

# Tourism Development in India Under 12<sup>th</sup> Five Year Plan

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**Abstract:** Indian tourism industry has been growing at a rapid pace and it has vast potential for generating employment and earning large amount of foreign exchange. So it is imperative to study the growth and development of Indian tourism industry. In the present paper the growth and development of Indian tourism industry through 12th five year plan has been studied. The paper also focused on how ‘pro-poor tourism’ approach adopted in 12th five year plan had increased the net benefits to the poor from tourism and had contributed to the poverty reduction. Government has been giving special emphasize on the tourism sector during the each plan period. The rising significance of tourism has motivated the government to increase the tourism outlay by three-fold in its 12th five-year plan.

**Keywords:** Budget, Tourism Development, 12th five year plan (FYP), Infrastructure, Tourism industry, economic growth

## I. INTRODUCTION

From 1947 to 2017, the Indian economy was premised on the concept of planning. This was carried through the Five-Year Plans, developed, executed, and monitored by the Planning Commission (1951-2014) and the NITI Aayog (2015-2017). With the prime minister as the ex-officio chairman, the commission has a nominated deputy chairman, who holds the rank of a cabinet Minister. The Twelfth Plan completed its term in March 2017. Prior to the Fourth Plan, the allocation of state resources was based on schematic patterns rather than a transparent and objective mechanism, which led to the adoption of the Gadgil formula in 1969. Revised versions of the formula have been used since then to determine the allocation of central assistance for state plans. The new government led by Narendra Modi, elected in 2014 has announced the dissolution of the Planning Commission, and its replacement by a think tank called the NITI Aayog (an acronym for National Institution for Transforming India).

From 1966 to 1969 no five year plan could be launched because of an Indo-Pak conflict. The conflict in combination with the drought resulted in the devaluation of the currency and a general rise in prices. This erosion of resources disrupted the planning process. These years were treated in three annual plans between 1966 and 1969. The five year planning process was again disturbed in 1978 for two years and thereafter again in 1990 for two more years.

One of the significant reasons that government promotes and supports tourism throughout the world is that it has a positive impact upon economic growth and development (Ivanov and Webster, 2006).

TABLE I  
GOVERNMENT ALLOCATION FOR TOURISM DEVELOPMENT IN INDIA UNDER FIVE YEAR PLANS

Five Year Plan	Time Period	Plan Allocation (in Rs.)
1 <sup>st</sup>	1951-1956	0.00
2 <sup>nd</sup>	1956-1961	336.38 Lakhs
3 <sup>rd</sup>	1961-1966	800 Lakhs
	1966-1967*	58.50 Lakhs
	1967-1968*	87.65 Lakhs
	1968-1969*	183.81 Lakhs
4 <sup>th</sup>	1969-1974	36 Crores
5 <sup>th</sup>	1974-1979	133 Crores
6 <sup>th</sup>	1980-1985	187.46 Crores
7 <sup>th</sup>	1985-1990	326.16 Crores
	1990-1991	83 Crores
	1991-1992	90 Crores
8 <sup>th</sup>	1992-1997	773.62 Crores
9 <sup>th</sup>	1997-2002	793.75 Crores
10 <sup>th</sup>	2002-2007**	2900 Crores
11 <sup>th</sup>	2007-2012*** Revised****	3112.71 Crores 5156 Crores
12 <sup>th</sup>	2012-2017	29300.00 lakhs

Source: Five Year Plans, Government of India; \*Indian Tourism: Economic Planning & Statistics; \*\*Annual Report, 2002-2003, Department of Tourism, Government of India; \*\*\*Annual Report, 2011-2012, Department of Tourism, Government of India; \*\*\*\*Report of the Working Group on Tourism, 12<sup>th</sup> Five Year Plan (2012-2017), Ministry of Tourism, Government of India.

The gradual evolution of tourism in broad term refers to the growth of tourism which is considered to be a factor of the productivity for a country’s economy (Dritsakis, 2004).

Tourism is a major engine of economic growth and an important source of foreign exchange earnings in many countries including India. It has great capacity to create large scale employment of diverse kind – from the most specialized to the unskilled and hence can play a major role in creation of additional employment opportunities (WTO 1995).

Tourism is considered as an essential activity to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and on their overseas relations. Tourism boosts up economic activities through its multiplier effects and exploits local cultural and natural specialties in a positive way (Zimmer & Grassmann, 1996).

