

AN ECONOMIC STUDY OF TOURISM INDUSTRY IN INDIA WITH SPECIAL REFERENCE TO ODISHA

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Abstract : Tourism is one of the most significant sectors in the world economy. It is now considered as a well-organized tool for promoting economic growth as well as development of the host country. Since last few decades, tourism industry in India has been growing at a rapid pace and it has a vast potential for generating both direct and indirect employment and earning a large amount of foreign exchange besides giving a fillip to the country's overall economic and socio-cultural development. This study tries to examine the present status of tourism industry in Odisha. The study uses popular semi log model for the period from 2000 to 2009 and provides the confirmation of tourism development in Odisha. Therefore the result suggests that as the time passes, there is significant increase in the Domestic Tourist arrival in Odisha. The tourist's arrival registered a positive rate of 0.4 percent during the study period. All wings of central and state governments, private bodies and voluntary organization should become the active partners to attain sustainable growth in tourism in India as well as in Odisha.

Keywords : annual average growth rate, Odisha, semi log trend equation, tourism development

INTRODUCTION

Tourism has been recognized as an important activity both at the global and at the national level. The economic implication of tourism is numerous and hence economists have come to evince great interest in this area, especially in the 20th century. More specifically tourism contributes to the national income, foreign exchange earnings, employment and growth of industries and business activities [1]-[2]-[3]. Mr. Subodh Kant Sahay, Union Minister of Tourism rightly pointed out that for an investment of every ten lakhs rupees manufacturing industries employ 18 people, agricultural sector accommodate 45 people but tourism industry can able to offer employment opportunity to 78 people. As an Industry, the impact of tourism is manifold. Tourism industry nourishes a country's economy, stimulates development process, restores cultural heritage and helps in maintaining international peace and understanding [4]-[5]-[6].

Internationally, India has been a popular country to visit for some time. India is most well-known as the origin of Buddhism, which had a tremendous impact on art and culture. Tourism in India, while still a small percentage of industry worldwide, has steadily increased over the past few decades [7]-[8]-[9]-[10]. It is becoming one of the major components of burgeoning Indian economy. Tourism positively affects many facets of the economy, including airlines, hotels restaurants, museums, historical sites, and more. India works hard to make the country welcoming to tourists as they welcome the dollars spent [11]-[12]-[13].

For nearly two decades India has witnessed a gradual growth in foreign tourist's arrival, from 1.68 million in 1991 to an estimated 3.92 million in 2005. The growth rate of 13.2 percent during 2005 was achieved over and above a growth of about 26.8 percent witnessed during the year 2004. After 2005, it further reinforced its growth. The Growth in the tourism industry is due to the rise in arrival of more and more foreign tourists and the increase in the number of domestic tourists. Tourists from Africa, Australia, Latin America, Europe, South East Asia etc. are visiting India and they are growing by thousands every year [14]-[15]-[16].

By considering the importance of tourism and its contributions to the overall development of a nation, governments and international organizations have launched some special unleashed policy measures so as to promote tourism [17]. Government of India, directly and indirectly has taken a number of efforts to enhance the tourism industry, and the available reports (published by Ministry of Tourism and other agencies) also mentioned that the trend of tourism industry and problems faced by this industry. Researchers have explored knowledge from their studies regarding the tourism industry. But the current scenario of tourism industry of Odisha is not yet analyzed by researchers. Hence, the present study is an attempt to understand the recent trend of tourism industry in Odisha in terms of domestic and foreign tourist flow, foreign exchange earnings and other related details.

LITERATURE REVIEW

There exists plenty of literature about the impact of tourism industry on the host countries, but the literature on whether

it actually produces any significant role in developing countries like India is limited and that too for emerging states like Odisha, the empirical researches and evidences are almost non-existent.

Reference [18] revealed that in the recent past developing countries are embracing tourism as a source of economic growth. It is the leading industry in many countries as well as substantial source of job creation in this world. It used three tools like the tourism and travel competitiveness index, tourism satellite account and computable general equilibrium models which help to frame tourism policy. The highlight of their study is that there is a positive relationship between tourism and economic development.

The researchers and analysts hold the view that tourism is a major industry in the small open economies of the country. In Jamaica also, the tourism industry is the largest foreign exchange earner, generating around US \$1.0 billion per annum. It is mentioned in ref. [19] that the industry provides an important impetus to growth in other sections such as agriculture, transportation, retailing, manufacturing and it is therefore seen as a key point of economic development. It also found that the output multiplier for the Jamaican tourist industry is small at \$1.0. This meant that for every \$1.00 spent by this sector, \$1.00 in output would be generated from other sectors of the economy, and also for every one percent growth, employment expanded by 0.3 percent.

