



Tourism Sector in India, 2012: Incredible India



INDIA

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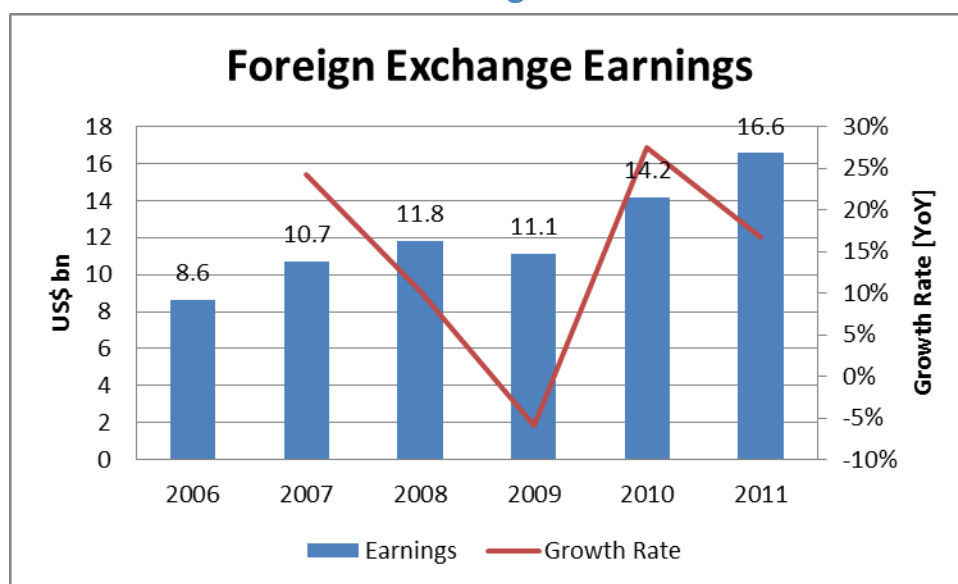
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According to the World Tourism Organization (UNWTO), International Tourist arrivals to Emerging economies grew at a rate of 5.7% between 1995 and 2010 compared to 2.7% to advanced economies. The number of arrivals to emerging economies which was 442 million in 2010 is projected to grow to 717 million and overtake arrivals to advanced economies (643 million) by 2020. Asia and the Pacific are expected to see the most growth with South East Asia projected to grow the most (6%) between 2010 and 2030.

With such rapid growth in tourist arrivals for the region we focus our attention on the tourism sector in India which contributed 6.2% to GDP and 8.8% to national employment during 2011. Foreign exchange earnings from visitors has grown at the same pace as Indian GDP over the past five years and represented 1.1% of GDP for 2011, or US\$ 8.6 billion in current figures, almost doubling the amount collected in 2006 (fig 1).

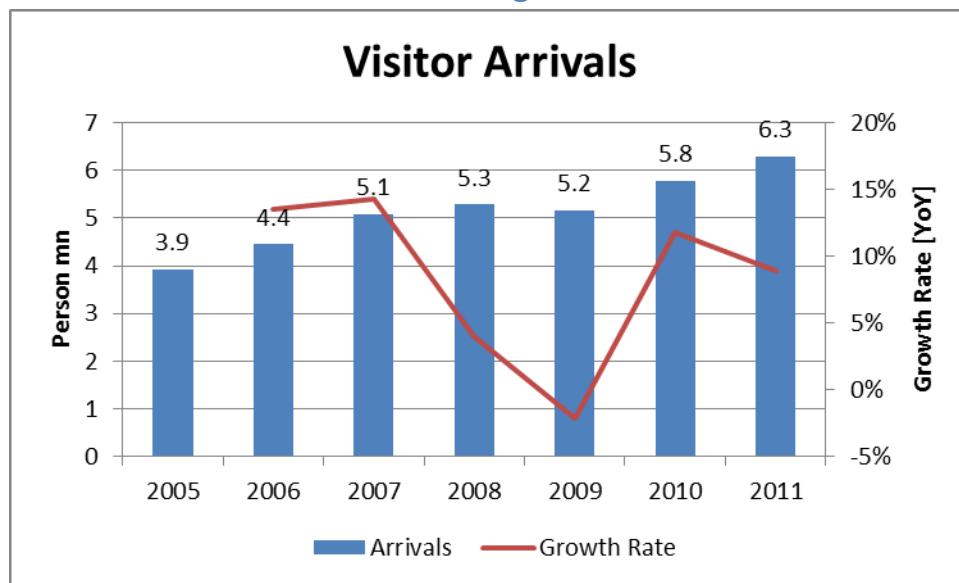
Fig 1



Source: Ministry of Tourism

The flow of foreign visitors has been increasing in recent years. India received 6.3 million visitors during fiscal 2011, up from 3.9 million recorded for 2005 (fig 2). Over the past five years, the number of visitor arrivals increased at an average rate of only 8% per year, due to the recessive period 2008-09.

