

FOREIGN DIRECT INVESTMENTS, GLOBAL COMPETITIVENESS AND TOURISM IN INDIA

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Abstract: While, India has ascended as the third largest economy in the World, in purchasing power parity, it is concurrently displaying a flip-flop in its Global Competitiveness rankings. Soon after the initiation of new economic policies in 1991, the government is drawing more and more FDI (Foreign Direct Investment) flows to boost its economic growth. At present it is the fastest growing economy and IMF's new estimates have projected India surpassing China in its economic growth rate by 2016. On the other side of the fiscal scale, India has slipped in its ranking in Global competitiveness. Amongst the various sectors of the Indian economy, Services are the leading ones where, tourism is emerging as a significant contributor in national GDP. The government is also attracting considerable FDI share for the tourism sector. Travel & Tourism Competitiveness Index for 2015 places India at 52nd rank (4.02) amongst 141 countries. Spain (5.30) and Chad (2.43) are at 1st and 141st ranks respectively. Although, being a developing economy, infrastructure may not be conducive for the growth of tourism in India, but its natural diversity and historical/cultural heritage hoard a huge potential for growth of tourism industry. Present paper attempts to present a spatial analysis of India's tourism industry viz a viz its FDI flows and global competitiveness.

Keywords: Foreign Direct Investment, Global Competitiveness, India, Tourism.

1. INTRODUCTION

The largest democracy, second largest population and the third largest economy, India followed mixed economy model after independence. It switched over to New Economic Policies (NEP) in 1990's to pursue liberalization, privatization and globalization of its economy. Since the inception of NEP, Indian economy has moved up though its economic growth has not followed a smooth path. Subsequently, the government is trying to attract more and more foreign direct investments (FDI) to boost its economic growth. India along with China, is amongst the fastest growing economies in the World. New estimates project India even surpassing China in its economic growth rate by 2016 (International Monetary Fund, 2015).

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Wong *et al.* (2009) found tourism promotes entrepreneurship and growth of economy, moreover it acts like an iceberg, where the visible tip is portrayed as travel, hotels, accommodation and tourist services and below the surface there are multitude of opportunities for households, and lot of micro and small enterprises. These days tourism has been recognized as a major engines for inclusive growth and sustainable development (Gupta, 2015). It is also projected that in the next ten years the contribution of tourism in India's GDP will increase to around 7 percent (WTTC, 2014).

The changing contours of trends and patterns of FDI in India, its rankings in global competitiveness in the globalized World, and its impact on tourism industry certainly raise some crucial questions. What causes this diverging trend in India's competitiveness rankings and its economic growth? Where should India perform better in improving its competitiveness along with socio-economic growth? Why these fluctuations are affecting the FDI in India? And how its tourism industry is doing after the adoption of new economic policies? Etcetera are some of the purposed research questions. Present paper present a research endeavor to answer the above listed questions. It has been divided into five parts. After the brief introduction, foreign direct investment in India has been analyzed. It is followed by its place in global competitiveness and travel and tourism competitiveness and the trends in tourism industry in India thereafter. Finally the main findings and conclusions drawn are revealed in last part.

2. FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI) refers to the investments, equity shares, and capital shown in the balance of payments etc. which are coming in the market of an economy. Government of India (2015) has defined FDI as an investment in the capital of an Indian company under FEMA regulations by non-resident persons/entity which resides outside country. FDI started pouring in the country during the globalization phase when India started its New Economic Policy in 1991. During the first fiscal year (1991-92) after NEP, India received FDI of just Rs. 409 Crores, which now has increased to Rs. 1,55,489 Crores in April 2014-January 2015 period. Cumulative FDI during 1991 to 2015 period has reached Rs. 12,63,515 Crores. During 1991-92 total FDI investment was just 0.03 percent of the GDP which has increased to around 3 percent of the GDP in 2015 (Reserve Bank of India, 2015).

Table 1 describes the FDI inflows in India since 2000. Investments are given as registered in regional headquarters of the Reserve Bank of India. Mumbai and Delhi got half (50 percent) of the total investments and other 21 percent are registered in Chennai, Bangalore, Ahmadabad and Hyderabad together. The patterns of these investments are illustrated through figure 1. It could be inferred from these maps that these investments are clustered in six mega cities and their surrounding regions. Eastern half particularly, the central/eastern tribal belts and

north eastern states are lagging behind in their FDI flows and these areas are also noted as backward and poverty stricken regions of India. Collectively, the states of Bihar, Jharkhand and Odisha received only 0.2 percent of the total registered FDI (Rs. 2,222 Crores), whereas North Eastern states received only 0.03 percent investments of just Rs. 361 Crores, during the same period. Collectively Western and Southern India registered largest FDI investments.