The tourism sector could play an important role on achieving the sustainable development of a country. According to this ref. [20], this sector could play an important role as a driving force of economic development and tourism related activities had divorce implications for the attainment of sustainable development. The perceptible growth of tourism over the last 50 years was one of the most remarkable economic and social phenomena of the 21st century in this region.

Although the state of Kerala in India has been regarded as a 'model of development', its achievements may be unraveling thanks to a host of internal and external problems. Ref. [21] mentioned that tourism is an engine of growth, an excellent source of foreign exchange and employment to revive the local economy. Further they identified a less than sanguine role for tourism in the local economy and the dynamics that work to exaggerate tourism's share in the economy in an emerging context of governmental failure, political crisis and interest group consolidation. Lessons are drawn to revisit the debate on tourism and development.

Reference [22] analyzed the impact of globalization on tourism and perception of tourist on the impact of Globalization on Tourism in south corner of India. The authors analyzed their collected data by simple statistical tools like percentage, share, annual average growth rate, 'T' test a Chi square test. They found that the flow of both foreign and domestic tourists have increased during the Globalization regime. Most of the tourist opined that there is a considerable impact on tourism industry in India due to Globalization.

It is at least inferred from the various studies that there is a positive and significant relationship between the tourism industry and economic development. From the quintessence of these previous studies it is obvious that the coastal, hill, urban and rural tourisms are experiencing a perceptible growth over the period. In the previous works it is highlighted that owing to the policy reform, hike in salary, modernization, development of transport and communication and IT sector, and the tourism industry attained this level. In India, tourism industry is considered as an important sector because of its contributions to GDP, employment, business expansion and enhancement of foreign exchange. In India numbers of studies are conducted on various corners of the tourism industries, but in Odisha, there is no scientific study conducted in the recent period to explore the recent trend of tourism industry; hence the current study is an attempt to bridge the research gap.

Tourism Development in Odisha

Tourism has been recognized as an industry in Odisha and sizable revenue is earned for the State from domestic as well as foreign tourists. The idea of tourism was first mooted by the Government during the 3rd five year plan. It was revamped during the 5th five year plan. The creation of Department of Tourism, Govt. of Odisha dates back to 1973. There have been modifications from time to time as regards the sphere of functions of the Department. The Department of Tourism and Culture has been functioning in the present shape since 1995. The Odisha Tourism Development Corporation was created in March 1979 and it was incorporated under Companies Act in September 1979 [23].

From both the sides, Government as well as Corporation, thrust was given on the modernization of the sightseeing spots of Odisha. The spots are generally Konark, Puri, Nandankanan, Chandipur and other tourist spots having a close proximity with the capital city. At the initial stage, with a meager budget, the Department could not cope with the pressing demands of tourists. Later, the Government decided to streamline and spread its activities not only to coastal districts but also to Western Odisha where tourist spots are also attractive.

METHODOLOGY AND DATA SOURCES

The present study is an empirical investigation based on only secondary data. In order to understand the flow of tourist in the nation, Odisha state, statistics have been collected from various channels. Further present study involves to account all the tourist centers and identifying the nature of the tourist centers in this study area using available reports.

All India level data are collected from the annual report of ministry of tourism, economic survey, and other published reports. Whereas data related to Odisha tourism have been collected from the annual report of tourism department of Odisha for the period from 1990 to 2009. The variables includes, flow of domestic tourists, foreign tourist, foreign exchange earnings, nature of tourist points, and availability of infrastructural facilities in the tourist point. The collected information is properly analysed using annual average growth rate and trend analysis.

RESULTS AND DISCUSSION

At the outset, a hypothesis has been taken to test the null hypothesis which states that there is no difference between

the growth of domestic and foreign tourist in Odisha over the sample period and it is calculated by the annual average growth rate. The growth rate of domestic tourists is registered around 10 per cent at the same time the growth rate of foreign tourists is around 7 per cent. It shows the different value for domestic as well as foreign tourist arrival. Hence, the framed null hypothesis that there is no difference between the growth of domestic and foreign tourist in Odisha is rejected. The results of the test are shown below in table-1.

