

Global Recession and Indian Tourism Industry

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INTRODUCTION:

The term financial crisis is applied broadly to a variety of situation in which some financial institutions or assets suddenly lose a large part of their value. In the 19th and early 20th centuries many financial crises were associated with banking panic and many recessions coincided with these panics. Financial crisis includes stock market crashes, currency crises, credit crunch and liquidity crises. This lead to arrival of the foreigners from one country to another country. The financial meltdown, morphed in to a global economic downturn with the collapse of Lehman Brothers on 23rd September 2008, the impact on the Indian economy was almost immediate. Because the arrival of foreigners was get down in the year 2009 and it leads to the decrease in the foreign exchange income.

TOURISM INDUSTRY IN INDIA:

Tourism in India is the largest service Industry, with a contribution of 6.23% to the National Gross Domestic Product(GDP) and 8.78% of the total employment in India. India witnesses more than 17.9 million annual foreign tourist arrivals and 740 million domestic tourism visit. Concerted efforts are being made o promote new forms of tourism such as rural, cruise, medical and eco-tourism.

The Ministry of Tourism, Govt. of India, undertook a series of promotional initiatives to aggressively promote tourism to India. As part of the promotional initiatives undertaken, Road shows were organized in important tourist generating markets overseas with participation of different segments of the travel industry.

INCREDIBLE INDIA CAMPAIGN:

The Indian Ministry of Tourism launched the Incredible India campaign in 2002 to encourage visitors from around the world to experience India. The concerted marketing effort included Print, Radio and Television ads. The campaign also included road shows, which were planned for the UK, Canada, Singapore, Malaysia, Russia, Australia and New Zealand. The successful campaign received attention and praise from travel professional and is credited with increasing the number of tourists to the nation within just a few years.

India is probably the only country that offers various categories of tourism. These include history tourism, adventure tourism, medical tourism (ayurveda and other forms of Indian medications), spiritual tourism, beach tourism (India has the longest coastline in the East) etc.

FINANCIAL CRISIS IN INDIAN TOURISM INDUSTRY:

Recession has impacted all the sectors and on the backdrop of recessionary trends in US, European and other developed countries, the underdeveloped and developing countries are also experiencing the pinch. The direct and indirect effect of global slowdown has its impact on India too in the form of reduced money flow, reduced trade and visitors of the foreigners. Because of the recent crisis, the Tourism sector also affected.

IMPACT OF FINANCIAL CRISIS IN TOURISM INDUSTRY:

The Global financial crisis appears to be moving towards the resolution. Tourism is the a multi-sectoral activity and the industry is affected by many other sectors of the national and

International economy. The financial crisis affected all the countries financial sectors and its leads to the decrease in the visitors of the foreigners and its leads to decrease in the foreign exchange. Here the researcher understood that, highest revenue earned during the period of 2008 and in 2009 the revenue was affecting due to the financial crisis.

STATEMENT OF THE PROBLEM:

The present research will intend to study the perceived implications of the impact of global recession(financial crisis)on the Tourism Industry in India. Even though Indian tourism sector is vast one, the researcher is try to find out the impact of global recession in this field.

OBJECTIVES OF THE STUDY:

- To study the growth and trend performance of Foreign Tourist Arrivals in India.
- To analysis the Impact of financial crisis in Foreign Exchange Earnings of Indian Tourism sector.
- To study about the top ten source countries for Foreign Tourist Arrivals in India in 2010.

ANALYSIS AND INTERPRETATION:

FOREIGN TOURIST ARRIVALS (FTAs) IN INDIA:

Table No.1 shows about the Foreign Tourist Arrivals(FTAs)in India for the years 2002-2012.Here the values has been predicated by using, Trend analysis under the method of Least square for the years 2010-2012

TABLE 1
Foreign Tourist Arrivals (FTAs) in India 2002-2012

Year	FTAs In India(in Million)
2002	2.38
2003	2.73
2004	3.46
2005	3.92
2006	4.45
2007	5.08
2008	5.28
2009	5.17
2010*	5.79
2011*	6.16
2012*	6.53

Source:Bureau of Immigration,Govt.of India, for 2002-2009

**Predicted values by using Trend analysis*

The table No.1 shows about the Foreign Tourist Arrivals in India for the year 2002-2012.It shows continues growth year after year, except for the year 2009,due to the Financial Crisis in the Global. So in that year there was decrease in the arrivals of the foreigners. But it has been recovered in the year 2010 itself and now it has been start increasing.

