

Development of Tourism Sector

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In the Union Budget 2023-24, allocation for tourism sector was ₹ 2,400 crore. ₹ 1412 crore have been allocated for Swadesh Darshan Scheme. The budget speech mentioned 'Tourism' as one of the four opportunities that can create credible transformations in India in the coming decades.

According to United Nations World Tourism Organisation, tourists are persons travelling for leisure and other purposes, from their usual home environment to a destination, for at least one night and not more than a year, and return back to the place of origin. During this journey there should not be an involvement in any remunerative activity by the tourist. Tourist Generating Region (TGR) is the region where the tourist journey starts and ends (Leiper 1979). It is basically the region where the tourists originate from. TGR's have traditionally been high income regions whose population has some discretionary income which enables them to engage in travelling and leisure activities. Disposable income is the amount of money that is available for spending after deducting taxes. A household's discretionary income is calculated by subtracting the cost of fixed expenses (Eg. rent, food, electricity bills etc.) from overall disposable income. This amount is spent on what is desired rather than what is essential (Eg. travel and tourism etc.).

January 2023 World Economic Outlook of International Monetary Fund (IMF) considers India a 'bright spot', it says that, "Growth in India is set to decline from 6.8 per cent in 2022 to 6.1 per cent in 2023 before picking up to 6.8 per cent in 2024, with resilient domestic demand despite external headwinds". The readers are requested to focus upon two key themes, 'resilient domestic demand' and 'external headwinds'. In last October, IMF had cut its outlook for global economic growth in 2023, reflecting the continuing drag from the war in Ukraine as well as inflation pressures and the high interest rates engineered by central banks

like the U.S. Federal Reserve. IMF further said that simultaneously United States, China and European Unions' economy will witness economic slowdown. The table mentioned below, sourced from India Tourism Statistics 2022, Ministry of Tourism (MoT), Government of India (GoI), mentions top 10 source countries (TGRs) for foreign tourist arrivals in India in the year 2021. A majority of them are

Focus of development of tourism would be on domestic as well as foreign tourists. Budget emphasised on the opportunity India has, to present itself as a preferred tourist destination, in being the host to G20 presidency. The proposed development of 50 new destinations will make India more attractive to international tourists. 'Infrastructure and Investment' is one of the seven priorities (Saptarishi') adopted by the budget, which will indirectly benefit the tourism sector. 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity. Amrit Darohar scheme and MISHTI will aid eco-tourism and sustainability in tourism. Establishment of Unity Malls will facilitate the souvenir industry and MSME sector. Vibrant Villages Programme will catalyse rural tourism by facilitating infrastructure and amenities in border villages. Announcements of coastal shipping will help the cruise tourism sector.

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located in the regions which will experience an economic slowdown in 2023, as per IMF. Therefore, prospects of Inbound Tourism in India do not look that promising as economic slowdown may impact discretionary income in TGRs.

Top 10 source Countries for Foreign tourist Arrivals (FTAs) in India in 2021

S. No.	Source Country	FTAs	Percentage (%) Share
1	United States	429860	28.15
2	Bangladesh	240554	15.75
3.	United Kingdom	164143	10.75
4	CaNADA	80437	5.27
5	NEPAL	52544	3.44
6	AFGHANISTAN	36451	2.39
7	AUSTRALIA	33864	2.22
8	Germany	33772	2.21
9	Portugal	32064	2.10
10	France	30374	1.99
	Total Top 10 Countreis	1134063	74.26
	Others	393051	25.74
	Grand Total	1527114	100.0

Source:- Bureau of Immigration, Govt. of India

In the year 2020 and 2021, due to pandemic induced lockdowns, tourism sector in general and the civil aviation sector in specific, across the world, including India, suffered one of the most severe economic blows in their history because international civil aviation came to a halt as most of the countries closed their borders for flight movements. The year 2022 saw a gradual opening up of international passenger flight movement, which is a prerequisite for international tourism. On the front of Outbound Tourism from India, according to the inputs of travel intermediaries (Eg. tour operators and travel agents), which play a significant role in tourism distribution, currently, compared to pre- pandemic era, many popular 'Western' outbound destinations (Eg. USA, European Countries etc.) are showcasing airfare rise by approximately 65-70 per cent (to compensate the loss of pandemic era) coupled with visa processing delays. On the other hand, an airfare rise of approximately 20-40 per cent can be seen for 'Eastern' outbound destinations (Eg. Thailand, Vietnam etc.). In totality, outbound tourism has



also become costlier. Therefore, value for money tourists are opting for destinations in the east.

