



## Tourism: Prospects and Problems Across International Level

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### Introduction:

It is a fact that tourism is key factor for accelerated development, education, employment and dignity for the world's forest countries. Tourism can help reduce poverty with fair and progressive liberalization. The World Tourism Organization is calling for "Liberalization with a Human face" – a progressive asymmetrical loosening of restraints with special benefits for the poorest, with safety nets and real regard for sustainability. Increasing foreign exchange, promoting entrepreneurship, stimulating infrastructure investment and creating millions of skilled jobs in tourism.

Frangialli continues to insist that tourism trade can be one of the most decisive factors in achieving the goals of development and sustainability in the global trading system particularly in the world's poorest countries. He argues that now is the moment to carry forward what he refers to as '**tourism liberalization with a human face**' – prioritizing poverty alleviation along with fair trade and triple bottom line sustainable development."

Tourism is one of the oldest areas of **economic activity** covered under the WTO's General Agreement on Trade in Services (GATS). Tourism and travel related services account for about 10.8 percent of World GDP and employ about 231.2 million people worldwide.

India Tourism & Travel **employment** is estimated at 30,607,000 jobs in 2018, 8.5% of total employment or one in every 19.3 jobs.

### The Beneficial Characteristics of Tourism

Irrespective of its diverse impacts many countries focus on tourism because they are convinced it has a significant influence not only on the institutions, people and facilities that are engaged in tourism activities but also on the local host communities. The key positive characteristics of Tourism include the following:

- (i) Tourism is a labour intensive industry, which generates employment opportunities at semi-skilled, technical and managerial levels.
- (ii) Tourism consists of predominantly small-scale businesses, in spite of the fact that there has been increasing investment and involvement in the sector by multinationals and local medium size and some big-size companies.
- (iii) Tourism is a relatively decentralized industry that is highly capable of diversifying regional economies, and hence is more suitable in affording the region equitable development.
- (iv) Tourism is an important vehicle for promoting cultural exchanges that enhance international understanding and goodwill among the diverse peoples of the world.
- (v) Thus the tourism activities act as catalyst for the development of other sectors of the economy

### Contribution of Tourism to GDP

The Travel & Tourism contributed to 11.8% to world GDP in 2015. In south Asia it is estimated to contribute 2.25%, on the other hand the industry in India



contributed 2.0% in 2007(INR 938.7 billion). The travel & tourism inks a high growth activity which is expected to increase its total economic activity by 4.4% p.a. worldwide. It is estimated at 7.3% growth in South Asia and 7.9% in India.

### **Employment Creation**

Travel & Tourism is human resource incentive, creating quality jobs across the full employment spectrum. In 2015, one in 12 jobs was generated by the industry accounting for 8.3% of global employment. Today, there are 86.1 million Tourism & Travel industry jobs and 431.2 million jobs in Tourism & Travel economy and these will rise to 86.6 million jobs and 262.6 million Tourism & Travel economy jobs by 2017.

### **Tourism earnings**

According to World Travel & Tourism Council (WTTC), the demand for tourism is expected to post US \$8000 billion of economic activity worldwide. Travel & Tourism demand in South Asia is expected to reach US \$ 90 billion by the end of 2011 whereas in India it is expected to reach INR 3500.00 billion of economic activity growing to INR 9472.7 billion by 2017.

Tourism & Travel is a major exporter, with inbound visitors injecting foreign exchange directly into the economy. Tourism & Travel exports in South Asia are expected to 5.5% of total exports in 2017 whereas it is expected to generate 5% (INR 574.8 billion). It is interesting to note that the Travel & Tourism operating expenditure worldwide represents at 3.8% and in case of India it is just 1% of total government spending.

### **Contribution of Tourism to Development of Infrastructure**

The benefits accruing from investments in infrastructure and superstructure as airports, hotels and restaurants, road networks, communications, power and water supply as well as other related public utilities are widely shared with other sectors of the economy, resulting into greater economic efficiency of any country that encourages tourism.

### **Tourism and Regional Development**

Tourism has been cited as a major promoter of international goodwill and understanding as well a prime means of developing social and cultural understanding at the local level. The industry contributes significantly to international commerce and also in enhancing good relations between the countries of the world.