Tourism has become the world’s largest industry, generating wealth and employment, opening the minds of both visitors and the visited to different ways of life. India has strong signs of

becoming one of the emerging giants in world tourism. The most imperative factors for successful tourism development include product enhancement, marketing, regulations and human resource development. India's tourism is one of the flourishing sectors in terms of its scope. Tourism in India is growing continuously to generate employment and earn large amount of foreign exchange in order to stabilize the country's economic and social development. It also helps in preserving and sustaining the diversity of the India's natural and cultural environments. We should develop tourism industry with government supports, new initiations, actions and plans to influence foreigners to sustain our position strongly. Tourism in India is a key growth driver and a significant source of foreign exchange earnings. The tourism sector in India is flourishing due to an increase in foreign tourist arrivals (FTA) and a larger number of Indians travelling to domestic destinations. India has a dramatic growth of tourism and it is one of the most remarkable economic changes. Tourism activity has long lasting socio-economic impacts on the host economy and community. Though the industry has great opportunities, but there is a need to make it positive in terms of its future (Vijayaragavan, 2014)

The first conscious and organized effort to promote tourism in India was made in 1945 when a committee was set up by the government of India under the chairmanship of Sir John Sergeant, educational adviser to the government of India (Krishna, 1993). Thereafter, the development of tourism was taken up in a planned manner in 1956 coinciding with the second five year plan. The sixth plan marked the beginning of a new era when tourism began to be considered as a major instrument for social integration and economic development.

The United Nations has designated 2017 the International Year of Sustainable Tourism for Development. As one of the world's largest economic sectors, Travel & Tourism creates jobs, drives exports, and generates prosperity across the world. The International Year provides an enormous opportunity to further showcase the tremendous economic, social, cultural, environmental, and heritage value that the sector can bring.

According to the Ministry of Tourism, Government of India, expenditure for implementing tourism plans saw a three-fold increase in the 12th Five Year Plan period (2012-17), compared with the 11th Plan period. The Planning Commission of India had sanctioned a plan outlay of Rs 16,000 crore for tourism, versus Rs 5,156 crore in the previous period. The increased allocation was an indicator of the changing outlook of the government towards the tourism sector.

Accordingly, the Ministry of Tourism, Government of India has given a major thrust in promoting tourism as a means of economic growth and social integration for the country. The role of government in tourism development has been redefined from that of a regulator to that of a catalyst. Apart from marketing and promotion, the tourism development plan has to focus on an integrated development of enabling infrastructure through effective partnership with various stakeholders.

**II. OBJECTIVES OF THE STUDY**

1. To study the growth and development of tourism industry in India under 12th five year plan.

2. To study the contribution of tourism sector in employment generation in India.

**III. RESEARCH METHODOLOGY**

For the data collection, secondary sources have been used such as websites of Ministry of Tourism of India, Tourism Corporations, Bureau of Immigration, Govt. of India, The planning commission of India, World Tourism Organization (WTO), World Travel and Tourism Council (WTTC) and Annual reports of Tourism Ministry, India. Foreign tourist arrivals (FTAs) and Foreign exchange earnings (FEEs) data have been taken for the period of 5 years i.e. 2012 to 2017 from the website of World Tourism Organization.

**IV. DISCUSSION AND ANALYSIS OF GROWTH AND DEVELOPMENT OF TOURISM IN INDIA UNDER 12TH FIVE YEAR PLAN**

India is full of attractions so lots of tourists visit here. Table no. 2 presents the number of Foreign Tourists Arrivals (FTAs) in India during the period of 5 years i.e. 2012 through 2017 along with growth rates. Tourism in India has registered a significant growth in recent years. In May, 1992 the National Action Plan for tourism was announced to motivate private sector for their participation in the tourism sector.

Moreover, the credit for the increase in foreign tourists' arrival goes to the Planning Commission because it allotted funds for the development of tourism infrastructure during the eighth five year plan. There had been a remarkable growth from the year 2002 to 2005 in foreign tourists arrival due to the various efforts made by government of India including promoting India through the 'Incredible India' campaign in overseas markets which led to increase in tourism growth by about 65 percent during the period of three years i.e. from the level of 2.38 million in 2002 to 3.92 million in 2005.