Now, let us look at the developments in the regime of Domestic Tourism in the past few years. In the Independence Day speech of 2019, the Prime Minister said that India has so much to offer and that if domestic tourism increases, it will, by default, attract international tourists. He said, "I know people travel abroad for holidays but can we think of visiting at least 15 tourist destinations within India by 2022". Pandemic induced lockdown, that persisted too long, resulted in halting international tourism. Therefore, to counter the loss due to halt in international tourism, MoT-Gol gave more impetus on domestic tourism in 2020 and launched 'Dekho Apna Desh' campaign, with an objective of promoting various tourism destinations of India. According to India Tourism Statistics 2022 MoT-Gol, International Tourist Arrival for India (Inbound Tourism), in 2021, stood at a meager 7 Million, with an annual growth rate of 10.6 per cent. No. of Domestic Tourist Visits to all States/UTs stood at a magnanimous 677.3 Million with an annual growth rate of 11 per cent. Another statistical data that we need to specially concentrate upon is No. of Indian Nationals departures from India (Outbound Tourism) in 2021, which stood at 8.55 Million. Annual growth rate of 17.3 per cent for Outbound Tourism has been the highest among the three forms of tourism mentioned above.

In line with the theme of Aatma Nirbhar Bharat, capitalising on the key theme of latest IMF projection i.e. 'resilient domestic demand', it is absolutely pragmatic to promote Domestic Tourism, as it may help in countering this consistently

growing trend in Indians (fuelled by social media platforms) to aspire for foreign destinations (despite increase in air fares and visa delays) when they think about tourism. Outbound tourism does not benefit the TGR. The foreign country visited by the tourists reaps the majority of economic benefits of tourism. The global economy continues to be plagued by uncertainties. Pandemic exposed the world to the vulnerabilities of the globalisation, especially in tangible domains, affecting the supply chains, but same is true for experience driven tourism sector. Inbound Tourism makes a country earn foreign exchange which positively impacts the balance of payments but over dependence of tourism industry on Inbound Tourism may lead to very severe shock, if Inbound Tourism halts due to un-controlled variables (refer the examples of Srilanka and Thailand).

Sectoral Allocation-Union Budget 2023

The key budgetary take aways regarding tourism sector in Union Budget 2023 should be seen in the light of the above perspective. The budget allocation for tourism sector was ₹ 2,400 crore. ₹ 1412 crore have been allocated for Swadesh Darshan Scheme. MoT, Gol had launched Swadesh Darshan Scheme in year 2014-15 with a view to promote integrated development of thematic tourist circuits in the country. MoT, Gol has sanctioned 76 projects under the scheme since its inception under 13 themes. ₹ 242 crore has been allocated for promotion and branding of tourism. The budget speech mentioned 'Tourism' as one of the four opportunities (other three include, Economic Empowerment of Women, PM Vishwakarma Kaushal Samman i.e. PM VIKAS and Green Growth), that can create credible transformations in India in the coming decades.

Budget underlined the potential of tourism to boost jobs and create opportunities for entrepreneurship for youth. Budget speech mentioned that the focus of development of tourism would be on domestic as well as foreign tourists. To meet the requirement of trained manpower in the tourism and hospitality sector, an allocation of ₹ 105.00 crore has been made for Training and Skill Development (Assistance to FCIs/IITTM/NIWS, Capacity Building for Service Providers). ₹ 250 crore have been allocated for the PRASHAD Scheme. National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation

Drive (PRASHAD), is a Central Sector Scheme, focussed on integrated development of identified pilgrimage and heritage destinations. Under PRASHAD scheme, 57 sites have been identified at present in 29 States/UTs for development. Allocation of ₹ 229 crore has been done for tourism infrastructure, promotion of North-Eastern states.