### **Travel Motivations**

In 2018, just over half of all international tourist arrivals were motivated by leisure, recreation and holidays (51%)- a total of 430 million. Business travel accounted for some 16% (131 million), and 27% represented travel for other purposes, such as visiting friends and relatives(VFR), religious reasons/pilgrimages, health treatment, etc (225 million). The purpose of visit for the remaining 6% of arrivals was not specified.

### **Transport Preferences**

Air transport (42%) and transport over land- whether by road (46%) or rail (4%) –generate roughly equal shares of all arrivals, while arrivals through the sea route accounted for 8% in 2018. For the past three years, the trend has been for air transport to grow at a faster pace than ground and water transport.



## **Receipts from International Tourism Worldwide**

For many destinations, visitor expenditure on accommodation, food and drink, local transport, entertainment, shopping etc., is an important pillar of their economies, creating much needed employment and opportunities for development. Some 75 countries earned more than US \$ 1 billion from international tourism in 2018.

UNWTO estimates that worldwide receipts from international tourism reached US \$ 733 billion (584 billion euros) in 2018. In absolute terms, international tourism receipts increased by US \$ 57 billion (40 billion euros) in 2006-an amount will above the receipts of the world's second biggest tourism earner, Spain, or the combined receipts of the Middle East and Africa.

## **Demand for Long-haul Travel Keeps Growing**

In 2018, interregional travel increased by 8% as against a growth 5% for interregional traffic. In terms of source markets, international tourism is still largely concentrated in the industrialized countries of Europe, the Americas and Asia and the Pacific. However, with rising levels of disposable income, many emerging economies have shown fast growth over recent years, in particular markets in North-East and South-East Asia, Central and Eastern Europe, the Middle East and Southern Africa.

## **International Tourism Top Spenders**

In 2018, there were almost no changes in the leaders' ranking of the world's biggest spenders on international tourism. Two major exceptions- China continued to rise up the ranking, overtaking Italy to take sixth place, and the Netherlands was ousted from the top ten by the Republic of Korea, thanks to an 18% increase in spending on tourism abroad by Koreans in 2018. Among the top ten world source markets, which accounted for over half of all international tourism spending worldwide, the best performers in 2018, apart from the Republic of Korea, & China(+12%), Canada and Russian Federation (+6% each).

## **Challenges Faced by Tourism Industry**

### **Climate Change**

The theme will contribute in putting forward the global campaign to implement the Davos Declaration (Climate Change and Tourism – Responding top Global Challenges), and builds on the tourism sector's strong relationship with climate as well as its role in sustainable development.

### **Spending Fuelled by Debt**

This spending is underpinned by some very slow but fundamental shifts emerging in the Traveler Psyche. People are becoming more open to new things. Now more travelers consider themselves 'attracted to new things' and they are performing tours using smart money generated through credit cards.

### **Materialism Driven by Desire for Style and Status**

There is also evidence of a change in the pattern of leisure. With increasing work demands, flexibility is driving the choice of leisure activities with a move to more self-selecting/personal activities as opposed to group controlled and scheduled leisure.

### **Increase in Oil (Petrol)**

Rising petrol prices are also having an adverse effect on tourism. Regional touring is suffering as the rising cost of petrol pushes travelers to look at other options. People are no longer visiting friends and relatives in the same numbers. Customers are



now choosing to capitalize on the 'cheap' airfares and let the airlines pricing dictate their destination.

### **Sustainability of Tourism**

Another big issue for the world of tourism is very survival-the sustainability of tourism. Increasing urbanized and growing world population pose a challenge to tourism-a challenge that is separate to the big climate change/global warming situation that has implications for every part of our society.

### **Travel Agents are struggling**

More dramatically, we see in the domestic market travel agents haven't been able to capitalize on the growth in the industry where again the internet continues to grow rapidly as a preferred booking method resulting a low yield for Travel Agents worldwide.

### **Conclusion**

There is no doubt that tourism will continue to play a major role in the world economy. We must have faith that properly planned tourism will be a positive factor in national development; creating challenging employment and distributing wealth to all sectors of society. It will have flow-through effects and will serve as a catalyst for growth in other sectors such as agriculture, transportation and construction. These positive effects will be sustainably enhanced if tourism is planned and coordinated on a regional basis.

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