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# GOVERNMENT ROLE IN INDIAN TOURISM INDUSTRY

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## Abstract

*India with vast cultural and religious heritage and varied natural attractions has immense possibilities of growth in the tourism sector, but a comparatively it plays a small role in the world tourism scene. With this aim, the following objectives of the study are summarising to assess the government role through five year plan, tourism policy, tourist's arrivals, and foreign exchange earnings from tourism industry. The tourist arrivals in the domestic tourist visits to various states and union territories would enable forecasting tourist arrivals for better planning and allocation of resources efficiently in order to improve outcomes both in terms of increasing the tourist arrivals as well as generating revenue and increasing employment. In the present study fully based on Secondary sources of data are used. The collected information has been complied, grouped and prepared the tables, charts and trend analysis also using the study. The rapid development of tourism has raised a number of interrelated issues that challenges the effectiveness and efficiency of government.*

**Keywords :** *Tourism Industry, Policy, Year Plan, Foreign Exchange and Tourist's Arrivals*

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## Introduction

Tourism industry in India is becoming one of the powerful service industries in the new millennium. It is not only a significant contributor to GDP and foreign exchange reserve of the country but also it provides large employment. In India tourism has become an economic sector that has the potential to grow at a higher rate. Tourism has the potential to stimulate other economic sectors through its backward and forward linkages and cross-sectored with agriculture, horticulture, poultry, handicrafts, transport, construction and other sectors. The benefits of tourism today are not to be judged in terms of economic benefits alone because tourism makes a tremendous contribution to the improvement of social, cultural and environmental development

of the region. India with vast cultural and religious heritage and varied natural attractions has immense possibilities of growth in the tourism sector, but a comparatively it plays a small role in the world tourism scene.

### **Government Role in Indian Tourism Scenario**

The tourist organisations of India had their beginning in the report of the Sargent Committee in 1945. Sir John Sargent. The Committee recommended that a separate tourist organization should be set up at the centre with regional offices at the metro cities. It was in 1948 that the independent government under the transport ministry set up ad hoc Committee constituting representatives from tourist, transport and Hotel industries. From time to time, the Government has included in its five year plans, planning & development of travel & tourism. Indian Tourism Development Corporation (ITDC) was set up in 1966. It would lead to larger foreign exchange earnings and create conditions for more foreign direct investment. So, a New Tourism Policy, which builds on the strength of the national Tourism Policy of 1982. India has immense possibilities of growth in the tourism sector with vast cultural and religious heritage, varied natural attractions, but comparatively small role in the world tourism scenario. The government of India announced the first tourism policy in November 1982. The tourism policy, 1982 was more aggressive statement in marketing than a perspective plan for development. The National Committee on Tourism set up by the Government in 1986 to evaluate the economic and social relevance of tourism in India and to draw up a long term measure for ensuring accelerated growth of tourism. On the basis of these recommendations a package of incentives as made available for the tourist industries and the Tourism Finance Corporation of India (TFCI) was set up to finance tourism projects. In the same year, Tourism was given the status of an 'industry'. Tourism was made a priority sector for foreign direct investment in 1991 making it eligible for automatic approvals upto 51% of the equity.

### **National Action Plan 1992**

The development plans for tourism during the Eight Plan (1992-97) was based on the National Action Plan 1992. The rapid growth of tourism has raised a number of interrelated issues that challenges the effectiveness and efficiency of government.

### **The new Tourism Policy of 2002**

In 2002, the action plan was finally translated into a tourism policy. Tourism policy officially became a joint central-state government concern. The new policy itself, however, was designed by the central government. To start with, the policy document attempts to establish tourism's great contribution to national development and its role as an engine of growth. It suggests that tourism not only generates government revenue and foreign currency, but also provides an optimal use of India's scarce resources, sustainable development, and high quality employment especially to youngsters, women and disabled people and finally, peace,

understanding, national unity and stability. The new tourism policy is announced in 2002, which incorporates the 7-S mantras which have been identified to provide thrust for tourism development in our country. These are: Swagat (welcome), Soochana (information), Suvidha (facilitation), Suraksha (safety), Sahyog (Co-operation), Samrachan (infrastructure development) and Safai (cleanliness). The study has tremendous scope for the tourism industry in India. Simple statistical tools were applied to analyse the data and accordingly the findings are discussed and furnished.