Hosting G-20 Meet 2023- Showcasing India as a destination

Qatar has one of the highest GDP per capita in the world. It is a country that has traditionally been known as an oil and gas exporting nation. The country did huge infrastructure investments in airports, hotels, roads, stadiums etc. in order to host the FIFA World Cup 2022. One of the latent objectives to host an international event of that magnitude was to provide a fillip for furthering Qatar's long-term tourism goals by showcasing their country to the world. The Union Budget 2023 emphasised on the opportunity India has to present itself as a preferred tourist destination, in being the host to the Group of Twenty (G20) presidency. India assumed the G20 presidency from Indonesia and will convene the G20 Leaders' Summit for the first time in the country in 2023. The G20 members represent around 85 per cent of the global GDP, over 75 per cent of the global trade, and about two-thirds of the world population. These statistics are important as India, through the Summit, has an opportunity to showcase its multitude of tourism attractions. This may lead to higher inbound tourist arrivals from the participating countries in future.

50 New Tourist Destinations

While tourism growth is great news overall, the excessive burden on handful of destinations in India, be it hill stations or those located seaside, is doing tremendous damage to India's tourism hotspots (witnessing 'Over-tourism') which are crumbling. Continuous violation of the carrying capacity of a tourist destination deteriorates it irreparably and it severely diminishes the tourist experience. India needs alternative destinations to offset the pressure on destinations like Joshimath (being the most recent), Goa, Shimla etc. which are witnessing fatigue due to Mass Tourism. Union Budget 2023 announced development of upto 50 new tourist destinations, these destinations may evolve as alternatives to existing ones. These destinations will be selected through a challenge

mode, and developed as a complete package, using an integrated and innovative approach. The mobile app will provide tourist-friendly information like physical and virtual connectivity, and details on tourist guides, amongst other guidance. A high standard of street food would be ensured, to enhance the tourist experience. 50 new destinations will make India more attractive to international tourists as their options will increase.

Accessibility and Supportive Infrastructure

Accessibility and supportive infrastructure are crucial for tourism development. Accessibility comprises of road, rail, air and water transport required to reach tourist destination. 'Infrastructure and Investment' is one of the seven priorities (Saptarishi') adopted by the Union Budget 2023. Air accessibility has great role in opening up new tourism destinations. According to a 2018 'International Air Transport Association' report on Indian aviation, in 2010, 79 million people travelled to/from/or within India and it doubled to 158 million by 2017. That number is expected to treble to 520 million by 2037. Union Budget 2023 mentioned that under Regional Connectivity Scheme (RCS), 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity. Ude Desh Ka Aam Naagrik (UDAN) was launched as a RCS under the Ministry of Civil Aviation in 2016, to develop the regional aviation market and to provide affordable, economically viable and profitable air travel on regional routes to the common man even in small towns. Like the popular Golden Triangle (comprising of Delhi, Agra and Jaipur) tourism circuit, regional connectivity will give a boost to the dedicated tourism circuits. This will help promote local tourism and trigger investment in hospitality projects in the region. Indian Railways is the lifeline of the nation and it is a preferred accessibility mode, especially for budget conscious tourists. A capital outlay of ₹ 2.40 lakh crore has been provided for the Railways in Union Budget 2023.

Amrit Dharohar: Facilitating Eco- Tourism

Under the Ramsar Convention, Wetland is described as "areas of marsh, peatland, or water, whether natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish, or salt, including areas of marine water the depth of which at low tides does not exceed

six meters". Wetlands are vital ecosystems which sustain biological diversity. Many wetlands are areas of natural beauty and are offered as eco- tourism attractions (Eg. Sur Sarovar in Agra, U.P.). The total number of Ramsar sites in our country has increased to 75. Local communities have always been at the forefront of conservation efforts. The Union Budget 2023 says that government will promote Wetland's unique conservation values through Amrit Dharohar, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.

Sunderbans Mangrove forest is a world famous eco-tourism spot; it lies on the delta of the Ganges, Brahmaputra and Meghna rivers on the Bay of Bengal. It is adjacent to the border of India's Sundarbans UNESCO World Heritage site (Natural). Mangroves have been the focus of conservationists for years and it is difficult to overstate their importance in the global climate context. Mangrove forests consist of trees and shrubs that live in intertidal water in coastal areas and they host diverse marine life. They also support a rich food web and act as a breeding ground for small fish, mud crabs and shrimps, thus providing a livelihood to local fishermen. Mangroves act as effective carbon stores, holding up to four times the amount of carbon as other forested ecosystems. Another initiative of Union Budget 2023, though not directly related to tourism, that will aid sustainability in tourism, is MISHTI i.e. 'Mangrove Initiative for Shoreline Habitats and Tangible Incomes'. It will involve mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources. Climate change mayhem also gets tackled through this initiative.