Testing of Hypothesis: I

There is no difference between the growth of domestic and foreign tourist in Odisha.

$$AAGR = \frac{(y_t - y_{t-1})}{(y_{t-1})} \times 100$$

AAGR =

Annual Average Growth Rate

$$y_t = \text{Current year}$$

$$y_{t-1} = \text{Previous year}$$

Table 1: Computed Result- Annual Average Growth Rate

Duration	Domestic	Foreign	Total
2000-2009	10.17	7.27	10.15

Source: Computed from secondary data.

Growth Trends of Tourism

In the next step, the trend analysis has been taken by taking simple least square method which deals with analysis of growth trends in tourist arrival during the period 1994 to 2009. The following forms of similarly trend equation were estimated for the selected variables under the study period.

Log $y_i = a + bt + u$

$i = 1$

Where $Y_i =$ Domestic tourist arrival in number

The results of estimated equations are following EGE stands for the Exponential Growth Rate while figures in bracket represent 't' value.

4.3.1. (A) Domestic tourist arrival

Log $Y_1 = 6.3222 + 0.0292$
 (261.73)* (11.69)*

$R^2 = 0.9070$

Adjusted $R^2 = 0.9004$

EGR = 0.0044

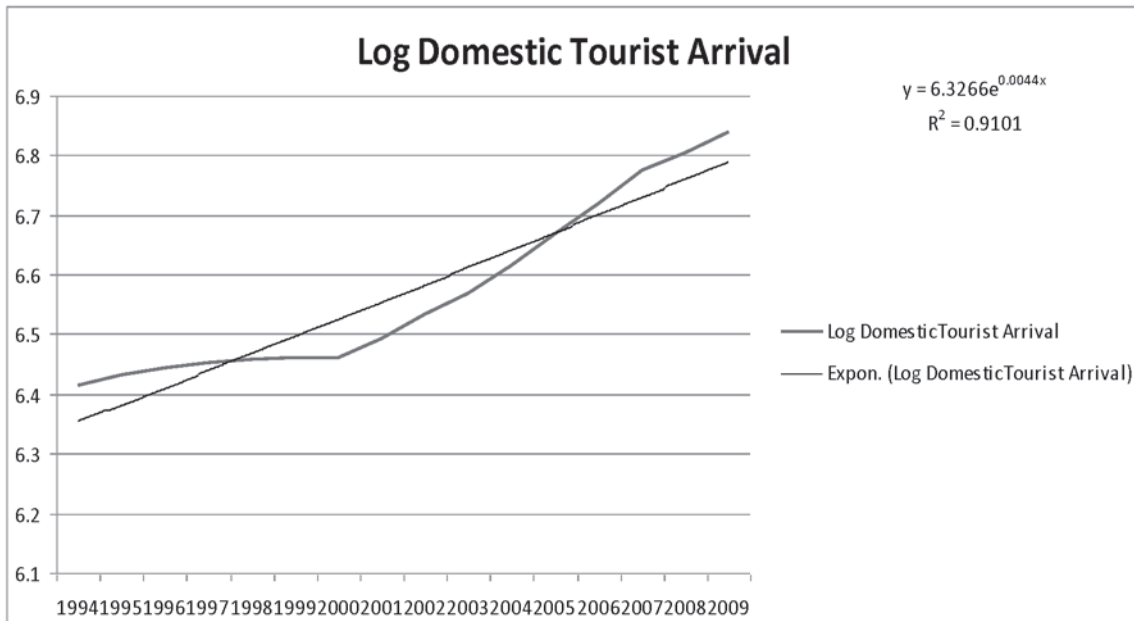


Figure 1: Domestic Tourist arrival in Odisha

*Represent the statistical significant at one percent level.
** represents the statistical significant at five percent level:

Thus, the results of above figure-1 shows as the time passes, there is significant increase in the Domestic Tourist arrival in Odisha. The tourist's arrival registered a positive rate of 0.4 percent during the study period.

The analysis reveals a positive and significant relationship between Domestic Tourist arrival and the Trend variable. This indicates that Domestic tourist arrival has been significantly increasing during the study period in Odisha. The growth rate worked out to be almost 0.4 percent.

SUMMARY AND CONCLUSION

In this paper, the growth of domestic and foreign tourist arrival in Odisha has been investigated by taking a null hypothesis that *there is no difference between the growth of domestic and foreign tourist in Odisha* using annual average growth rate. This analysis has offered the following findings summarized below.

