

Factors Affecting the Tourism Sector in India

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ABSTRACT

Tourism is one of the most important revenue-earning industries in the Indian economy. The number of tourist inflow, both domestic and foreign, has been increasing over the years. Different social and economic factors directly influence this tourist inflow. The maximum inflow of tourists helps to develop the economy of any state in India. This paper shows the relationship of those factors to the development of tourism in India. Development of tourism flourishes in the states with rich socio-economic factors than the states with underdevelopment factors.

Keywords: tourism, socio-economic, development, tourist

I. INTRODUCTION

The process through which people go from one place to another to spend their leisure time and for enjoyment is known as Tourism. Tracing back the history, it was after independence that planning for Indian Tourism started. Sir John Sargent, who was the committee's chair in the year 1945, contributed a lot to the development of tourism in India. The Sixth five-year plan strongly emphasises on tourism industry. For maintaining peace and social integration, the goal of the first tourism policy was to promote sustainable tourism for social and economic advancement. The policies would emphasise the six main categories including Swagat, Suchana, Suvidha, Suraksha, Sahyog and Samrohana. The tourism policy also emphasises preserving our cultural heritage. The policy also demands the inclusion of the tourism industry in the concurrent list so that the Central government may enact legislation that will regulate the operations of different service providers in the tourism industry.

India is a country of rich heritage, culture, tradition, food habits and festivals. Its natural and archaeological beauty attracts tourists from foreign as well as inbound members year after year. Tourism is one of the main sources of the Indian economy. The development of tourism in any country depends on many variables which can be social and economic. Social factors include number of hotels, rooms in hotels, number of airports, number of Indian Institute of Hotel Management (IHM), projects sanctioned, number of monuments, railway lines, number of tour operators and registered travel agencies, which have significant influence in development of Tourism sector. On the other hand, economic factors (largely macroeconomic) include telephone per 100 population, social sector investment, capital expenditure, total emoluments, and per capita power consumption. State GDP largely influences the development of the tourism sector. It has been observed that some of the states in India are strong in the above factors and have attracted more tourists than the states that are behind. For the last 20 years, states like Tamil Nadu, Kerala, Rajasthan, Uttar Pradesh, Delhi, Goa, Maharashtra, West Bengal etc. have taken the lead position regarding several tourist arrivals whereas states like Bihar, Assam, Manipur, Tripura, Nagaland, are lagging behind. It is assumed that the development of tourism in a state can be determined by the number of visitors, as an increase in the number of tourists will result in an increase in the income of the state. With the increase in tourism, unemployment in a state reduces the purchasing power of the people increases as well and the infrastructure of the area gets developed. Along with these, the means of communication and telecommunication improve which ultimately increases the per capita income.

The number of visitors to a state depends on various social factors such as Social factors include number of hotels, rooms in hotels, number of airports, number of Indian Institute of Hotel Management (IHM), sanction amount, project sanctioned, number of tour operators and registered travel agencies, number of monuments, railway lines, travel agencies etc. along with economic factors like telephone per 100 population, social sector investment, capital expenditure, capital investment, total emoluments paid and per capita power consumption. For example, places like Delhi and Maharashtra attract a lot of tourists due to the easy availability of amenities, whereas the northeastern part of India, which is rich in tourist destinations, is seldom visited by tourists due to the lack of the same amenities.

II. REVIEW OF LITERATURE

Review of literature is one of the important parts of research. Through this literature review research gap can be drawn and the research objective can be framed.