Unity Mall (Souvenirs in Tourism) and MSME facilitation

Souvenir shopping may represent a significant proportion of overall travel expenditure. It is an integral component of one's travel experience. In a move facilitating the availability of indigenously made souvenirs to the tourists, Union Budget 2023 mentions that, states will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one

district, one product), GI products and other handicraft products, and for providing space for such products of all other states.

This announcement should be understood in the context of Multiplier Effect in tourism where total spending done by the tourist filters through the economy and stimulates other sectors as well. In tourism the multiplier effect is usually applied to encompass the direct and secondary effects of tourist expenditures on the economy, although it can be applied to employment or other variables. The term multiplier effect is actually the application of a general economic technique developed by British Economist Keynes in the 1930s.

In Union Budget 2023, PM Vishwakarma Kaushal Samman (PMVIKAS) has been conceptualised for encouraging traditional arts and handicrafts. Components of the scheme will include not only financial support but also access to advanced skill training, knowledge of modern digital techniques and efficient green technologies, brand promotion, linkage with local and global markets, digital payments, and social security.

Micro, Small and Medium Enterprises (MSMEs) sector is an important pillar of the Indian economy as it supports growth and aids tremendously in job creation. The tourism ecosystem is MSME dominated. MSMEs in tourism sector exists across segments including hotels, tour operators, business travel, restaurants, travel agents, tourist transporters.

Relief for MSMEs- Union Budget 2023 has proposed revamping of the credit guarantee scheme for MSMEs. The revamped scheme will take effect from 1st April 2023 through infusion of ₹ 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of ₹ 2 lakh crore. Micro enterprises with turnover of up to ₹ 2 crore and certain professionals with turnover of up to ₹ 50 lakh can avail the benefit of presumptive taxation.

Rural (Border) Tourism: Vibrant Villages Programme

'Any form of tourism that showcases the rural life, art, culture and heritage at rural location, thereby benefitting the local community economically and socially as well as enabling interaction between the tourists and the local people for a more enriching

tourism experience' is Rural Tourism. Diversifying the basket of rural tourism offerings, in Union Budget 2023, under the scheme of Vibrant Villages Programme, tourism infrastructure and amenities will be facilitated in border villages. Border tourism is being given huge importance also because of its strategic connotations.

Cruise Tourism

India is a potential cruise destination with 7,500 km long coastline and vast river systems which are yet to be unveiled to the world. Recently, in Varanasi, the Prime Minister flagged off the world's longest river cruise named MV Ganga Vilas (managed by private operators), curated to showcase the best of India to the world. The Inland Waterways Authority of India, under the Ministry of Shipping, Ports and Waterways has supported the project. The project will boost river cruise tourism. Union Budget 2023 mentions that coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding. This will aid the development of cruise tourism in India.

Associated Sector Allocations

Budgetary allocation to Ministry of Culture stood at ₹ 3,399.65 crore. Under the allotment, ₹ 1102.83 crore has been allocated to the ASI for protection, preservation and conservation of Centrally Protected Monuments/sites. Additionally, to improve the financial and socio-economic status and support the Veteran artists, financial assistance under the Kala Sanskriti Vikas Yojana launched by the Culture Ministry has been enhanced, showing an increase from ₹ 4000 to ₹ 6000 per month.

Conclusion

It is irrefutable to question the growing influence of the tourism sector as an economic powerhouse and its potential as a tool for development. Tourism sector spearheads growth, improves the quality of people's lives with its capacity to create large scale employment of diverse kind. If properly managed; it supports environmental protection, promotes diverse cultural heritage and facilitates peace in the world. Ultimately all the government initiatives, including the budget, should make travel more experiential which is exactly what travel enthusiasts are looking for. Government projects, executed properly can make the tourist experience more wholesome and seamless. ■