### **Aim and Objectives of the Study:**

The present study identify Governments role in Indian tourism industry, so that planning strategy could be suggested for future development. With this aim, the following objectives of the study are summarising to assess the government role through five year plan, tourism policy, tourist's arrivals, and foreign exchange earnings from tourism industry.

### **Scope and Methodologies of the study**

The study covered central Government are acting vital role in developing tourism industry. In the present study fully based on Secondary sources of data are used. Source of data include existing policy notes, journals and Ministry of tourism statistic. The information related to tourist arrivals, plan payout, foreign exchange earnings have been collected from above secondary sources in government records. The collected information has been complied, grouped and prepared the tables, charts and trend analysis also using the study.

### **Tourism Development throughout Five Year Plans**

The tourism planning process involves creating a future that is acceptable to the host community as also to others who would be part of the host community as tourists for a short period of time. The five year plan is a mirror of the country's perception about the direction of social-economic progress. Table 1 gives the Plan-wise pay out over consecutive five year plans of Ministry of Tourism for the First Five Year Plans (1951-1956) to Twelfth Five Year Plan (2012-2017). Amount sanctioned by Ministry of Tourism to various State/UT Governments during the years and information is also tabulated in the following way;

**TABLE 1**  
**Plan -Wise Spend of Ministry of Tourism for the Five Year Plans (1951-1956 to 2012-2017)**  
 (in Crores)

Plan Period		Plan Outlay	Increase/ Decrease
First Plan*	1951-1956	NA	NA
Second Plan*	1965-1961	3.36	-
Third Plan*	1961-1966	8.00	4.64
Annual Plan*	1966-1969	10.00	2.00

Fourth Plan*	1969-1974	<b>36.00</b>	<b>26.00</b>
Fifth Plan*	1974-1979	<b>75.00</b>	<b>39.00</b>
Annual Plan*	1979-1980	<b>28.00</b>	<b>-47.00</b>
Sixth Plan*	1980-1985	<b>187.00</b>	<b>159.00</b>
Seventh Plan*	1985-1990	<b>394.00</b>	<b>207.00</b>
Annual Plan*	1990-1991	<b>149.00</b>	<b>-245.00</b>
Annual Plan*	1991-1992	<b>176.00</b>	<b>27.00</b>
Eighth Plan*	1992-1997	<b>806.00</b>	<b>630.00</b>
Ninth Plan*	1997-2002	<b>2481.00</b>	<b>1675.00</b>
Tenth Plan**	2002-2007	<b>2900.00</b>	<b>419.00</b>
Eleventh Plan***	2007-2012	<b>5156.00</b>	<b>2256.00</b>
Twelfth Plan****	2012-2017	<b>15189.73</b>	<b>10033.73</b>

Na :Not Available

Source:

\* Indian Planning Experience A Statistical Profile Planning Commission, Government of India January-01,

Plan Performance of Tourism, P. 213.

\*\* Tenth Five Year Plan Government of India, 2002-2007, p.828.

\*\*\* Ministry of India, Government of India, Market Research Division, India Tourism Statistics 2011, p.126.

The above Table 1 indicates that there was also no allocation for tourism development during the First Five Year Plan. It was Rs. 3.36 crores in the beginning of the second five year plan and the same rose to 15189.73 crores by the end of 2012-2017. The plan payout had increased 10033.73 crores in Twelfth Plan period over the Eleventh Plan period. The Plan-wise payout throughout the study period had registered a positive trend except in 1979-1980 and 1990-1991 because of political instability

### **Domestic Tourist Arrivals in India**

The growth of domestic as well as foreign tourist's arrivals in India over the period under consideration is given in Table 2.