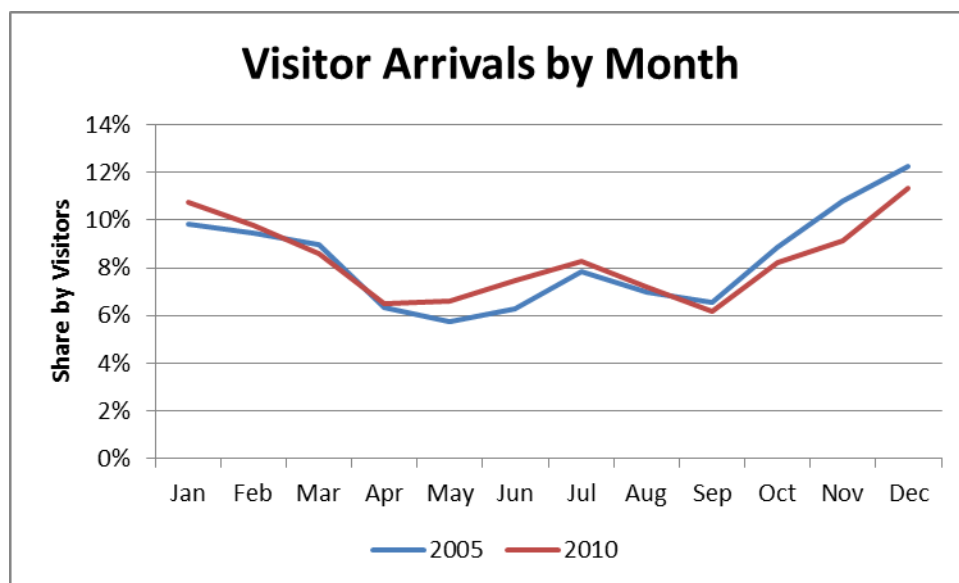
Fig 2



Source: Ministry of Tourism

Most foreign visitors arrive in December and January. In 2010, the country received higher percentages of visitors in May and June and lower percentages in November and December, compared to the values recorded in 2005 (fig 3).

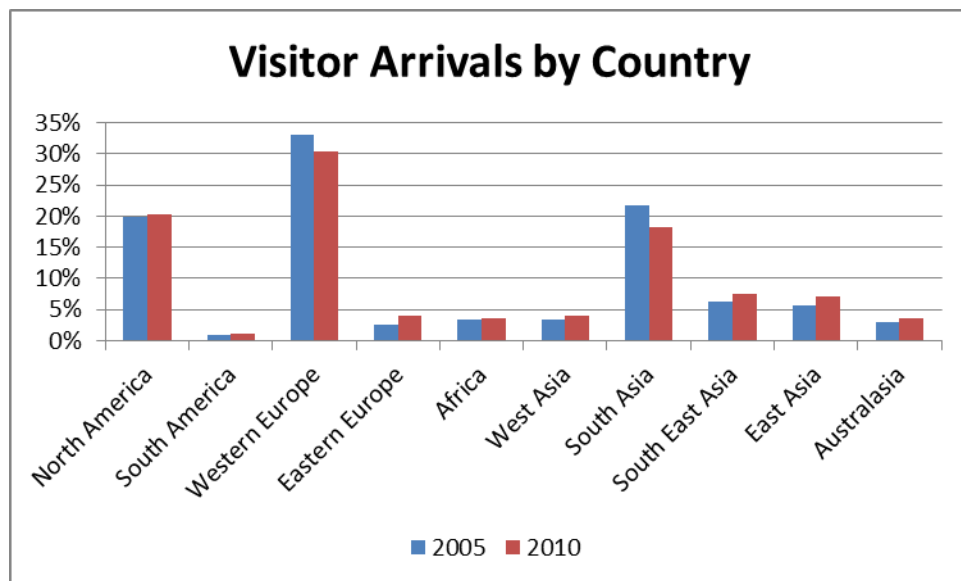
Fig 3



Source: Ministry of Tourism

Visitors from Western Europe –mostly United Kingdom- represented the largest segment with 30% of total foreign visitors during 2010, down from 33% recorded for 2005 (fig 4). North America, with 80% from the United States, ranked second during 2010 with 20% of total visitors, displacing visitors from the rest of South Asia, mostly Bangladesh and Sri Lanka, to a third place. Notably, the number of visitors from Bangladesh and Pakistan decreased between 2005 and 2010.

