include the following,

1.  **Undesirable Social and Cultural Change:** Tourism sometimes led to the destruction of the social fabric of a community. The more tourists coming into a place, the more the perceived risk of that place losing its identity. A good example is Goa. From the late 60's to the early '80s when the Hippy culture was at its height, Goa was a haven for such hippies. Here they came in thousands and changed the whole culture of the state leading to a rise in the use of drugs, prostitution, and human trafficking. This had a ripple effect on the country.

2.  **Increase Tension and Hostility:** Tourism can increase tension, hostility, and suspicion between the tourists and the local communities when there is no respect and understanding for each other's culture and way of life. This may further lead to violence and other crimes committed against tourists. The recent crime committed against a Russian tourist in Goa is a case in point.

**3.    Creating a Sense of Antipathy:** Tourism brought little benefit to the local community. In most *all-inclusive package tours* more than 80% of travelers' fees go to the airlines, hotels, and other international companies, not to local businessmen and workers. Moreover, large hotel chain restaurants often import food to satisfy foreign visitors and rarely employ local staff for senior management positions, preventing local farmers and workers from reaping the benefit of their presence. This has often created a sense of antipathy towards the tourists and the government.

**4.    Adverse Effects on Environment and Ecology:** One of the most important adverse effects of tourism on the environment is increased pressure on the carrying capacity of the ecosystem in each tourist locality. Increased transport and construction activities led to large-scale deforestation and destabilization of natural landforms, while increased tourist flow led to an increase in solid waste dumping as well as depletion of water and fuel resources. The flow of tourists to ecologically sensitive areas destroyed rare and endangered species due to trampling, killing, disturbance of breeding habitats. Noise pollution from vehicles and public address systems, water pollution, vehicular emissions, untreated sewage, etc. also have direct effects on bio-diversity, ambient environment, and general profile of tourist spots.

**Environmental impact of tourism in India**
The tourism industry in India can have several positive and negative impacts on the environment which are discussed below. Positively the following can be deduced,

**1.    Direct Financial Contributions**
Tourism can contribute directly to the conservation of sensitive areas and habitats. Revenue from park-entrance fees and similar sources can be allocated specifically to pay for the protection and management of environmentally sensitive areas. Special fees for park operations or conservation activities can be collected from tourists or tour operators.

**2.    Contributions to Government Revenues**
The Indian government through the tourism department also collects money in more far-reaching and indirect ways that are not linked to specific parks or conservation areas. User fees, income taxes, taxes on sales or rental of recreation equipment, and license fees for activities such as rafting and fishing can provide governments with the funds needed to manage natural resources. Such funds can be used for overall conservation programs and activities, such as park ranger salaries and park maintenance.

**3.    Improved Environmental Management and Planning**
Sound environmental management of tourism facilities and especially hotels can increase the benefits to the natural environment. By planning early for tourism development, damaging and expensive mistakes can be prevented, avoiding the gradual deterioration of environmental assets significant to tourism. The development of tourism has moved the Indian government towards this direction leading to improved environmental management.

### 4. Raising Environmental Awareness

Tourism has the potential to increase public appreciation of the environment and to spread awareness of environmental problems when it brings people closer contact with nature and the environment. This confrontation heightens awareness of the value of nature among the community and leads to environmentally conscious behavior and activities to preserve the environment.

### 5. Protection and Preservation of Environment

Tourism can significantly contribute to environmental protection, conservation and restoration of biological diversity, and sustainable use of natural resources. Because of their attractiveness, pristine sites and natural areas are identified as valuable and the need to keep the attraction alive can lead to the creation of national parks and wildlife parks. In India, new laws and regulations have been enacted to preserve the forest and to protect native species. The coral reefs around the coastal areas and the marine life that depend on them for survival are also protected.

The negative impacts are as follows,

**1. Depletion of Natural Resources:** Tourism development can put pressure on natural resources when it increases consumption in areas where resources are already scarce.

**(i) Water resources:** Water, especially freshwater, is one of the most critical natural resources. The tourism industry generally overuses water resources for hotels, swimming pools, golf courses, and personal use of water by tourists. This can result in water shortages and degradation of water supplies, as well as generating a greater volume of wastewater. (www.gdrc.org/uem/eco-tour/envi/index.html). In dryer regions like Rajasthan, the issue of water scarcity is of particular concern.

**(ii) Local resources:** Tourism can create great pressure on local resources like energy, food, and other raw materials that may already be in short supply. Greater extraction and transport of these resources exacerbates the physical impacts associated with their exploitation. Because of the seasonal character of the industry, many destinations have ten times more inhabitants in the high season than in the low season. High demand is placed upon these resources to meet the high expectations tourists often have (proper heating, hot water, etc.).