**Table 2**

### **Domestic Tourist Arrivals in India (in Millions)**

Year	Tourist Arrival ( In Millions)		Increase/decrease (In Millions)		Growth (in percentage)	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
2008	563.03	5.28	-	-	-	-
2009	668.80	5.17	105.77	-0.11	18.8	-2.08
2010	747.70	5.78	78.9	0.61	11.8	11.8

2011	864.53	6.31	116.83	0.53	15.6	09.2
2012	1045.05	6.58	180.52	0.27	20.9	04.3
2013	1142.53	6.97	97.48	0.39	09.3	05.9
2014	1282.80	7.68	140.27	0.71	12.3	10.2
2015	1431.97	8.03	149.17	0.35	11.6	04.5
2016	1615.39	8.80	183.42	0.77	12.8	09.6
2017	1657.55	10.04	42.16	1.24	02.6	14.1
2018	1854.93	10.56	197.38	0.52	11.9	05.2
<b>Compound Growth Rate</b>					<b>12.76</b>	<b>7.3</b>

Source : Ministry of Tourism, Govt. of India, India Tourism Statistics at a Glance 2019.

The above Table 2 indicates the Indian domestic travel profile and the statistics on domestic tourist visits to various states and union territories during the years 2008 to 2018. The total number of domestic tourists in the beginning of the study 2008 was 563.03 million and the same rose to 1854.93 million by the end of 2018. The arrival of tourists throughout the study period had registered a positive trend. It is understood from the above Table 2 that, there has been a continuous increase in domestic tourist visits from 2008 to 2018, with the compound annual growth rate of domestic tourist visits to all states and union territories from 2008 to 2018 being 12.76 per cent.

The above Table 2 indicates the statistics on foreign tourist visits to India during the years 2008 to 2018. The total number of foreign tourists in the beginning of the study 2008 was 5.28 million and the same rose to 10.56 million by the end of 2018. The arrival of foreign tourists throughout the study period had registered a positive trend except in 2009. That there has been a continuous increase in foreign tourist visits from 2008 to 2018, with the compound annual growth rate of foreign tourist visits to India being 7.3 per cent.

### Trend Value of Domestic Tourist Arrival in India

$$Y_c = a + bx \quad \text{Since } \sum fx = 0$$

$$a = \frac{\sum y}{N} = \frac{12874.28}{11} = 1170.39$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{14390.20}{110} = 130.82$$

$$Y_c = 1170.39 + (130.82 \times x)$$

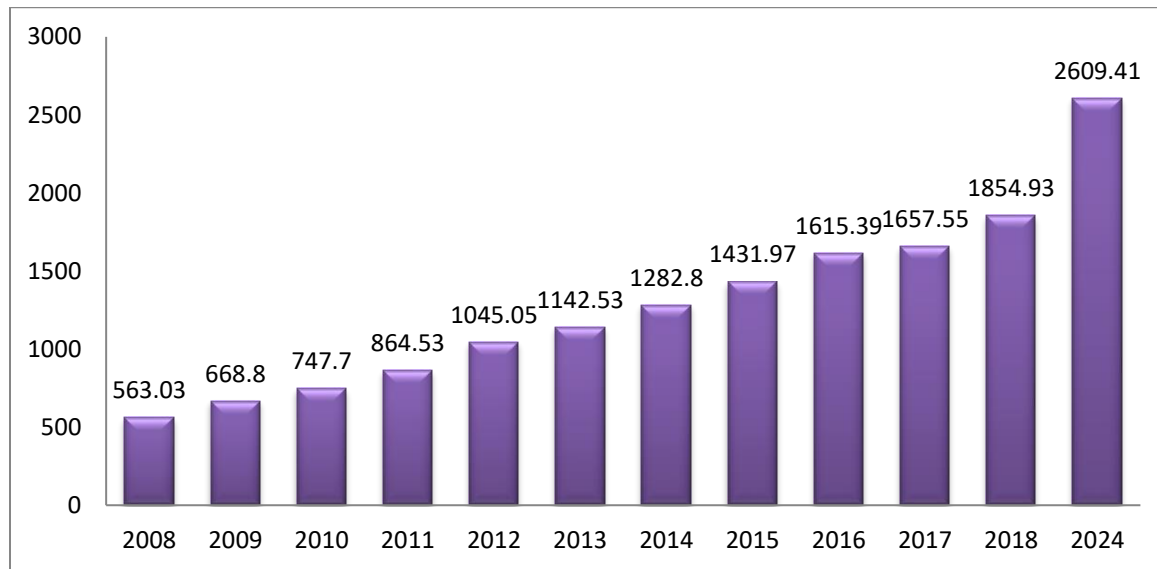
The equation to the straight line trend is

$$X = (2024 - 2013) = 11$$

$$Y_{2024} = 1170.39 + (130.82 \times 11) = 2609.41 \text{ Million}$$

Using trend line, it is estimated that the next Eleventh year the flow of domestic tourists to India during the year 2024 would be 2609.41 million.

