

## ROLE OF SERVICE SECTOR IN INDIAN ECONOMY WITH SPECIAL REFERENCE TO TOURISM INDUSTRY

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### Abstract

*With the start of civilization, human nature is temperamental and full of curiosities. In order to discover change, he wanders from one place to another to know different people, their lifestyles, their culture, their food and everything what he can know about them. The different civilizations all over the world are result of travelling. Even Vasco da Gama discovered sea route to India only through travelling. People travelled from one place to another for pilgrimage, for knowing the ancient culture and for many other reasons. This travelling has now been given the name of tourism. Tourism has now emerged as a full-fledged industry and as per the classification of CSO (Central Statistical Organization) India; it occupies a major place in the service sector. Even with the lack of basic facilities, this industry is flourishing and providing jobs to many along with increasing the Gross Domestic Product.*

**Keywords:** Service, tourism, economy

Collin Clark in his book "Conditions of Economic Progress" agrees that there is close relationship between development of the economy on one hand and occupational structure on the other and economic progress is closely associated with certain distinct necessary and predictable changes in the occupational structure.

Our Indian Economy is divided into three sectors—The Primary Sector, comprising Agriculture, Fisheries, Forestry, Animal Husbandry. The Secondary Sector, comprising Small and Large scale industries. The Tertiary Sector, comprising Transport, Communication, Banking, Finance and other services.

According to A.G.B. Fisher "In every progressive economy, there has been a steady shift of employment and investment from the essential primary activities to secondary activities of all kinds and to a still greater extent into tertiary production" Agriculture forms the backbone of the Indian economy and occupies a place of pride but the share of agriculture is decreasing continuously and that of industrial and service sector is continuously increasing.

The service sector contributes the most to the Indian GDP. The Sector of Services in India has the biggest share in the country's GDP, it accounts for more than 50% contribution. The various sectors under the Services Sector in India are construction, trade, hotels, transport, restaurant, communication and storage, social and personal services, community, insurance, financing, business services, and real estate.

### The Tourism industry in India

Tourism industry in India has outshone as a main factor of economic development. Indian tourism Industry has played its share in the Gross Domestic Product (GDP) of the country alongwith earning foreign exchange and creating job opportunities. Tourism has been making efforts for India's economic - social development because it provides unlimited job opportunities at national as well as local level.

Tourism in India has now become a well developed industry with a business of around 32 billion dollars. This accounted to about 5.3 – 6.0 percent of the GDP of the country. The percentage of foreign tourists in India is increasing every year by an annual increase of about 20% - 25%. Since last few years, the Tourism Ministry of India in association with the State Government has started various plans to plans to promote tourism in the state as well as the whole country. Tourism covers the area namely pilgrimage, tracking, mountaineering, river rafting, hiking, skeep along with wildlife tourism, ecotourism, village tourism, medical tourism etc. With the establishment of tourism as an industry and further for its promotion several tourists spots have been developed to attract national as well as foreign tourists. For the

development of Indian Tourism, Tourism Development Corporation was established in the Public Sector on October 1<sup>st</sup>, 1966. During 2008-09, the Ministry of Tourism launched seven international campaigns for promoting Indian tourism in the international markets. Keeping the same objective in mind, the different states of India have also implemented various policies to encourage tourism in their states. As per the statistical data of Ministry of Tourism it was found that the number of foreign tourist in India is continuously increasing.

Year	Number (in Lacs)	Foreign exchange earning (in U.S. Millions)
2000	2.15	3460
2001	2.54	3198
2002	2.38	3103
2003	2.73	4463
2004	3.46	6170
2005	3.92	7493
2006	4.45	8634
2007	5.08	10729
2008	5.28	11832
2009	5.11	11136
2010	5.78	14193
2011	6.29	16564
2012	6.31	17737
2013	6.58	18445
2014(Jan-June)#	6.97	9334@

Source : Ministry of Tourism, Govt. of India 2013

@ Growth Rate over Jan-June, 2013

# Revised estimates.



### Indian Tourism Industry: an overview

India has a large bouquet of visitor attractions that it can boast of. Its enormous diversity has always attracted both foreigners as well as its own citizens to explore the mirth and gaiety that India has to offer the world. Every corner of the country offers exquisite as well as exclusive tourism resources which echo the heritage as well as the tradition of that particular area.