**TABLE II**  
FOREIGN TOURISTS ARRIVALS (FTAs) IN INDIA, DURING 12TH PLAN (2012-2017)

Year	FTA in India (in Million)	% Change over the Previous Year
2012	6.58	4.3
2013	6.97	5.9
2014	7.68	10.2
2015	8.03	4.5
2016	8.89	9.7
2017	10.18	15.6

Source: WTO, 2015

**TABLE III**  
FOREIGN EXCHANGE EARNINGS (FEE) FROM TOURISM IN INDIA, DURING 12TH FIVE YEAR PLAN 2012-2017)

Year	Earnings(US\$ million)	% change	Earnings (crores)	% change
2012	17,737	7.1	94487	21.8
2013	18,445	4.0	107,671	14
2014	20236	9.7	123,320	14.5
2015	21,071	4.1	135,193	8.8
2016	22,923	9.8	154,146	14.0
2017	27,693	20.6	180,379	17.0

Source: WTO, 2017

The year 2017 was remarkable for tourism in India as it earned \$27 billion from its foreign tourist arrivals (FTAs), which crossed the 10-million mark, in 2017. Due to the significant increase in both foreign and domestic tourist arrivals in the 11th five year plan the government of India increases its budget outlay for tourism by three folds than previous five year plan which was 29300.00 lakhs.

Due to the remarkable increase in foreign exchange earnings (FEE) in India during the 12th five year plan. India has been ranked 52 in the travel and tourism competitiveness ranking index, as per the latest report released by World Economic Forum.

V. EMPLOYMENT GENERATION

Travel & Tourism generated 25,394,500 jobs directly in 2016 (5.8% of total employment) and this is forecast to grow by 2.1% in 2017 to 25,925,500 (5.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2027, Travel & Tourism will account for 31,910,000 jobs directly, an increase of 2.1% pa over the next ten years.

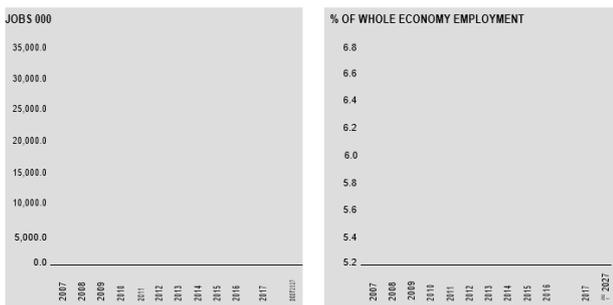


Fig. 1. India: Direct contribution of travel and tourism to employment (Source: World travel and tourism council March 2017)

The total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts, see page 2) was 40,343,000 jobs in 2016 (9.3% of total employment). This is forecast to rise by 1.8% in 2017 to 41,074,000 jobs (9.2% of total employment). By 2027, Travel & Tourism is forecast to support 49,868,000 jobs (9.6% of total employment), an increase of 2.0% pa over the period.

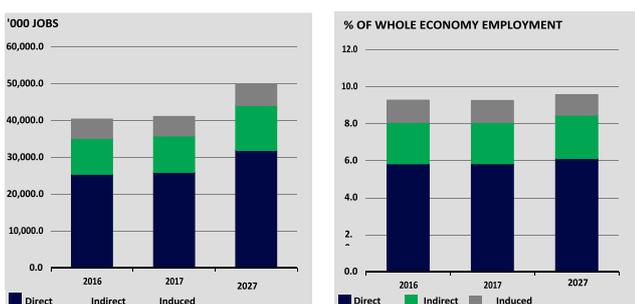


Fig. 2. India: Total contribution of travel and tourism to employment

The figure shows the current contribution of tourism in employment generation and its potential for the next ten years.

VI. SCHEMES AND RELEVANT STRATEGIES OF 12TH FIVE YEAR PLAN

- Facilitative visa regime is a pre requisite for increasing inbound tourism. The Ministry of Tourism takes the initiative of pursuance with Ministry of Home Affairs and Ministry of External Affairs for achieving the same. As on December, 2017, e-Visa facility had been extended to the nationals of 163 countries under 3 sub – categories i.e. ‘e-Tourist Visa’, ‘e – Business Visa’ and ‘e – Medical Visa’.
- For creation of tourism infrastructure, the Ministry of Tourism has two major schemes viz. Swadesh Darshan - Integrated Development of Theme Based Tourist Circuits and PRASHAD- Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive for development of tourism infrastructure in the country including historical places and heritage cities.
- A 24x7 Toll Free Multi-Lingual Tourist Info Line (1800111363 or on a short code 1363) in 10 International Languages besides Hindi & English is being run by the Ministry of Tourism for providing information relating to Travel & Tourism in India to the domestic and International tourists/visitors and for assisting them with advice while travelling in India.
- To overcome ‘seasonality’ challenge in tourism and to promote India as a 365 days destination, Ministry of Tourism has taken the initiative of identifying, diversifying, developing and promoting niche tourism products of the country like Cruise, Adventure, Medical, Wellness, Golf, Polo, Meetings Incentives Conferences & Exhibitions (MICE), Eco-tourism, Film Tourism, etc.
- A National Medical and Wellness Tourism Board has been set up to work as an umbrella organization to govern and promote medical tourism in India. Ministry supports the Chambers of Commerce for organizing exhibitions and seminars on Medical Tourism. These include International Health Tourism Conference, Bangalore 2017, Advantage Healthcare India, Bangalore 2017, Medical Pharma 2017, Delhi.
- A detailed road map and action plan to move India from its current position to become a preferred cruise destination in the world has been prepared by the consultant appointed jointly by Ministry of Shipping and Ministry of Tourism.
- In order to promote Adventure Tourism, the Ministry of Tourism has decided to celebrate 2018 as year of Adventure Tourism. Ministry has also taken the decision for purchase of 25 Satellite phones to be used by approved Adventure Tour Operators for mountaineering and trekking expeditions thus fulfilling the long standing demand of the industry.
- The India Golf Tourism Committee (IGTC) with Secretary (Tourism) as the Chairman, is the nodal body for golf tourism in the country. IGTC approved 06 golf events for financial support during the year 2017-18 (till December 2017).