**Figure 1**  
**Domestic Tourist Arrival in India**



**Trend Value of Foreign Tourist Arrival in India**

$$Y_c = a + bx \quad \text{Since } \sum fx = 0$$

$$a = \frac{\sum y}{N} = \frac{81.2}{11} = 7.38$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{59.48}{110} = 0.54$$

$$Y_c = 7.38 + (0.54 x)$$

The equation to the straight line trend is

$$X = (2024 - 2013) = 11$$

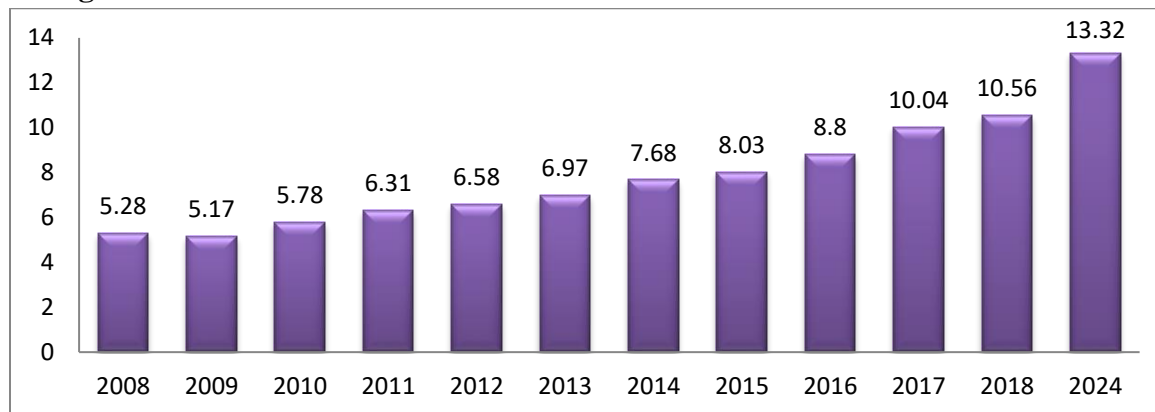
$$Y_{2024} = 7.38 + (0.54 \times 11)$$

$$Y_{2024} = 13.32 \text{ Million}$$

It is observed from above calculation using trend line, it is estimated that the next eleventh year the flow of foreign tourists to India during the year 2024 would be 13.32

**Figure 2**

**Foreign Tourist Arrival in India**



**Foreign Exchange Earnings from Tourism in India**

The foreign exchange earnings in India over the period under consideration are given in Table 3.

**Table 3**

**Foreign Exchange Earnings from Tourism in India (in crore)**

Year	Foreign Exchange Earnings (Rs. In crore)	Increase/decrease (Rs. In crore)	Growth (in percentage)
2008	51294	-	-
2009	53754	2460	04.8
2010	66172	12418	23.1
2011	83036	16864	25.5
2012	95607	12571	15.1
2013	107563	11956	12.5
2014	120367	12804	11.9
2015	134844	14477	12.0
2016	154146	19302	14.3
2017	177874	23728	15.4
2018	194882	17008	09.6
<b>Compound Growth Rate</b>			<b>14.42</b>

Source : India Tourism Statistics at a Glance 2019.

Tourism is one of the important sectors in India for foreign exchange earnings. The above Table 3 depicts the foreign exchange earnings from tourism in India, from 2008 to 2018. The foreign exchange earnings from tourism in India in the beginning of the 2008 study was Rs. 51294 crore and the same rose to Rs. 194882 crore by the end of 2018. The foreign exchange



earnings had registered a positive trend during the period. There has been a continuous increase in foreign exchange earnings from 2008 to 2018, with the compound annual growth rate of being 14.42 per cent.

