

# STATUS AND SCENARIO OF TOURISM INDUSTRY IN INDIA – A CASE STUDY OF UTTARAKHAND

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*(Abstract)*

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The main objective of the research paper is to examine the status, scenario and growth rate of tourism industry in India and Uttarakhand in particular. The socio economic impact and effect of Himalayan Tsunami on the tourism industry in the state of Uttarakhand has also been covered in the present study. During 2012 the foreign tourist data was just 2.38 million but it augmented three fold in a decade to 6.97 million in 2013 with an average annual growth of 28.78%. At present India's global ranking in terms of total tourist arrival is 42 and in terms of FEE it got 16<sup>th</sup> position which means that India is one of the most favoured nations of the world in top 50 tourist countries. India can increase its standing in the list of most favoured nation if it will take care of negative incidents. The Uttarakhand tourism industry also shows the almost same trend as in case of Indian tourism but instead of continuous increase in the total number of tourist arrival it shows decrease in number (2008-2013) because in this hilly state there were so many negative incidents happened like continuous landslides and cloud outburst in rainy season and as it is a tourist dominant state of all the seasons. The total tourist arrival in Uttarakhand is doubled in a decade but if we exclude 2013 then we can observe that it tripled in 2012 but due to Himalayan tsunami the tourism trend in Uttarakhand is badly affected by a negative growth rate of - 28.07%.

**Keywords:** *Himalayan Tsunami, Average annual growth rate, Foreign exchange earnings, Tourist protected area*

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## **1.1 Introduction and Motivation of the study**

Tourism is an important factor in world trade with international dimensions as a component of national economies, as a means for earning foreign exchange, as an employment provider, as a medium of social cultural exchange. Famous economist considered service to be unproductive as in the case of Adam Smith (1776), who stated that service did not generate value service were seen only as immaterial activities unable to contribute to the material economic progress. Theoretically process of growth shifts the economy's focus from primary to manufacturing and finally to service sector. The various sectors under the service sector in India are Insurance, hotel, transportation, construction, restaurant, trade, communication and, social and personal service, financing, business services like tourism and real estate. The theme of UNCTAD XIII, Development cantered Globalisation; toward growth and development that should be inclusive and sustainable, and it should focus on how this very large globalised economy can spread its benefits more inclusively and sustainably, creating jobs and raising living standard for poor people and nations.

United Nation Conference agrees that tourism can stimulate trade and development. Tourism today is one of the most promising and viable option. The Secretary-General of UNCTAD, Supchai Panitchpakdi said, that it is encouraging to see that the contribution of tourism toward economic development and growth, poverty reduction is increasingly recognized. The further Development and growth can only be achieved by better policy good relation between and among the various ministries and govt. department that provide the necessary environment for tourism to flourish.” The NCAER studied the economic significance of tourism in the national economy by constructing a tourism satellite account for the year 2002-03 on behalf of the central ministry of tourism. SO far the tourism industry contributes about 2.78% towards gross domestic product of Indian economy. If indirect affect are also accounted, the contribution of tourism in GDP increases to 5.83%. The direct employment generated by tourism industry in economy is about 4.59% at the same time the share increases to 8.27% if indirect employment generation is also take into consideration.

## 1.2 Growth of Tourism Industry

With the passage of time tourism has grown into a full-fledged industry. Tourism primarily is a service industry because it does not produce goods but renders service to various classes of people. In view of their special nature and complexity of their contribution to the tourism product, they may be described as tourist industry. This industry is a complex aggregation of many industries which together satisfy the various needs of the travellers, where every penny spent by the traveller contributes to the prosperity and development of the travel industry. Tourism is probably a rare instance of an industry earning foreign exchange without exporting national wealth and it is the only smokeless industry that can generate sizable foreign exchange.

## 1.3 Objectives of the Study

- To know the status, scenario and growth rate of tourism industry in India and Uttarakhand in particular.
- To study the socio economic impact and know about the effect of Himalayan Tsunami on the tourism industry in the state of Uttarakhand.

## 1.4 Research Methods

The present study is mainly based on secondary data collected from various reports and websites of government of India, Uttarakhand government and ministry of tourism. In this study, the data of domestic and foreign tourist arrivals and foreign exchange earnings (2002-2013) have been taken. The average annual growth rate (AAGR), and simple percentage methods have been used as research tools for the elucidation of the data.