Chart1
Foreign Tourist Arrivals (FTAs) in India 2002-2012

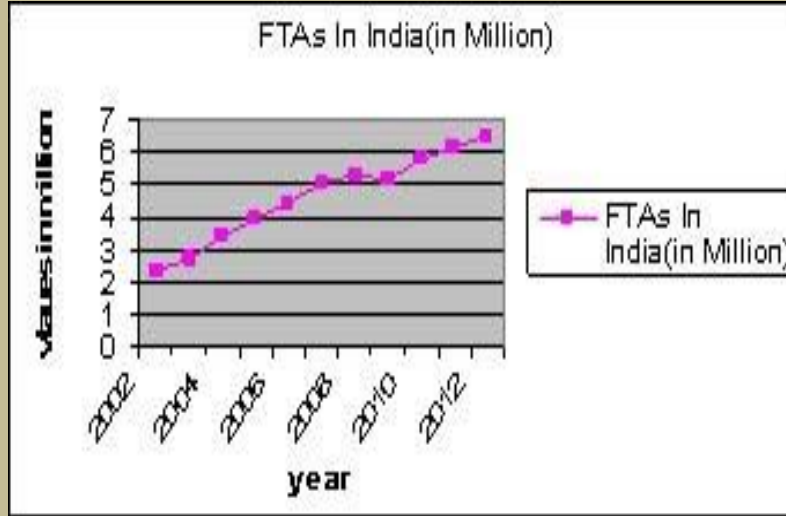


TABLE 2
Growth rate for Foreign Tourist Arrivals (FTAs) in India 2002-2012

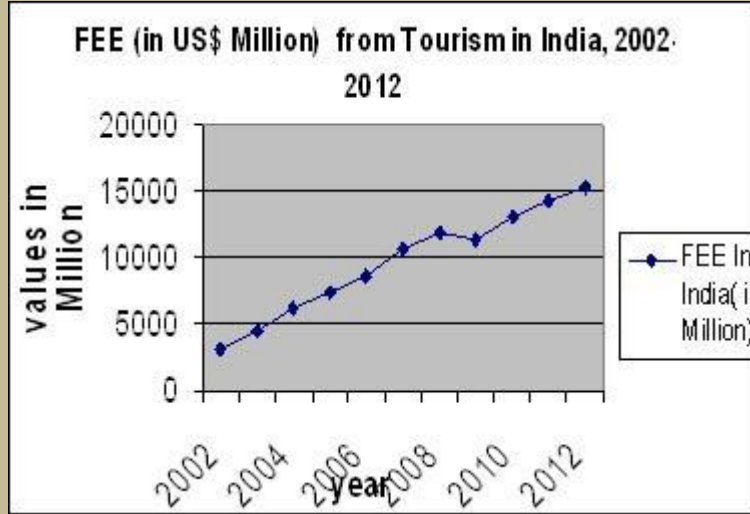
Year	FTAs In India(in Million)	Growth rate
2002	2.38	--
2003	2.73	14.70
2004	3.46	26.74
2005	3.92	13.29
2006	4.45	13.52
2007	5.08	14.15
2008	5.28	3.93
2009	5.17	-2.08
2010*	5.79	11.99
2011*	6.16	6.39
2012*	6.53	6.01

Source: Bureau of Immigration, Govt. of India, for 2002-2009

**Predicted values by using Trend analysis*

From the table No.2 it has been clear that in the year 2004 the growth rate is more compare to all the years ie 26.74. Growth rate shows negative value in the year 2009. This has been due to the global financial recession. After that it is recovered. In the year 2012 it might be 6.01.

Chart 2
Foreign Exchange Earnings (FEE)
(in US\$ Million) from Tourism in India, 2002-2012



FOREIGN EXCHANGE EARNINGS FROM TOURISM IN INDIA

Table 3 shows about the Foreign Exchange Earning from Tourism in India for the period of 2002-2012. Here the values has been predicated for the year 2009-2012 by using Trend Analysis under Least square method.