**Trend Value of Foreign Exchange Earnings from Tourism in India**

$$Y_c = a + bx \quad \text{Since } \sum fx = 0$$

$$a = \frac{\sum y}{N} = \frac{1239539}{11} = 112685.36$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{1606718}{110} = 14606.53$$

$$Y_c = 112685.36 + (14606.53 \times X)$$

The equation to the straight line trend is

$$X = (2024 - 2013)$$

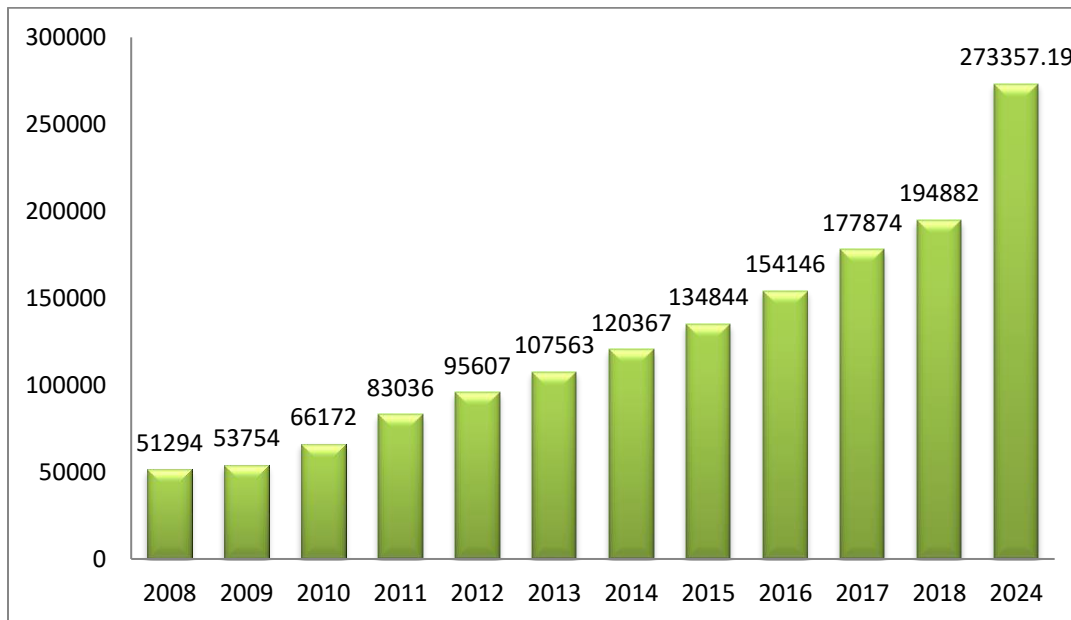
$$X = 11$$

$$Y_{2024} = 112685.36 + (14606.53 \times 11)$$

$$Y_{2024} = 273357.19 \text{ crore}$$

It is observed from above calculation using trend line, it is estimated that the next eleventh year the flow of foreign exchange earnings to India during the year 2024 would be 273357.19 Crore is given in Figure 3.

**Figure 3**  
**Foreign Exchange Earnings from Tourism in India**



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## Conclusion

In this study, importances have been discussed in length to facilitate the framing of tourism policy. The fourth and fifth five year Plans have witnessed expansion and improvement of tourist facilities. The sixth five year Plan has been a major landmark in the history of Indian tourism. The first ever Tourism Policy of the country was announced during 1982 which specified the development objectives and provided an Action Plan based on 'travel circuit' concept for maximizing the benefits of tourism. During the seventh Plan (1985-90), tourism sector was accorded the status of an industry. The development plan for tourism during the eighth five year plan was based on the National Action Plan for tourism. A major component of the Action Plan was the development of special tourism areas and intensive development of selected circuits. Thus the present study aims at the government Role in tourism industry. The tourist arrivals in the domestic tourist visits to various states and union territories would enable forecasting tourist arrivals for better planning and allocation of resources efficiently in order to improve outcomes both in terms of increasing the tourist arrivals as well as generating revenue and increasing employment. They should ensure that this sector is at the heart of their policy making. Tourism can exist without increasing co-operation between the public and private sectors.