9. Ministry has also taken the initiative to establish India as a filming destination by promoting “Incredible India” brand at various forums. Ministry has also supported the International Film Festival of India (IFFI 2017) in Goa by hosting the closing dinner.
10. It has been the endeavor of the Ministry of Tourism to put in place a system of training and professional education, with necessary infrastructure support, capable of generating manpower sufficient to meet the needs of the tourism and hospitality industry, both quantitatively and qualitatively. As of now, there are 42 Institutes of Hotel Management (IHMs), comprising 21 Central IHMs and 21 State IHMs, and 11 Food Craft Institutes (FCIs), which have come up with the support of the Ministry.
11. The Ministry of Tourism, as part of its ongoing promotional activities, releases campaigns in the international and domestic markets under the Incredible India brand-line, to promote various tourism destinations and products of India to increase foreign tourist arrivals and domestic visits within the country. A series of promotional activities are undertaken in important and potential markets overseas through the India Tourism offices abroad and within India through domestic India Tourism offices, with the objective of showcasing India’s tourism potential to foreign and domestic tourists.
12. The “Incredible India 2.0” Campaign of the Ministry was launched by the Hon’ble President of India on 27th September 2017, during the National Tourism Awards function. The 2.0 Campaign marks a shift from the generic promotions being undertaken across the world to market specific promotional plans and content creation. The Campaign covers the important source markets for Indian tourism and also takes into account emerging markets with significant potential.
13. The Ministry of Tourism is developing a new Incredible India website, leveraging the latest trends in technology for promotion and marketing of our country, to provide enhanced visitor experience with personalization and to realize the objectives of the Incredible India 2.0 campaign. This new website is aimed at providing an engaging experience for all visitors by providing relevant, interactive and immersive experience across multiple digital touch points (website, and mobile app).
14. The ‘Adopt a Heritage Scheme’ of Ministry of Tourism was launched on World Tourism Day i.e. 27th September, 2017 by the President of India. Thereafter, Ministry of Tourism invited Private Sector Companies, Public Sector Companies and Corporate individuals to adopt the sites and to take up the responsibility for making our heritage and tourism more sustainable through conservation and development.
15. To address the importance of “Swachhta” in tourism sector, Ministry has framed its “Swachhta Action Plan” involving 3 different activities of creating cleanliness awareness among tourists, students, teachers, school /college staffs, stakeholders of tourist centers, pilgrimage centers, famous archaeological monuments etc.
16. With the rollout of GST regime from July 1st, 2017, a GST Cell / facilitation center was constituted in the M/o Tourism to monitor the impact of GST on tourism and to handhold the tourism stakeholders for a smoother transition process by inviting GST related queries from all stakeholders of Tourism.

## VII. CONCLUSION

The 12th five year plan focused to adopt a pro-poor tourism approach aimed at increasing the net benefits to the poor from tourism and ensure that tourism growth contributes to poverty reduction. The benefits may be economic, social, environmental or cultural. There is need for a diversity of actions, from micro to macro level, including product and infrastructure development, marketing, branding and promotion, planning, policy and investment. A comprehensive set of strategies need to be developed for this purpose. Though there has been an enormous fund for the development of tourism but the principal strategy to realize India’s enormous assets with tourism potential viz., historical sites, places of religious significance, and its vast range of national attractions, must be to focus on clusters or circuits around such assets. The implementation of various strategies for development of tourism should involve developing formal and informal links between all stakeholders and coordination across all levels of Government. It is necessary to establish a ‘whole government’ agenda for tourism development between departments at national level and between national and local government so as to create convergence and synergy across programs. The National Tourism Policy should form an integral part of the poverty reduction strategy in the successive five year plans.

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