### Ideals and Standard of Tourism Industry

The tourism industry of India is based on certain core nationalistic ideals and standards which are 7S- *Swagat or welcome; Sahyog or cooperation; Soochna or information; Sanrachna or infrastructure; Swidha or facilitation; Safaai or cleanliness; Surakshaa or security*

### Scope of Tourism Industry

The tourism industry, initiating the advertising campaign such as the “*Incredible India*” campaign promoted India’s culture and tourist attractions in a fresh and memorable way. The industry along with creating jobs in a variety of related sectors like customs, travel agencies, airlines, tour operators, hotel industry and guiding has helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction and even poultry. Both directly and indirectly, increased tourism in India has created jobs in a variety of related sectors. The numbers tell the story that almost more than 20 million people are now working in the India’s tourism industry.

### Tourism Industry in Uttar Pradesh: A special reference

The state of Uttar Pradesh, situated in the northern part of the country, is one of the most fascinating states of the Union of India. Uttar Pradesh is India’s most populous state with a population of over 190 million people. It is divided in 70 districts with Lucknow as its capital. It is bounded by Nepal on the North, Himachal Pradesh on the North West, Madhya Pradesh on the South, Haryana on the West, Rajasthan on the Southwest and Bihar on the East. The service sector comprises of travel and tourism, hotel industries, real estates, insurance and financial consultancies. Uttar Pradesh attracts large number of tourists.

Owing to its rich and varied culture, monuments, ancient places of worship, its monasteries make Uttar Pradesh an immense tourism delight and a centre of attraction for visitors coming to the state. The important tourist cities are Agra, Fatehpur Sikri, Allahabad, Samath, Gorakhpur, Varanasi, Lucknow, Kanpur, Mathura having religious as well as architectural importance.

The Uttar Pradesh Tourism Department, has undertaken certain policies to promote tourism in the state. The objectives of the Tourism Development Policy (source : [www.tourism.dept.gov.in](http://www.tourism.dept.gov.in)) are – Providing economic benefits to the local population and enhancing employment opportunities; Improving and diversifying tourism products base; Increasing the hotel capacity; Increasing the number of visitors; Increasing the investment in the tourism sector; Increasing the revenue in the tourism industry by providing better facilities and value based services to the tourists.

### U.P. Tourism’s Strategies for bringing about development

Development of basic infrastructure, to be undertaken by government bodies.; Planning tourist circuits through a master plan.; Enhancing and encouraging the participation of the private sector in the state government’s efforts at providing the necessary facilities to domestic and international tourists.; Dovetailing development funds from different sources.; Improving the product diversity to attract a range of tourists.; Coordination between various government departments.; Proper restoration of heritage properties and their publicity.; Providing cheap, clean and satisfactory facilities to tourists in matters of transport, accommodation, food and recreation.; Organizing cultural shows at fairs, festivals and seminars with a view to attracting more tourists.; Setting high standards and quality benchmarks for the tourism sector.; Extensive and effective marketing of tourism products and services.

### Reason for decline of tourism in Uttar Pradesh

Although the Government is making rigorous efforts to develop the tourism industry but there are certain barriers which are hindering its overall development. Tourism is a major source

of foreign exchange and these barriers hamper the growth of tourism industry from the view point of foreign tourist specially.; Still Indian tourism industry does not have the desired and well developed infrastructural facilities.; There are very few national as well as international airports. Those airports which are operating do not have sufficient facilities for the tourists. They are not fully equipped for providing the basic facilities to the foreign tourists.; The deteriorating condition of the roads is another problem faced by the tourists.; There is a scarcity of luxurious hotels, proper and hygienic restaurants, well equipped shopping malls and outlets displaying branded products are some of the reasons.; Efficient human resource and trained guides are also a problem faced by tourists.; The tourists also fear due to safety and security reasons. They even resist in coming because of the fraud and misbehaviour with them.; Terrorism has made vulnerable disaster to the tourism industry. Bomb blast and other terrorist activities have created a fear in hearts of the tourists and they are unable to visit with mental peace and stability.

### Suggestions for improvement

Thus for overall improvement of the tourism sector in the Uttar Pradesh, it is important that the visitors’ attraction and satisfaction requires maximum improvement and focused attention on a priority basis. For optimum productivity and sustainable growth of the tourism sector, the management of the tourist centres needs to decipher and understand the components constituting attraction in the tourists’ perception. Efforts should be made to provide good shopping opportunities, volume of operations, entertainment facilities, air connectivity, transport connectivity and long time packaged tours at lower price. There should be proper law and order situation at the tourist destinations.

Efforts should be made to ensure uninterrupted power supply for the comfort of the tourists. Further there should be coordination among the tourism department and the various agencies like the transport, airways, hotels and associates. Well trained and efficient human resources should be employed at every level to provide polite and courteous hospitality to the tourists.

Tourism has been pivotal to social progress as well as an important vehicle for widening socio economic and cultural contact throughout human history. Tourism promotes social cohesion and community bonding. By adding value to culture, heritage, nature, environment and ecology, it promotes preservation and conservation.

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