TABLE 3

Foreign Exchange Earnings (FEE) (in US\$ Million) from Tourism in India, 2002-2012

Year	FEE In India(in Million)
2002	3103
2003	4463
2004	6170
2005	7493
2006	8634
2007	10729
2008	11832
2009*	11394
2010*	13175
2011*	14289
2012*	15403

Source: Reserve Bank of India, for 2002-2008

**Predicted values by using Trend analysis*

The table No.3 shows about the Foreign Exchange Earnings (FEE) (in US\$ Million) for the year 2002-2012. It shows continues growth year after year, except for the year 2009 due the Financial Crisis. But it has been recovered in the year 2010 itself and now it has been start increasing

Chart 3

Foreign Exchange Earnings (FEE) (in Rs. Crore) from Tourism in India, 2002-2012



TABLE 4

Growth rate for Foreign Exchange Earnings (FEE) (in US\$ Million) from Tourism in India, 2002-2012

Year	FEE In India(in Million)	Growth
2002	3103	--
2003	4463	43.83
2004	6170	38.25
2005	7493	21.44
2006	8634	15.23
2007	10729	24.26
2008	11832	10.28
2009*	11394	-3.70
2010*	13175	15.63
2011*	14289	8.45
2012*	15403	7.80

From the table No.4 it has been clear that in the year 2003 the growth rate is more compare to all the years ie 43.83. Growth rate shows negative value in the year 2009. This has been due to the global financial recession. After that it has been recovered. In the year 2012 it might be 7.80.

TABLE 5

Foreign Exchange Earnings (FEE) (in Rs. Crore) From Tourism in India, 2002-2012

Year	FEE In India(in crores)
2002	15064
2003	20729
2004	27944
2005	33123
2006	39025
2007	44360
2008	51294
2009*	54960
2010*	58855

2011*	63789
2012*	68722

Source: Reserve Bank of India, for 2002-2008

**Predicted values by using Trend analysis*

The table No.5 shows about the Foreign Exchange Earnings (FEE) (in Crores) for the year 2002-2012. It shows continues growth year after year, except for the year 2009 due the Financial Crisis. But it has been recovered in the year 2010 itself and now it has been start increasing and in the year 2012 it might be reached to Rs.68,722 Crores.

TABLE 6
Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2010

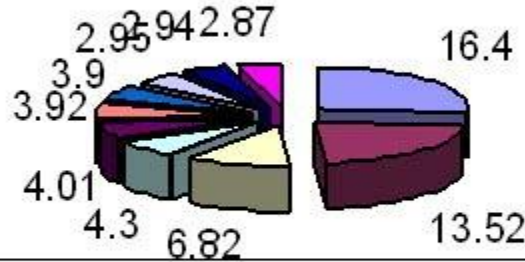
S.No	Source of country	FTAs In India(in million) (P)	Percentage (%)share
1	USA	.916	16.40
2	UK	.755	13.52
3	Bangladesh	.381	6.82
4	Canada	.240	4.30
5	Germany	.224	4.01
6	Sri Lanka	.219	3.92
7	France	.218	3.90
8	Japan	.165	2.95
9	Australia	.164	2.94
10	Malaysia	.160	2.87
Total of top 10 countries		3.442	61.64
Others		2.142	38.36
All countries		5.584	100

Source: Bureau of Immigration, Govt. of India (P) provisional

The table No.6 shows about the top 10 countries for FTA's in India for the year 2010(P). USA places the first position, followed by UK and least place go for the Malaysia.

Chart 4
Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2010

Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2010



FINDINGS:

- * The arrivals of Foreign Tourist get reduced due to financial crisis at the world.
- * In the year 2004 the growth rate is more compare to all the years ie 26.74. Growth rate shows negative value in the year 2009. This has been due to the global financial recession.
- * FEE increases continuously year after year, except for the year 2009 due the Financial Crisis. But it has been recovered in the year 2010 itself and now it has been start increasing
- * USA places the first position in arrivals of the foreigners to India in the year 2010.

SUGGESTION:

- * Efforts will be made to adopt the technological advances in the tourism sector to provide better facilities to tourists and to market the tourism product, to the benefit of all concerned.
- * Information technology shall be given the pride of place in the efforts to promote Indian tourism.
- * The Central Government must introduce a modern interpretation centre to cater to various needs of travelers, foreign as well as domestic and to offer various facilities for them, so that we can increase the Foreign Exchange revenue's for our country.

CONCLUSION:

The economic and social benefits of tourism and its importance as an instrument of economic growth have been fully recognized by all sections of the society. The present global business world has become more complex because of its dynamic nature. In this context the management of Indian Tourism sector should be more active and efficient in order to overcome the obstacles and challenges, which require effective economic position.

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4. www.moneycontrol.com