Bhatia.A. (2013) pointed out that scenic beauty, sports and adventure activities, proper facilities for leisure time sports, traffic and railway facilities attract tourists which are counted as the internal strength of any country. Nag. A (2013) mentioned the steps taken by the central government to promote the tourism industry which is prone to the strength of the development of the economic condition of any country. It helps in economic development through employment generation. Banerjee.A. (2014) described the major problems associated with the development of this sector. Shortage of quality human resources, training institutes, qualified trainers, improper policy-making of different states, and political problems create negative impacts in this sector. Barkauskas et.al. (2015) analysed the different macro environmental factors influencing the development of tourism. They explained that economic, socio-cultural, natural-ecological, technological and political factors affect the tourism industry to a great extent. Rani and Gupta (2016) explained that tourism is one of the fastest-growing industries in the world. In India, different economic parameters like GDP, employment generation, and foreign exchange earnings have a significant contribution to the tourism sector. Tourism also helps to create employment opportunities for both skilled and unskilled labourers and encourages infrastructural development in India. Tourism also helps to eliminate language barriers, socio-cultural barriers, class barriers etc. and provides international understanding and peace. Krishnan. C. (2017) focused on the development of the tourism sector in Kerala flourished due to massive tourist flow. He also focused on the commendable increase in the revenue of direct and indirect sources due to this exploration of industry. For this reason, Govt. of Kerala has given more priority to inviting large-scale investment in this sector which also will be useful in reducing unemployment.

Wang.W et.al. (2019) analysed the factors that influenced the development of tourism in low carbon mode. They have shown that GDP, fixed asset investment in the tourism industry, number of scenic beauty spots, travel agents, star hotel facilities, traffic turnover, investment in the education sector, and carbon emission in the tourism sector are influenced greatly by the development of this sector. Upadhyayet. al. (2017) in their study revealed that foreign tourist visitors and foreign exchange earnings grew significantly in the period of 2013 to 2017. This has helped in the growth of Indian GDP, employment generation etc. The positive push from the Indian Govt. and different state Govt. helped the Indian tourism industry in such a way that foreign visitors feel safe; and reliable. This study shows the immense role and valuable contribution of the tourism industry in the economic growth of India.

III. OBJECTIVES OF THE STUDY

The objectives of the study are as follows –

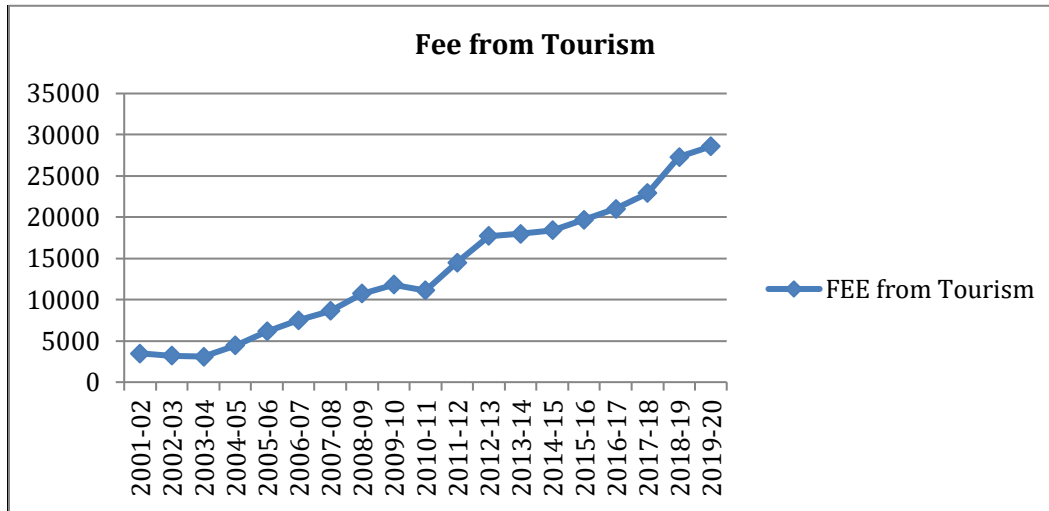
- To know the development of the tourism sector in India.
- To examine the factors affecting the tourism development.

IV. RESEARCH METHODOLOGY

The paper was descriptive in nature and based on secondary data only. Information was collected from different journals, Books, Government websites and handbooks published by different Government departments. Statistical software SPSS was used to analyse those data. 8 states were chosen on the basis of total tourist inflow namely Delhi, Rajasthan, Uttar Pradesh, Maharashtra, Karnataka, Kerala, Uttarakhand and West Bengal.