**(iii) Land degradation:** Important land resources include minerals, fossil fuels, fertile soil, forests, wetland, and wildlife. Increased construction of tourism and recreational facilities has increased the pressure on these resources and scenic landscapes. Direct impact on natural resources, both renewable and nonrenewable, in the provision of tourist facilities are caused by the use of land for accommodation and other infrastructure provision, and the use of building materials (www.gdrc.org/uem/eco-tour/envi/index.html). Forests often suffer negative impacts of tourism in the form of deforestation caused by fuelwood collection and land clearing e.g. the trekking in the Himalayan region, Sikkim and Assam.

**Pollution**

Tourism can cause the same forms of pollution as any other industry: air emissions, noise, solid waste and littering, releases of sewage, oil, and chemicals, even architectural/visual pollution (www.gdrc.org/uem/eco-tour/envi/index.html).

(i) **Air and Noise Pollution:** Transport by air, road, and rail are continuously increasing in response to the rising number of tourist activities in India. Transport emissions and emissions from energy production and use are linked to acid rain, global warming, and photochemical pollution. Air pollution from tourist transportation has impacts on the global level, especially from carbon dioxide ($CO_2$) emissions related to transportation energy use. And it can contribute to severe local air pollution. Some of these impacts are quite specific to tourist activities where the sites are in remote areas like Ajanta and Ellora temples. For example, tour buses often leave their motors running for hours while the tourists go out for an excursion because they want to return to a comfortably air-conditioned bus.

Noise pollution from airplanes, cars, and buses, as well as recreational vehicles, is an ever-growing problem of modern life. In addition to causing annoyance, stress, and even hearing loss for humans, it causes distress to wildlife, especially in sensitive areas (www.gdrc.org/uem/eco-tour/envi/index.html).

(ii) **Solid waste and littering:** In areas with high concentrations of tourist activities and appealing natural attractions, waste disposal is a serious problem and improper disposal can be a major despoiler of the natural environment - rivers, scenic areas, and roadsides. In mountain areas of the Himalayas and Darjeeling, trekking tourists generate a great deal of waste. Tourists on expedition leave behind their garbage, oxygen cylinders, and even camping equipment. Such practices degrade the environment particularly in remote areas because they have few garbage collection or disposal facilities (www.gdrc.org/uem/eco-tour/envi/index.html).

(iii) **Sewage:** Construction of hotels, recreation, and other facilities often leads to increased sewage pollution. Wastewater has polluted seas and lakes surrounding tourist attractions, damaging the flora and fauna. Sewage runoff causes serious damage to coral reefs because it stimulates the growth of algae, which cover the filter-feeding corals, hindering their ability to survive. Changes in salinity and siltation can have wide-ranging impacts on coastal environments. And sewage pollution can threaten the health of humans and animals. Examples of such pollution can be seen in the coastal states of Goa, Kerela, Maharashtra, Tamil Nadu, etc.

**Destruction and Alteration of Ecosystem**

An ecosystem is a geographic area including all the living organisms (people, plants, animals, and micro-organisms), their physical surroundings (such as soil, water, and air), and the natural cycles that sustain them. Attractive landscape sites, such as sandy beaches in Goa, Maharashtra, Kerela, Tamil Nadu; lakes, riversides, and mountain tops and slopes, are often transitional zones, characterized by species-rich ecosystems. The threats to and pressures on

these ecosystems are often severe because such places are very attractive to both tourists and developers. Examples may be cited from Krushedei Island near Rameswaram. What was once called a paradise for marine biologists has been abandoned due to the massive destruction of coral and other marine life. Another area of concern that emerged at Jaisalmer is regarding the deterioration of the desert ecology due to increased tourist activities in the desert.

Moreover, habitat can be degraded by tourism leisure activities. For example, wildlife viewing can bring about stress for the animals and alter their natural behavior when tourists come too close. Safaris and wildlife watching activities have a degrading effect on habitat as they often are accompanied by the noise and commotion created by tourists.

**Conclusion**

The tourism industry in India is growing and it has vast potential for generating employment and earning a large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. Eco-tourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of India's natural and cultural environments. Tourism in India should be developed in such a way that it accommodates and entertains visitors in a way that is minimally intrusive or destructive to the environment and sustains & supports the native cultures in the locations it is operating in. Moreover, since tourism is a multi-dimensional activity, and service industry, it would be necessary that all wings of the Central and State governments, private sector, and voluntary organisations become active partners in the endeavour to attain sustainable growth in tourism if India is to become a world player in the tourism industry.

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