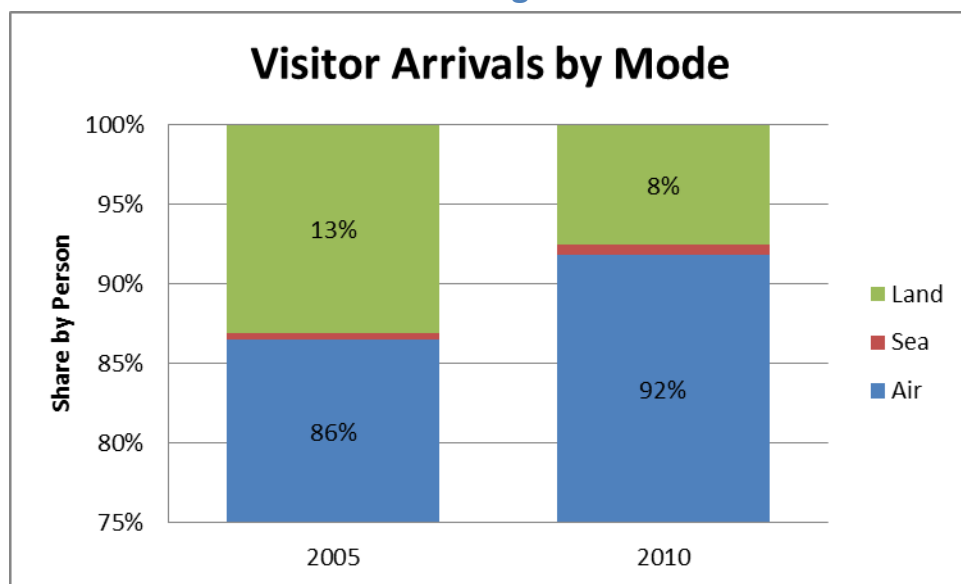
Fig 4



Source: Ministry of Tourism

Air was the most popular travel mode with 92% of total foreign visitor arrivals during 2010, up 6 basis points from 2005 (fig 5). After the liberalization of the air industry, some local carriers have expanded internationally offering competitive prices particularly for regional visitors.

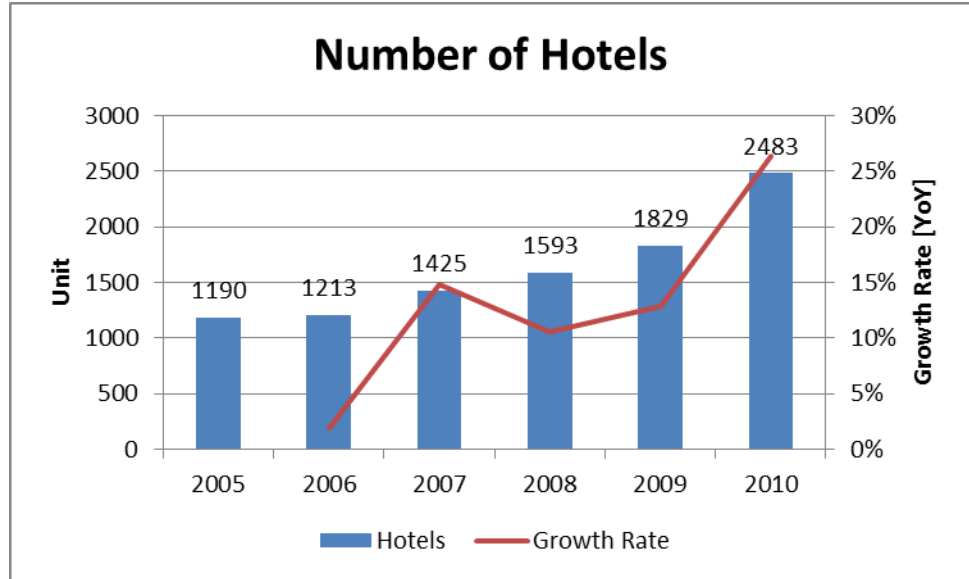
Fig 5



Source: Ministry of Tourism

Indian lodging facilities gradually expanded following growth in demand. The number of operating hotels in the country reached 2483 in 2010, more than two times the number recorded for 2005 (fig 6).