**AAGR:** - Average annual growth Rate.

$$AAGR = \frac{\text{value of last year} - \text{value of initial year}}{\text{Value of initial Year}} = \text{Value}$$

$$\text{Then} \quad \frac{\text{Value} \times 100}{\text{No. of years}} = AAGR$$

## 1.5 Socio Economic Impact of Tourism industry

Tourism has both backward as well as forward linkage with socio economic development in a country. With the development and promotion of tourism industry, economy of country benefits in many ways:

- **Impact on Employment:** the primary impact of tourism is to create the employment for the unemployed people. The tourism and other related sectors influence the extent of employment by establishing the tourist facilities like hotels, resorts, safari, parks, and tourists guide etc. But sometime the employment is seasonal in nature and if any natural disaster occurs then it affects the tourism growth and employment. There are many people who are fully dependent upon the tourism activities but negative tourism growth affects the economy of country or state as in case of Uttarakhand.
- **Impact on Government Planning:** It helps the government in revenue earning by various taxes like luxury transportation, and income from tourist protected areas (TPA). Tourism development shows a positive contribution toward the economy. The government should try to plan an area for better tourist inflow rate and development of the tourism industry. Further after getting benefits from tourism industry they can increase their investment in estimation of tourism demand, tourism planning and development. It helps to manage the inflow of both the domestic and foreign tourists and will be able to provide all the basic amenities to the arrivals and by proper estimation and planning government can maintain the tourism sustainability as well.
- **Impact on the Development of Infrastructural and other Facilities:** it is an important factor for the tourism development and affects the domestic economy through tourism industry. In Uttarakhand there is an expansion of infrastructural facilities which supports the tourism. Some of the facilities are as under:
  - ✓ Accommodation facilities
  - ✓ Road network expansion
  - ✓ Communication facilities
  - ✓ Transport facilities
  - ✓ Medical and health facilities
  - ✓ Banking facilities
  - ✓ Proper vehicle parking facilities
  - ✓ Facilities of safety and security by local police
- **Impact on Peace and Stability:** Honey and Gilpin (2009) suggests that the tourism industry can also help in promoting peace and stability in developing country like India by creating opportunities for jobs, generating income by diversifying the economy, protecting and promoting the environment, and also the promotion of cross-cultural awareness. However, the key and main challenges is the adoption of some kind of regulatory frameworks and mechanisms that can reduce crime and corruption,

etc., and such type of adoptions must be addressed if peace-enhancing benefits from this industry are to be realized

- **Impact on Foreign Exchange Earnings:** As it is evident that tourism is an important source of foreign exchange earning in India. This has favourable impact on balance of payment of the country. The tourism industry in India generated about 18.44 billion USD in 2013 and it is expected to increase 275.5 billion USD by 2018 at a 9.8% growth rate.

### **1.6 Status, Share and Trend of Uttarakhand Tourism Industry: A Comparison with Indian Tourism**

It is newly developed state of India and it is often referred as the Devbhumi which means land of Gods because the large number of pilgrimage places like Hemkund Sahib, Gangotari, Yamuntori, Haridwar, Badrinath, and Kedarnath are situated here therefore this entire region always remain busy with char dham yatra and tourism activities. It is a hill state and has beautiful forest with snow-capped mountain, and scenic beauty. Being a hilly state, many pilgrimage sites open during summer only while Haridwar remains open to visitors throughout the year. Many people used to visit the city to have a dip in the holiest river Ganga at Har Ki Pori where kumbh mela is organised after every twelve years. It is a place where Hindu religion people come to perform last rituals of their ancestors. The scenario and trend of Uttarakhand tourism, its comparison with Indian tourism can be analysed with the help of table 1.1

In the context of Indian tourism there is a continuous growth in the arrivals of both the domestic as well as foreign tourists. During 2012 the foreign tourist inflow was just 2.38 million but it augmented three fold in a decade to 6.97 million in 2013 with an average annual growth of 28.78%. Taking a glance over the foreign exchange earnings (FEE) of the same period then it shows the same pattern of growth and it is augmented by six fold to 18.45 billion USD from 3.10 billion USD which means if, the foreign tourist inflow increase by 1% the FEE increased by 2% or shows a double effect. At present India's global ranking in terms of total tourist arrival is 42<sup>nd</sup> and in terms of FEE it got 16<sup>th</sup> position which means that India is one of the most favoured nations of the world in top 50 tourist countries. India can increase its standing in the list of most favoured nation if it will take care of negative incidents. Incident like Ocean Tsunami (2004), Varanasi and Hyderabad Bombing (2006), and Mumbai terror Attack (2008), Leh Flood (2010), and Himalayan Tsunami (2013) negatively affect the growth rate of foreign tourist arrival in India. Now the Question is why we were so specific about the negative events like terror attacks and natural disasters despite of the fact that the