3. GLOBAL COMPETITIVENESS

Global competitiveness report is published every year by World economic forum to assess the determinants of economic growth of different countries of the world. It defines competitiveness of a country as a set of institutions, policies and factors that determines the levels of its productivity Increased productivity enhances the

Table 1
India: Foreign Direct Investment Equity Inflows, April 2000 to January 2015¹

S. No.	RBI's - Regional Office ²	State covered	2014-15 (April '14- January '15)	Cumulative Inflows (April '00 - January '15)	%age to total Inflows (in US \$)
1	MUMBAI	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	30,360 (4,983) *	344,449 (71,740) *	30
2	NEW DELHI	Delhi, part of UP and Haryana	35,433 (5,779)	242,204 (48,315)	20
3	CHENNAI	Tamil Nadu, Pondicherry	20,384 (3,340)	85,790 (10,536)	7
4	BANGALORE	Karnataka	13,886 (2,258)	74,753 (14,934)	6
5	AHMEDABAD	Gujarat	6,811 (1,112)	51,193 (10,622)	4
6	HYDERABAD	Andhra Pradesh	7,621 (1,256)	48,536 (9,901)	4
7	KOLKATA	West Bengal, Sikkim, Andaman & Nicobar Islands	1,229 (201)	14,393 (2,943)	1
8	CHANDIGARH	Chandigarh, Punjab, Haryana, Himachal Pradesh	234 (39)	6,360 (1,331)	0.6
9	JAIPUR	Rajasthan	3,233 (540)	6,791 (1,264)	0.5
10	BHOPAL	Madhya Pradesh, Chhattisgarh	600 (100)	6,095 (1,216)	0.5
11	KOCHI	Kerala, Lakshadweep	641 (105)	5,373 (1,086)	0.5
12	PANAJI	Goa	208 (34)	3,864 (822)	0.3
13	KANPUR	Uttar Pradesh, Uttarakhand	502 (82)	2,267 (454)	0.2
14	BHUBANESWAR	Orissa	51 (9)	1,957 (397)	0.2
15	GUWAHATI	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura	9 (1)	361 (80)	0
16	PATNA	Bihar, Jharkhand	66 (11)	265 (50)	0
17	JAMMU	Jammu & Kashmir	25 (4)	26 (4)	0
18	Region not indicated ³		34,196 (5,673)	304,711 (61,412)	25.3
SUB. TOTAL			155,489 (25,526)	1,199,386 (243,107)	100.00
19		RBI'S-NRI SCHEMES (from 2000 to 2002)	0	533 (121)	-
GRAND TOTAL			155,489 (25,526)	1,199,919 (243,228)	-

Source: Reserve Bank of India.

*Amount Rupees in Crores (US\$ in million)

1 Includes 'equity capital components' only.

2 The Region-wise FDI inflows are classified as per RBI's - Regional Office received FDI inflows, furnished by RBI, Mumbai.

3 Represents, FDI inflows through acquisition of existing shares by transfer from residents to nonresidents. For this, RBI Regional wise information is not provided by Reserve Bank of India.