The share of India in international tourist arrival is less than one per cent over the study period. In international tourism receipts, the share of India has increased from 0.65 percent in 1997 to 1.24 percent in 2009 but in the Asia and Pacific Region its share has increased from 3.50 percent in 1997 to 5.22 percent in 2009. Among the top ten countries of the world, France is in the predominant place followed by USA, and Spain. As for foreign tourist

visit to India, the highest number came from West Europe, followed by North America, South Asia, and East Asia. In case of the mode of travel to India in 1996, there is 98.5 percent foreign tourists visited India by Air where as 0.1 percent by Sea and 1.4 percent by Land. But in 2009, the dependence of Air by foreign tourist to India has decreased to 89.8 percent and the dependence of travel by Sea and Land has increased to 1.0 and 9.2 percent respectively. There is also a considerable change in foreign tourists' arrivals in India through major ports. In 1996, there is 35.1 percent foreign tourists arrived in Delhi Airport. At the same time there is 29.3 percent in Mumbai Airport, 11.3 percent in Chennai Airport, 2.9 percent in Kolkata Airport and 21.4 percent in other Airports. But in 2009, the foreign tourist's arrival was more by others Airport. The foreign tourist arrivals in India have increased from 2.37 million in 1997 to 5.28 millions in 2007 and 2.63 million in 2009. Regarding foreign exchange earnings in India, it have ascended from 10511 crore in 1997 to 54960 in 2009 which denotes fivefold increase. The major sources of India's tourism industry are USA, UK, Bangladesh, Sri Lanka, Canada, France, Germany and Australia. Regarding outbound visits of India the number has amplified from 3.73 million in 1997 to 11.07 million in 2009. The number of domestic tourist visits to all States/UTs in India was 159.88 million in 1997 which ascended to 650.04 million in 2009. Similarly the number of foreign tourist visits to all States/UTs has escalated from 5.50 million in 1997 to 13.72 million in 2009. Among the Indian states 24.2 percent of the domestic tourist was received by Andhra Pradesh, 20.7

by Uttar Pradesh, and 17.8 by Tamil Nadu. In term of foreign tourist arrival in different states in India, Tamil Nadu received 17.3 percent, followed by Maharashtra (14.6%), Delhi (14.3%), and Uttar Pradesh (11.2%). There has been a considerable increase in the tourist arrival of World, India and Odisha during the study period of 2005-2009. In 2005, nearly 803.0 millions of total tourists were received by World where as 3.92 million by India and 0.03 million by Odisha. This number changed in 2009 where 880.0 million of total tourists were received by World, 5.10 by India and 0.4 by Odisha. About the share of Odisha in India's tourist arrival, it has snoozed from 1.04 percent in 2000 to 0.89 percent in 2009. The maximum number of foreign tourists came to Odisha from North America followed by Central and South America, Australasia, Western Europe, Eastern Europe, West Asia, and South Asia. About domestic tourists, the maximum number came to Odisha from West Bengal followed by Andhra Pradesh, Bihar, and Jharkhand. There is a rapid increase in the tourist arrival by Air to Odisha, which is increased from 72865 in 2005 to 201137 in 2009. With regard to hotels/rooms /beds performance in Odisha, there is a very small increase which increased from 1232/24197/46809 in 2000 to 1276/24962/48408 in 2009 respectively. The number of total Hotels/Rooms/Beds in Odisha has increased from 769/15668/24560 in 2000 to 1276/24962/48408 in 2009 which included three categories of hotels such as High Spending Group (HSG), Middle Spending Group (MSG), and Low Spending Group (LSG). In Tourism Receipts of Odisha, the amount has increased from 988.61 Crores in 1997 to 3606.44 Crores in 2009. Among different periods, the maximum number of tourist visited Odisha are January-March and October-December. The state of Odisha is situated beside the coast of the Bay of Bengal. It is delighting eastern part in the tourist map of India. It has its own merits with its ancient glory and modern endeavor. It is endowed with nature's beauty, a long stretch of coastline with virgin beaches, serpentine rivers, mighty waterfalls, forest clad and blue hills of Eastern Ghats. With rich wild life, Odisha is dotted with exquisite temples, historic monuments as well as pieces of modern engineering feat. From the available statistics, it is clear that the flow of both domestic and foreign tourist is increasing over the period and also the earning of foreign exchange has increased significantly in Odisha. Further, the number of restaurants, hotels, rooms, transport facilities is enhanced over the few years. But still the tourism industry in Odisha is in the immature stage when compared to other tourist points like Andhra Pradesh, Kerala, Tamil Nadu, Delhi and Pondicherry. Hence, establishment of international airport, worldwide communication network, infrastructural development, artificial attractions will strengthen the quality of tourism industry in Odisha.

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