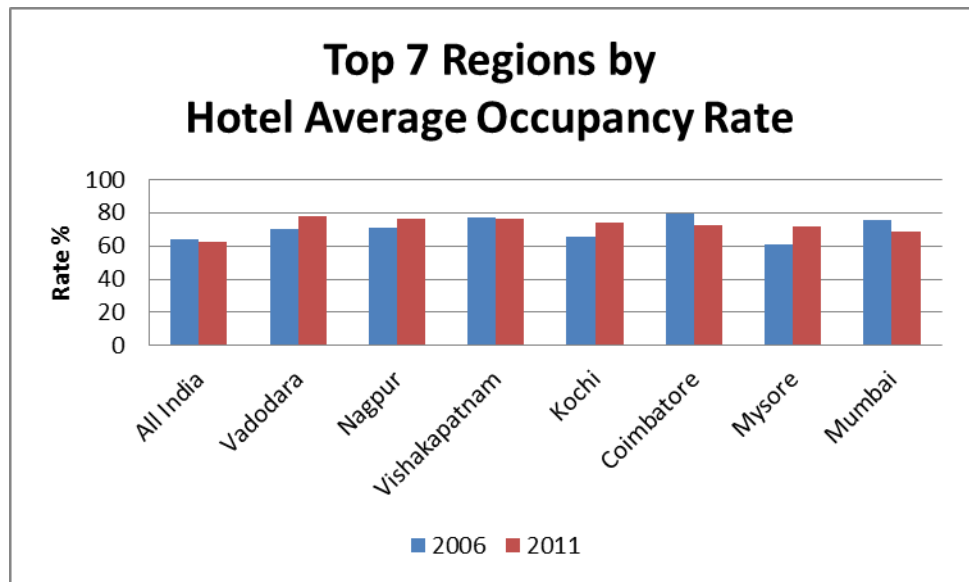
Fig 6



Source: Ministry of Tourism

Occupancy rates dropped slightly after the global recession period of 2008-09. The All India rate for 2010 was 62.1, two points down from 2006 (fig 7). Regardless of the crisis, some regions enjoyed higher occupancy rates in 2011, including Vadodara, Nagpur, Kochi, and Mysore.

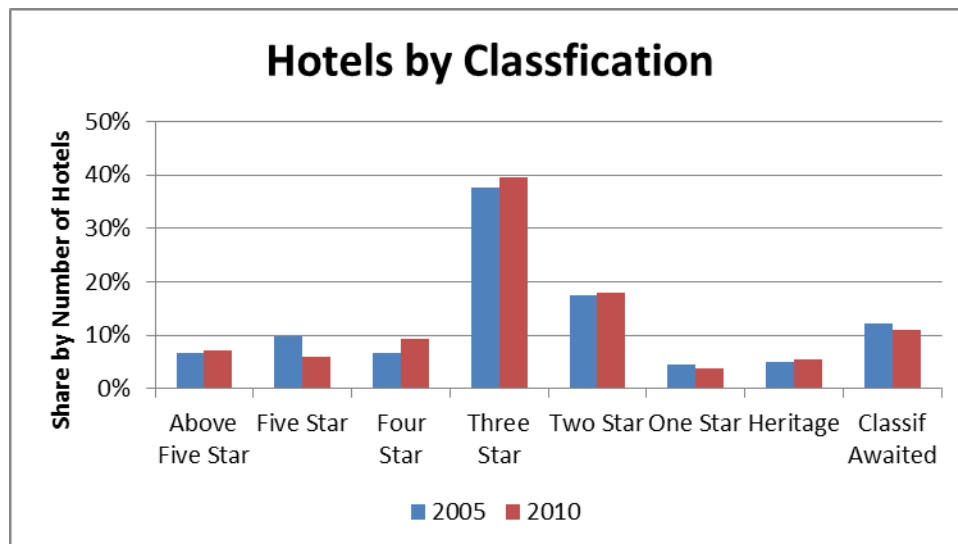
Fig 7



Source: Federation of Hotel & Restaurant Associations of India

Three-star hotels, the most common ones in the country, represented 39% of total hotels in 2010, a 1-point increase compared to 2005 (fig 8). Notably, more three and four-star hotels and fewer five-star hotels have been built over the past five years.

Fig 8



Source: Ministry of Tourism

With the development of international airport capabilities pointed out in the previous India Sector Brief on Transportation, coupled with the growth in lodging capacity, India is becoming better positioned to attract at least some of the significant growth in International Tourist Arrivals to South Asia projected by the UNWTO. Continued investments in the supporting infrastructure will help to propel this even more.