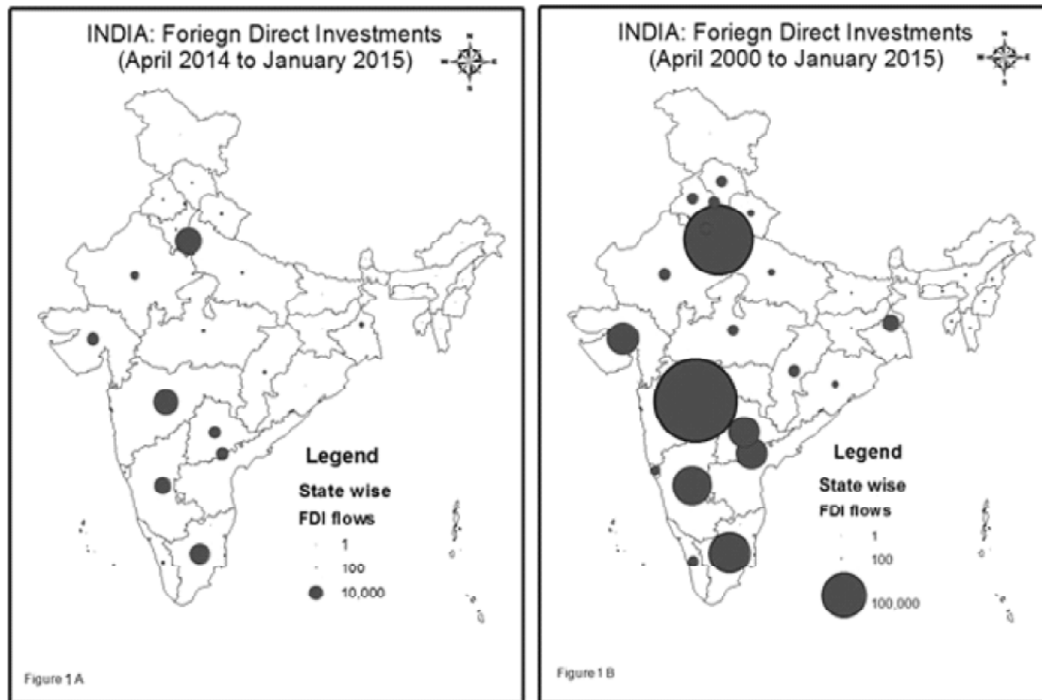


Figure 1: Foreign Direct Investments in India

Source: Reserve Bank of India

income of a nation and its increased investment further leads to the higher growth potential (World Economic Forum, 2015).

World economic forum describe global competitiveness through its twelve pillars. These include institutions, infrastructure, macroeconomic stability, health & primary education, higher education & training, goods/services market efficiency, labour market efficiency, financial market sophistication, technological readiness, market size, business sophistication and innovations. All these are interdependent and are categorized into three broad groups. A nation contours its economic growth from factor driven through efficiency driven to innovation driven competitiveness.

Table 2 describes about the ranking and scores of countries according to global competitiveness index (GCI) values for 2014-15. The top five positions are held by Switzerland, Singapore, United States, Finland and Germany respectively. All these countries are in the innovation driven stage of GCI and are also very high in Human development index values (UNDP, 2014). Within the BRICS countries group, China leads with being at 28th place, followed by Russia (53rd), South Africa (56th), Brazil (57th) and India at 71st ranks respectively. China and South Africa fall in efficiency

Table 2
Global Competitiveness Index Rankings

Country/Economy	GCI 2014-2015 (out of 144)	
	Rank	Score
Switzerland	1	5.7
Singapore	2	5.65
United States	3	5.54
Finland	4	5.5
Germany	5	5.49
China	28	4.89
Russian Federation	53	4.37
South Africa	56	4.35
Brazil	57	4.34
India	71	4.21
Sri Lanka	73	4.19
Nepal	102	3.81
Bhutan	103	3.8
Bangladesh	109	3.72
Pakistan	129	3.42
Myanmar	134	3.24
Yemen	142	2.96
Chad	143	2.85
Guinea	144	2.79

Source: Global Competitiveness Report, 2014-15

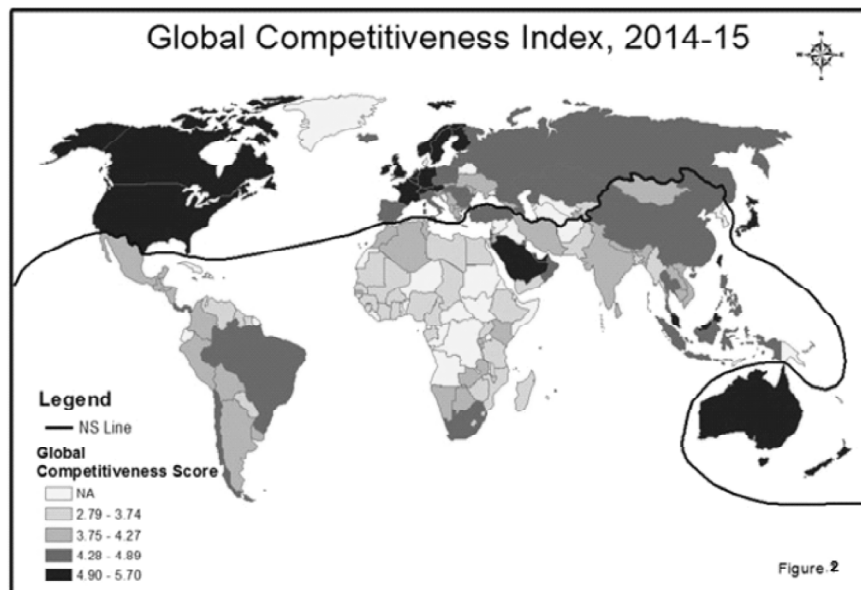


Figure 2: Global Competitiveness Index, 2014-15

Source: The global competitiveness report, 2014-15

driven stage of GCI where as Brazil and Russia are placed in transition phase from efficiency driven to innovation driven category. India is posed at factor driven stage of GCI, having a score of 4.21. It has slipped from its previous high rank (60th) in the last year due to its rigid macroeconomic policies and infrastructural bottle necks (World Economic Forum, 2015).