number of tourist arrivals shows an increasing trend. The answer is clear that the total tourist arrival shows a growth of 7-9% during the year of such negative events and during the normal years the growth rate of total tourist arrival hovered around 13 to 17% just double of the previous figure.

**Table 1.1**

YEAR	INDIA TOURISM					UTTARAKHAND TOURISM				SHARE OF UTTARAKHAND TOURISM IN INDIAN TOURISM		
	Domestic Tourist Arrival (Million)	Foreign Tourist Arrival (Million)	FEE US \$ Billion	Total Tourist Arrival (Million)	Growth Rate	Domestic Tourist Arrival (Million)	Foreign Tourist Arrival (Million)	Total Tourist Arrival (Million)	Growth Rate	Domestic Tourist Arrival	Foreign Tourist Arrival	Total Tourist Arrival
2002	269.60	2.38	3.103	271.98	-	11.37	.055	11.43	-	04.21	02.31	04.20
2003	309.04	2.73	4.463	311.77	14.62	12.92	.063	12.98	13.63	04.18	02.30	04.16
2004	366.27	3.42	6.170	369.69	15.66	13.83	.075	13.91	06.65	03.80	02.19	03.76
2005	392.01	3.96	7.493	395.97	07.10	16.28	.093	16.37	17.74	04.15	02.35	04.13
2006	462.32	4.45	8.634	466.77	17.88	19.35	.096	19.45	18.76	04.21	02.15	04.16
2007	526.56	5.08	10.729	531.64	13.89	22.15	.106	22.26	14.45	04.23	02.08	04.18
2008	563.03	5.28	11.832	568.31	06.96	20.54	.111	20.65	-07.10	03.65	02.10	03.63
2009	668.80	5.17	11.136	673.97	15.67	21.93	.118	22.05	06.77	03.27	02.28	03.27
2010	747.70	5.78	14.193	753.48	11.88	23.57	.127	23.70	07.50	03.15	02.20	03.14
2011	864.53	6.31	16.564	870.84	13.45	26.67	.143	26.81	13.15	03.08	02.26	03.08
2012	1045	6.58	17.737	1051.51	17.22	28.93	.141	29.07	08.42	02.76	02.14	02.77
2013	1145	6.97	18.445	1151.97	9.51	20.01	.090	20.10	-28.07	01.75	01.30	01.82
AAGR EXCLUDING 2013	28.76	17.64	47%	28.78		14.04	14.22	14.04			Remain Same (02.08-02.35)	
AAGR INCLUDING 2013	29.51	17.53	45%	29.52		6.90	5.79	7.544			Reduce to Half (almost)	reduced to 2/5 <sup>th</sup> (Approx)

**Sources:-**Indian Tourism Statistics at glance 2013, Indian Tourism Statistics at glance 2012, Indian Tourism Statistics at glance 2011, , Uttarakhand at Glance 2010-11, Uttarakhand at Glance 2011-12, Uttarakhand at Glance 2012-13, Uttarakhand at Glance 2013-14, Growth of Tourism industry in India, [sodhganga.inflibnet.ac.in](http://sodhganga.inflibnet.ac.in), **FEE:** -Foreign Exchange Earnings in Billions, All the figures are in Million except percentage.

On the other side when the Uttarakhand tourism statistics take into account it also shows the almost same trend as in case of Indian tourism but instead of continuous increase in the total number of tourist arrival it shows decrease in number (2008-2013) because in this hilly state there were so many negative incidents happened like continuous landslides and cloud outburst in rainy season and as it is a tourism dominant state of all the seasons. The total tourist arrival in Uttarakhand is doubled in a decade but if we exclude 2013 then we can

observe that instead of doubled it tripled in 2012 but due to Himalayan Tsunami the tourism trend in Uttarakhand is badly affected by a negative growth rate of - 28.07%. In the year of 2002, the share of Uttarakhand tourism in Indian tourism industry was 4% which shows its contribution toward the development of tourism activity in India. As it is matter of fact that the trend in tourism industry shows a continuous growth in the inflow of tourists in India as well as in Uttarakhand. But the actual picture of the state tourism is that the share of Uttarakhand shows a continuous decrease, that means despite of Himalayan beauty, natural resources, flora and fauna, mini char dham, and pilgrimage hot spot Haridwar the Share of Uttarakhand tourism was reduced by more than 50% in 2013 and dip to 1.82%.