V. ANALYSIS

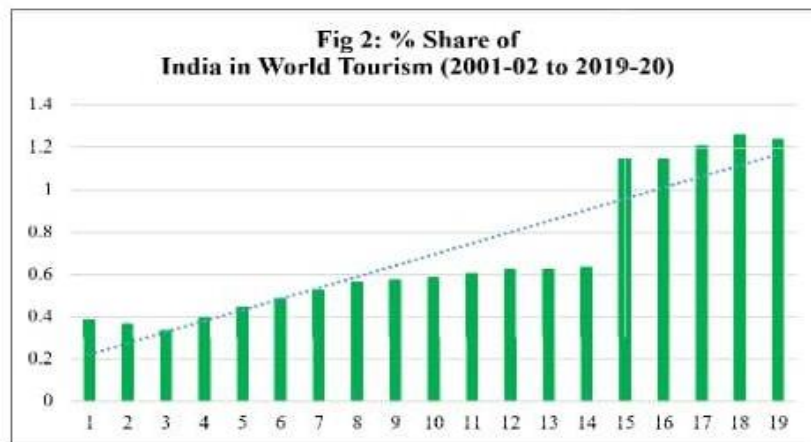
Figure 1: Foreign Exchange Earnings during the last 20 years through the Tourism Sector



Source: WTC

The travel and tourism industry of India witnessed significant growth in terms of Foreign Exchange Earnings (FEE) (In USD Million) in the 21st Century as confirmed by above figure 1. During the period 2001-02 to 2019-20, at an initial point of time, the earnings made a downturn till 2003-04, but it again increased from 2004-05 to 2009-10. The year 2010-11 experienced a trivial reduction in earnings, however, it again escalated from 2011-12 to 2019-20.

Figure 2: % share of India in World Tourism for the last 20 years



Source: WTC

Figure 2 represents the participation of India in world tourism during the period 2001-02 to 2019-20. An upward trend is noted throughout the study period during the 21st century. Initially, a downward trend was noted till 2003-04, but India regained the momentum from 2004-05 till 2018-19. Moreover, at the end of the study period, 2019-20, a small reduction was noted in the share of India. This might be due to the fear factor of the COVID-19 Pandemic that occurred on 31st December 2019 in China.

Table 1: Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic
Total Visitor	2320.00	391983721.00	43639950.6222	77357315.4103	6.363
No. of Tour Operator	3.00	52.00	16.6916	13.10294	3.037
No. of monument	3.00	16.00	8.0000	4.63014	4.760
Power	101.20	17805.00	607.0347	1327.83088	1.360
Healthcare	1.00	4.00	1.5185	1.12309	2.195
Communication	1.20	132.65	29.0817	35.92805	.360
No of Bank Branches	23.00	214.00	30.5217	33.37110	7.897
Literacy Rate	29.00	82.00	59.5887	10.29959	9.645
State Highway in Kms	123.00	64345.00	1033954.0722	1443746.50178	4.830
Travel Agency	2.00	30.00	7.1176	7.43770	3.269
No. of Hotel	10.00	332.00	59.7692	68.55766	3.018
Railway Line	1.00	15472.00	3819.6726	4131.79348	2.199
No. of Airport	1.00	9.00	2.5091	2.04706	2.509

Source: Compiled by authors using SPSS software

Table 1 shows some of the selected descriptive statistics of the variables under study. There is minimum, maximum, mean, standard deviation and kurtosis. The kurtosis is taken for statistical measurement of the peak of the total distribution.

Here, from the minimum values, it can be seen that there are some years and states which have low value, particularly regarding the number of tour operators, healthcare facilities, travel agencies, railways and airports. This is to be considered under the government's state-level strategies. In the case of maximum statistics, the healthcare facility is of 4 values, which is to be improved for all states to some extent.

About the mean values, it can be seen that the mean number of visitors is 4.36 crore and the average number of tour operators is 16.69. Considering other average values, some interesting facts can be found. If the average tourist number is divided by the other mean values, then it can be found that the per unit of average tour operators tourist number is very high (26 lakhs). In the same way, per average unit of healthcare facilities, it is 287 lakhs, bank branches- 14.29 lakhs, 61.31 lakhs tourists for each travel agency, 7.30 lakhs tourists for each hotel and 1.73 crore tourists for each airport. These results show that there are requirements in the facilities and infrastructural conditions for the tourists.