Comparatively, amongst the South Asian region countries, India is ahead of its neighbors and is followed by Sri Lanka (73rd), Nepal (102nd), Bhutan (103rd), Bangladesh (109th), Pakistan (129th) and Myanmar at 134th ranks respectively. India is the largest economy within South Asia and is able to attract more FDI in the post new economic policy era. Guinea is at the bottom rank (144) followed by Chad (143) and Yemen (142) in the 2015 GCI rankings. Sub Saharan African countries are least developed, very poor and lacking educational and infrastructural provisions (UNDP, 2014). Yemen has also slipped in this category after deterioration in its governance and economy after Arab Spring and starting of civil war last year.

Figure 1 illustrates the Global Competitiveness scores for 2014-15. North-South line is depicted as dividing the World into developed and developing halves, with few exceptions. Majority of developed economies are having high scores in GCI, and developing economies are found low in this index. Middle East economies like Israel, Kuwait, Qatar, Saudi Arabia, and UAE are some of the exceptions. Most of these Arab countries are oil rich economies while Israel boosts on its technology and innovations. Singapore, Taiwan, Malaysia and South Korea are also found high in their GCI rankings where Singapore has the distinction of being at number two in the GCI ranks. Singapore is having well developed tourism industry and financial establishments whereas others are Asian Tiger economies. Barring India, BRICS economies are also having moderate scores in competitiveness index.

India's rank in Global Competitiveness Index (GCI 2014-15) has dropped for the sixth consecutive year, and this time it is 11 positions down the previous year. It ranks 71st out of 144 countries, which is also lowest amongst the BRICS economies (Table 2). From 2004-05 onwards there were improvements in India's ranking in GCI from 55th to 43rd in 2006 and then again slipping to 50th place in 2008. Downward journey in rankings started in 2009 when it was placed 49th and since then it is falling in the subsequent years. Its rank reached 60th place in 2013-14 which further slipped to 71st position in 2014-15. Criticism of the Indian Government for number of scams and corruption cases during the second term of the UPA coalition, lead to decline of Investor's faith in the market as well as government institutions. India has to improve its infrastructural base, control its inflation and strengthen its economy which will improve its competitiveness, more economic growth and job opportunities for its growing population (World Economic Forum, 2015).

Table 3
India's Rankings in Global Competitiveness Pillars

Sr. No.	Global Competitiveness Pillars (Sub-indexes)	Rank in 2014-15
1	Institutions	70
2	Infrastructure	87
3	Macro-economic stability	101
4	Health & primary education	98
5	Higher education & training	93
6	Goods/services market efficiency	95
7	Labour market efficiency	112
8	Financial market sophistication	51
9	Technological readiness	121
10	Market size	3
11	Business sophistication	57
12	Innovation	49

Source: Global Competitiveness Report, 2014-15.

India's rankings amongst all the twelve pillars of global competitiveness index for 2014-15 are shown in table 3. Out of these twelve pillars, only in five cases, India's rankings are better than its GCI ranking, which mean rankings are lower than 71st rank. It was best in case of market size (3), and better in innovation (49), financial market sophistication (51), business sophistication (57) and institutions (70). Second largest population in the world provide one of the largest market having more than half billion plus middle class in India.

Compare to it, low rankings are noted in case of infrastructure (87), higher education & training (93), goods/services market efficiency (95), health & primary education (98) and macro-economic stability (101). It portrays poor infrastructural and educational attainments as well as low macroeconomic stability of the country (World Economic Forum, 2015). Rankings are worst in case of labour market efficiency (112) and technological readiness (121), depicting inefficiency and rigidity of labour market as well as technological backwardness in terms of widening digital divide. At present less than one sixth population of India can only access internet regularly. India is one of the least digitally connected countries in the World.

4. TRAVEL & TOURISM COMPETITIVENESS

Since the new phase of globalization in the 1990s, travel and tourism has shown significant increase globally. Notwithstanding the recent sluggish economic growth in advanced economies and geopolitical tensions in developing regions, the travel and tourism sector still accounts for a large part (about 9 percent) of the global GDP (US\$ 7 trillion) and employment. World Travel & Tourism Council (WTTC) project the travel and tourism sector to continue growing at 4 percent annually. This growth is faster than financial services, transport and manufacturing. The