### **1.7 Himalayan Tsunami in Uttarakhand**

The Catastrophe of June 2013, in the wake of pre monsoon, the rainfall of 120mm within a span of 24 hours caused the flash flood at Kedarnath. According to the government and media reports, a thousand went missing and scores of thousands remain stranded waiting to be airlifted. Kedarnath is a centuries old historic town, was converted into a haunted place. Although there were many reasons behind this disaster but one of the reasons was unplanned and encumbered tourism. In the past decade, the inflow of tourists has risen by 155% (State Tourism Department). The state's population is 14million. However during 2013 the 20.10 million tourists visited the state with a negative growth of -28.07 (Table1.1) and it has happened due to Himalayan Tsunami of June 2013 in Uttarakhand.

The shortage of infrastructural facilities has led to massive construction of illegal structures on the river banks. The new roads have been constructed and existing ones was widened without assessing the carrying capacity of Himalaya. In the year 2000, state government prohibit the construction within 200 meters from the riverbanks but results are not fruitful. The mountains were cut to make road haphazardly that rendered the mountains unstable. The direct co-relation has been established between the increase in tourism activities and increase in number of landslide incidences, which ultimately leads to reduction in tourist's attraction toward destination for their next visits. There were series of natural disasters in Uttarakhand after 2008 and due to this the growth momentum has reduced drastically as it is evident from table 1.1 and some of them are as under:

- August 2009, cloudburst in Nachni near Munsiyari in Pithoragrh district of Uttarakhand
- September 2010, huge cloudburst in Almora which lead to entire village dead and drowned
- September 2012, couldburst in Rudraprayag

- June 2013, cloudburst in Kedarnath and Rambada region.

Such type of regular natural disaster reduced the inflow of tourists in the state. This led to reduction in income, employment opportunity as well as in social and economic welfare of state. In such cases; the government should pay much attention to the growth of the number of tourists into the state as well as in country. By any mean we cannot stop such disaster but with the help of effective planning and estimation of tourist arrival, carrying capacity of the destination and requirement of nature's demand we can effectively increase the tourism as well as necessary infrastructures which are required to support such a massive tourism industry. So, planning and estimating tourism demand becomes highly important. With an appropriate forecasting model that can effectively predict the tourism demand, can help the government to plan properly and efficiently to develop a strategy for its economic and social welfare. From past experiences it is clear that there is a requirement of reliable estimates that can play a major role in formulating medium and long term strategies as well as in implementing the same. Therefore, accurate estimations of tourism demand are essential for efficient tourism planning.

## **1.9 Conclusion of the Study**

The foreign tourist visitors and foreign exchange earnings is one of the important source of revenue for India. There is a positive socio economic impact and negative effect of Himalayan Tsunami on tourism industry in India as well as in the state of Uttarakhand. India can increase its standing in the list of most favoured nation if it will take care of negative incidents. Incident like Ocean Tsunami (2004), Varanasi and Hyderabad Bombing (2006), and Mumbai terror Attack (2008), Leh Flood (2010), and Himalayan Tsunami (2013) negatively affect the growth rate of foreign tourist arrival in India. The question is that why we were so specific about the negative events like terror attacks and natural disasters despite of the fact that the number of tourist arrivals shows an increasing trend. The answer is clear that the total tourist arrival shows a growth of 7-9% during the year of such negative events and during the normal years the growth rate of total tourist arrival hovered around 13 to 17% just double of the previous figure. The Uttarakhand tourism statistics also shows the almost same trend as in case of Indian tourism but instead of continuous increase in the total number of tourist arrival it shows decrease in number (2008-2013) because in this hilly state there were so many negative incidents occurred like continuous landslides and cloud outburst in rainy season and as it is a tourist dominant state of all the seasons. The total tourist arrival in Uttarakhand is doubled in a decade but if we exclude 2013 then we can observe that it tripled



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