Considering the standard deviation table, it can be seen that the state highway, tourist number, and railway lines have high SD values, in comparison with the other variables. So, other variables with lower SD values present that not so many changes are made over time among the selected states. This is to be considered by the policy makers too, that there are considerable changes in the number of tourists, but not that much changes of development can be found regarding support facilities and infrastructures. This has also been indicated by the kurtosis values for number of visitors (6.36) in comparison with the tour operator (3.037), power (2.208), healthcare (2.195), travel agency (3.269), hotel number (3.018), railway lines (2.199) and number of airport (2.509).

Table 2: Correlations

	Total Visitor	No. of Tour Operator	No. of monument	Power	Healthcare	Communication	No. of Bank Branches	Literacy Rate	State Highway in kms	Travel Agency	No of Hotel	Railway Line	No. of Airports
Total Visitor	1	.343**	.315**	.750**	.232**	.683**	.751**	.162*	.555**	.327**	.475*	.597*	.336**
No. of Tour Operator		1	.751**	.496**	.288**	.689**	.695**	.603**	.673**	.803**	.826*	.336*	.336**

No. of monument			1	.745**	.454**	.597**	.420**	.191*	.420**	.689**	.695*	.302*	.315**
Power			1	.233*	.307**	.500**	.496**	.670**	.320**	.531*	.496*	.335**	
Healthcare			1	.302**	.597**	.652**	.588**	.683**	.597*	.728*	.750**		
Communication			1	.291**	.184*	.402**	.402**	.184*	.500*	.603**			
No of Bank Branches			1	.233*	.618**	.803**	.829*	.359*	.343**				
Literacy Rate			1	.457**	.496**	.399*	.907*	.673**					
State Highway in Kms			1	.826**	.607*	.607*	.618**						
Travel Agency			1	.728*	.588*	.907**							
No. of Hotel			1	.287*	.457**								
Railway Line			1	.672**									
No. of Airport			1										

** Correlation is significant at the 0.01 level (2-tailed)
 *Correlation is significant at the 0.05 level (2-tailed)

Table - 2 shows Pearson’s Correlation among the selected variables under the present study. The main focus has been made on the total number of visitors with respect to the other variables. The results show that there are highly significant (at p<1%) and positive correlations of the total number of visitors with respect to the number of tour Operator (0.343), Number of monuments present in a state (0.315), the position of power (0.750), number of branches of banks (0.751), Healthcare of any state (0.232), length of state highway (0.555), Number of a registered travel agency (0.327), railway line (0.597) and numbers of airports (0.336), the healthcare system of the respective state, Communication mainly telephone facility number of hotels (0.343), number of hotel rooms (0.315), number of airport (0.750), railway lines (0.673), number of tour operators (0.327) and there is significantly correlation with the Literacy rate of the state (0.162 at p<5%).

So, overall, it can be seen that the number of tourists has a positive correlation with the tourism infrastructure, communication facilities, support facilities and state conditions i.e. social economic condition of any state. Hence, it signifies that to increase in the number of tourists, these factors are very much considerable.

Table 3: Model Summary

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.949 ^a	.901	.870	30034408.77601	.901	29.249	3	42	.000
a. Predictors: (Constant), No. of tour Operators, No. of Monuments, Power, Healthcare, Communication, No of bank branches, Literacy Rate, State Highway in km, No. of IHM Travel Agency, No. of Hotel, Railway Line, No. of Airport.									
b. Dependent Variable: Total Visitor									

Source: Compiled by authors using SPSS software

It is observable from Table 3 that the model summary which explains R is 94.9%, R square is 90.1% and adjusted R square is 87%. R square is a very important measure of the combined effect of independent variables on dependent variables. The total number of visitors is affected by 90.1% by independent variables. The value of the adjusted R square is .870, that is 87% of the variation in the dependent variable is explained by the independent variables.

VI. CONCLUSION

Tourism is a very important sector in the Indian economy. In India, tourism depends on different factors which is very much interrelated. If those factors are developing then the tourist inflow of that state will increase. Both Central and State Governments should look after to all those factors to enhance the tourism sector which leads to earning more and more foreign exchange and also strengthening our economy as well.

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