Travel & Tourism Competitiveness Index (TTCI) is prepared by World Economic Forum and it was first compiled in 2007 to measure “the set of factors and policies that enable the sustainable development of the Travel & Tourism sector, which in turn, contributes to the development and competitiveness of a country” (World Economic Forum, 2015). Amongst the chief components of the TTCI include the four sub-indexes of enabling environment; travel & tourism policy and enabling conditions; infrastructure and natural & cultural resources. These sub-indexes are further categorized into 14 pillars as shown in figure 3. Enabling environment sub index include the five pillars of business environment, safety and security, health & hygiene, human resource & labour market, and the ICT readiness. All these further based on 40 indicators covering related dimensions, which provide the enabling environment conducive to enhancing the travel and tourism sector. T&T Policy and enabling conditions are composed of four pillars of 23 indicators, which are broadly related to travel and tourism policy and enabling conditions. Tourist service infrastructure apart from air, land and port infrastructure compose the third sub index consisting of 17 related indicators. Fourth sub index of natural and cultural resources comprising 10 indicators of natural resources and cultural resources and business travels. In total 141 countries have been compared and analyzed through

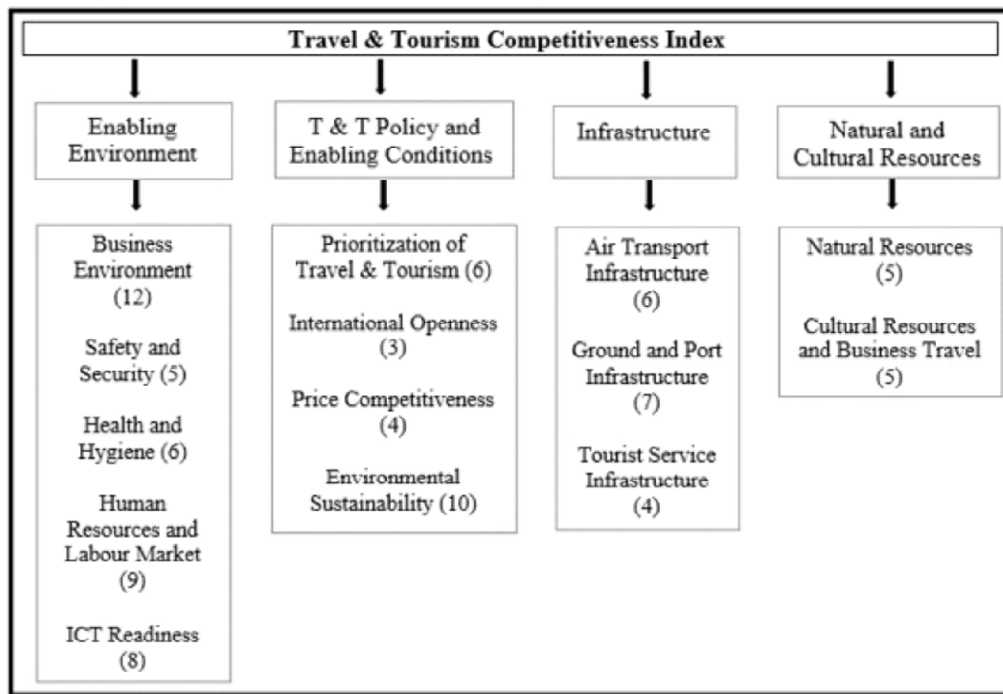


Figure 3: The Travel & Tourism Competitiveness Index 2015 Framework

Source: World Economic Forum 2015 (Figures in parenthesis indicate the number of indicators)

TTCI and these are grouped into five broad regions: Asia Pacific, Americas, Europe and Caucasus, Middle East and North Africa and Sub Saharan Africa.

Amongst all the regions, Europe remains the region with the most international arrivals per year. Contributing factors include its rich cultural resources, world-class tourism service infrastructure, strong health and hygiene conditions, and particularly with high degree of international openness and integration in the Schengen Area. Six out of top ten countries in travel & tourism lies in Europe (World Economic Forum, 2015). This year, in the TTCI rankings Spain leads with 5.31 value, followed by France (5.24), Germany (5.22), United States (5.12) and United Kingdom (5.12) in the top five (Table 4).

India holds 52nd place overall. Travels and tourism already accounts for 5 percent of India's employment. Gigantic potential for further growth in India is also made visible by comparing the its 7.68 million international visitors to China's 55 million tourists. Amongst the high rankings in different indicators include India's natural resources (17th) which are enormous and diverse and its cultural heritage resources (10th) include a unique intangible heritage (8th), sports events and a

Table 4: Travel & Tourism Competitiveness Index Rankings, 2015

Rank	Country	Value
1	Spain	5.31
2	France	5.24
3	Germany	5.22
4	United States	5.12
5	United Kingdom	5.12
17	China	4.54
28	Brazil	4.37
45	Russian Federation	4.08
48	South Africa	4.08
52	India	4.02
63	Sri Lanka	3.80
87	Bhutan	3.44
102	Nepal	3.27
125	Pakistan	2.92
127	Bangladesh	2.90
137	Mauritania	2.64
138	Yemen	2.62
139	Angola	2.60
140	Guinea	2.58
141	Chad	2.43

Source: World Economic Forum, 2015.

large entertainment offer. Consequently India's importance as business travel destination is also increasing along with its economic growth and being a price-competitive destination (8th). Recent changes in its visa regime (e-visa etc.), have the potential to boost its international arrivals further.

However, as in case of other developing economies, in India also glaring infrastructure gaps persist, especially in tourism specific infrastructure (109th) and the quality of roads in particular. Notwithstanding some bumpy progress, India is also lagging on health and hygiene (106th) and ICT readiness (114th) indicators. Besides, the safety and security situation is disturbing, with an apparent increase in the crime and violence impact (97th), and India also ranking 139th for environmental sustainability among all the 141 countries compared.

5. TOURISM IN INDIA

Travel and tourism industry in India is growing day by day and particularly after the starting of new economic policies in the 1990, foreign tourists have increased from 1.68 million in 1991 to 7.68 million in 2014. During the same time the foreign exchange earnings have also improved more than 10 times from 1861 million US dollars to 20236 million US dollars. Domestic tourist visits have also expanded from 66 million in 1991 to 1290 million in 2014 depicting 20 times increase in domestic tourism (Table 5, Figure 4).

Amongst the top ten countries where from foreign tourists arrived in India in 2014 (Table 6), United States account for more than a million tourists and 14.57 percent of the total arrivals. Bangladesh and United Kingdom followed by 12.27

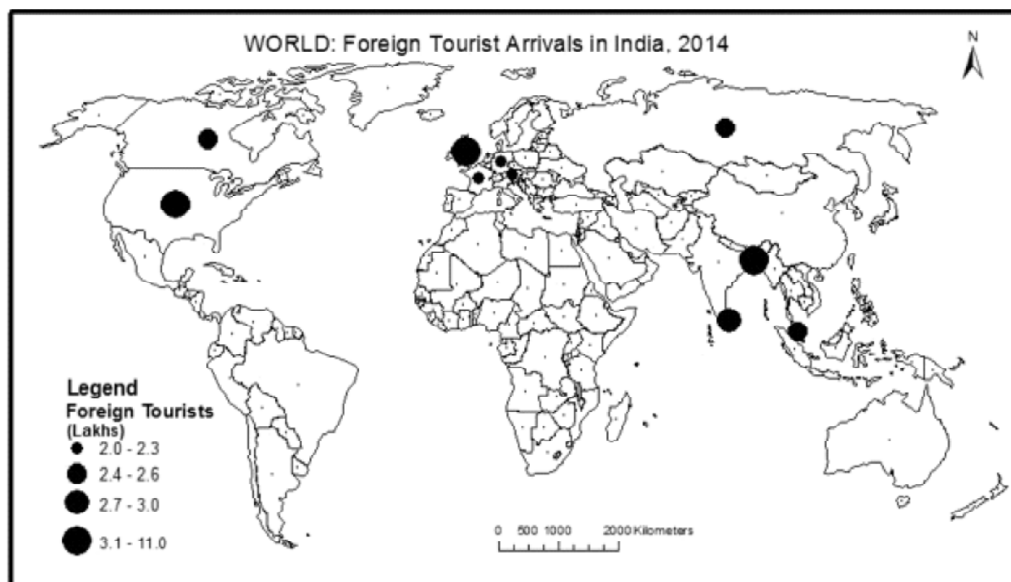


Figure 4: Foreign Tourists Arrivals (FTAs) in India, 2014

Table 5: Foreign and Domestic Tourists and Foreign Exchange Earnings in India

Year	Foreign Tourist Arrivals in Numbers	Foreign Exchange Earnings in Crores	Foreign Exchange Earnings in USD Millions	Domestic Tourist Visits in Numbers
1991	1677508	4318	1861	66670303
1992	1867651	5951	2126	81455861
1993	1764830	6611	2124	105811696
1994	1886433	7129	2272	127118655
1995	2123683	8430	2583	136643600
1996	2287860	10046	2832	140119672
1997	2374094	10511	2889	159877208
1998	2358629	12150	2948	168196000
1999	2481928	12951	3009	190671034
2000	2649378	15626	3460	220106911
2001	2537282	15083	3198	236469599
2002	2384364	15064	3103	269598028
2003	2726214	20729	4463	309038335
2004	3457477	27944	6170	366267522
2005	3918610	33123	7493	392014270
2006	4447167	39025	8634	462321054
2007	5081504	44360	10729	526564478
2008	5282603	51294	11832	563034107
2009	5167699	53700	11136	668800482
2010	5775692	64889#	14193#	747703380
2011	6309222	77591#	16564#	850856640
2012	6578759	94487#	17737#	1045049899#
2013	6967601	107671#	18445#	1142526798#
2014	7679099	123320#	20236#	1290109875#

Source: Ministry of Tourism, Govt. of India # Provisional Estimates

Table 6
Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2014

S. No.	Source Country	Foreign Tourist Arrivals	Percentage Share (%)
1	United States	1118983	14.57
2	Bangladesh	942562	12.27
3	United Kingdom	838860	10.92
4	Sri Lanka	301601	3.93
5	Russian Federation	269832	3.51
6	Canada	268485	3.50
7	Malaysia	262026	3.41
8	France	246101	3.20
9	Australia	239762	3.12
10	Germany	239106	3.11
Total top 10 Countries		4727318	61.56
Others		2951781	38.44
Grand Total		7679099	100.00

Source: Bureau of Immigration, Govt. of India.

and 10.92 percent tourists respectively. Sri Lanka, Russia, Canada, Malaysia, France, Australia and Germany accounted for more than 3 percent tourists each. Collectively these ten countries account 61.56 percent of the tourists in 2014.

Table 7 depicts top ten states share in number of foreign tourist visits during 2014. Southern state of Tamil Nadu account for around one fifth of the foreign

Table 7
Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2014

Rank	State/UT	Foreign Tourist Visits in 2014	
		Number	Percentage Share (%)
1	Tamil Nadu	4657630	20.6
2	Maharashtra	4389098	19.4
3	Uttar Pradesh	2909735	12.9
4	Delhi	2319046	10.3
5	Rajasthan	1525574	6.8
6	West Bengal	1375740	6.1
7	Kerala	923366	4.1
8	Bihar	829508	3.7
9	Karnataka	561870	2.5
10	Haryana	547367	2.4
Total top 10 States		20038934	88.8
Others		2528716	11.2
Grand Total		22567650	100.00

Source: State/UT Tourism Departments.

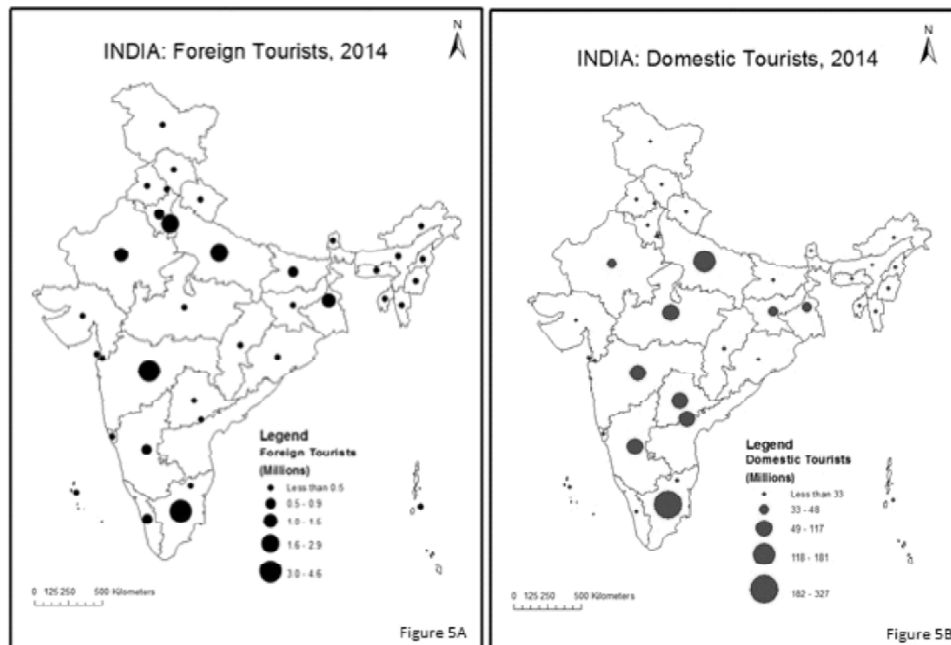


Figure 5: Foreign and Domestic Tourists in India, 2014

tourist and along with other southern states including Kerala and Karnataka accounts more than one fourth of the foreign tourists collectively. Northern states of Uttar Pradesh, Delhi, Rajasthan, Haryana, Bihar and West Bengal collectively account for more than two fifth of total foreign tourists. Historical and cultural heritage of India attracts the tourist for these visits. Figure 5A portrays the foreign tourist flows in 2014.

Table 8
Share of Top 10 States/UTs of India in Number of Domestic Tourist Visits in 2014

Rank	State/UT	Domestic Tourist Visits in 2014	
		Number	Percentage Share (%)
1	Tamil Nadu	327555233	25.4
2	Uttar Pradesh	182820108	14.2
3	Karnataka	118283220	9.2
4	Maharashtra	94127124	7.3
5	Andhra Pradesh	93306974	7.2
6	Telangana	72399113	5.6
7	Madhya Pradesh	63614525	4.9
8	West Bengal	49029590	3.8
9	Jharkhand	33427144	2.6
10	Rajasthan	33076491	2.6
Total top 10 States		1067639522	82.8
Others		222477910	17.2
Grand Total		1290117432	100.00

Source: Bureau of Immigration, Govt. of India.

Table 9
Top 10 Countries of the World & India in International Tourism Receipts in 2014

Rank	Country	International Tourism Receipts (P), in US \$ billion	Percentage Share (%)
1	United States	177.2	14.20
2	Spain	65.2	5.22
3	France	57.4	4.60
4	China	56.9	4.56
5	Macao (China)	50.8	4.07
6	United Kingdom	45.9	3.68
7	Italy	45.5	3.65
8	Germany	43.3	3.47
9	Thailand	38.4	3.08
10	Hong Kong (China)	38.4	3.08
Total top 10 Countries		619.0	49.61
INDIA (PR)		20.2	1.62
Others		608.8	48.77
Grand Total		1248.0	100.00

Source: UNWTO Barometer August 2015, Ministry for Tourism for India

PR : Provisionally Revised, P: Provisional.

As discussed above domestic tourism has also increased some twenty times since 1991. In 2014 more than 1290 million domestic tourist visits were registered among all the States and Union territories in India. Table 8 and figure 5B depicts the share of top ten states of India in terms of its domestic tourist visits for the said period. Tamil Nadu tops the list with more than 25 percent share followed by Uttar Pradesh (14.2), Karnataka (9.2) and Maharashtra (7.3). Amongst the domestic tourists, Pilgrimage is the most prevalent attraction. Largest share of international tourism receipts is taken by United States which accounted for around one seventh of the total world receipts in 2014 (Table 9). Spain and France collectively accounted for another tenth of these receipts. China including Macao and Hong Kong has also accounted for 10 percent of tourist receipts.

World Heritage sites of historical and cultural monuments along with the business travels are amongst the largest attractions for international tourist visits in these countries. Compare to these countries India accounted for less than two percent of such receipts. India has to do a lot and improve its rankings in infrastructure including tourism specific infrastructure, health and hygiene, ICT readiness and to provide safety and security to the visiting tourists.

As regards the impact of FDI on tourism it seems for sure that the increase in FDI display a positive correlation with the growth of tourist flow in India. Table 10 gives correlation values of 0.663 and 0.645 at .010 and .013 level of significance and positive correlation between current and Cumulative FDI with foreign tourists.

Table 10
Correlations between FDI and Foreign Tourists

		<i>FDI (2014-15)</i>	<i>FDI Cumulative (2000-2015)</i>
Foreign Tourists	Pearson Correlation	.663**	.645*
	Sig. (2-tailed)	.010	.013
	N	14	14

Apart from around five times increase in foreign tourist arrivals domestic tourism has also shown a twenty times increase during the same period. Second largest population as well as the market in the world and having a large historical and cultural heritage, tourism is bound to increase further as India strengthens its tourism infrastructure and more growth in its economy with launch of 'Make in India' program.

CONCLUSIONS

India being one of the largest market, and higher economic growth with increasing innovation orientation and launching of 'Make in India' campaign, its future role in the world economy in the coming years is growing. India's outpacing China in its economic growth rates and its increasing FDI share will certainly enhance India's

GCI rankings in the near future as well as its rankings in the travel and tourism competitiveness rankings. Travel and tourism industry is growing day by day and particularly after the starting of new economic policies in the 1990, foreign tourists have increased fivefold and domestic tourist almost twenty times. During the same time the foreign exchange earnings have also improved more than 10 times. World Heritage sites of historical and cultural monuments along with the business travels are amongst the largest attractions for international tourist visits in India. Although India accounted for less than two percent of foreign tourist receipts only, and it has to do a lot to improve its rankings in tourism specific infrastructure, health and hygiene, ICT readiness and also to provide safety and security to the visiting tourists.

It seems for sure that the increase in FDI display a positive correlation with the growth of tourist flow in India. Foreign as well as domestic tourists have increased tremendously. Being the second largest population in the world and having a large historical and cultural heritage and natural beauty, tourism is bound to increase further as India strengthens its tourism infrastructure and more growth in its economy with launch of 'Make in India' campaign.

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