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## **Tourism Sector and Economic Growth of India**

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### **Introduction:**

The tourism industry occupies a prominent place in the Indian economy. Because it is one of the major emerging sectors of our economy. Tourism attracts and brings in a large amount of foreign exchange and creates employment in our economy. In the current era of globalization, travel and tourism activities have increased tremendously. The United Nations World Tourism Organization has estimated that international tourism will continue to grow at an average annual rate of 4% each year. At present, tourism has become the largest and most profitable industry in the world. Under these circumstances, the natural, cultural and historical heritage of India makes it very important from the point of view of tourism. Presently India is known for various categories of tourism like adventure tourism, medical tourism, eco-tourism, rural tourism etc. It is also known that in India from Kashmir to Kanyakumari and from Arunachal Pradesh to Gujarat, each region has its own importance. Under tourism natural features such as mountains and plateaus have the potential to attract tourists. Also, the variety of landscapes and cultural heritage found here are providing many options for tourists coming from abroad. Even today, in some countries of the world (such as Sri Lanka, Nepal, Bhutan, Myanmar etc.) where followers of Hinduism, Buddhism and Jainism live in large numbers. Being the birthplace of the originator of these religions, India has a large number of holy and religious tourist places, attracting a large number of tourists from abroad. Tourist places here, due to which a large number of tourists are being attracted from South-East and East Asian countries.



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### **Emerging dimensions in tourism:**

Apart from traditional tourism, a new type of tourism activity is being created.

- 1- Health tourism
- 2- Spiritual tourism
- 3- Adventure tourism
- 4- Meetings, Incentives, Conferences and Exhibitions tourism
- 5- Rural tourism
- 6- Sustainable tourism

India has got the third rank in the World Travel and Tourism Council (WTTC) report, 2018. The report looked at the performance of 185 countries over the past seven years (2011-2017). There were seen four main pillars of this report-

- 1- Total Contribution to GDP
- 2- International travel expenses
- 3- Domestic tourism expenses and
- 4- Capital investment

This can be called a huge achievement for India in terms of raising its position at these four levels. In the year 2017, India generated around \$23 billion in revenue from tourism. This is higher than in France and Spain. It is noteworthy that in 2017 India had 14 million foreign tourists, whereas in 2014 the same figure was 768 lakh. In this context, India has registered an annual growth of 14% on the tourism front, which is much higher than the global average of 6.8% and the Asian average of 5.7%. However, the growth of domestic tourism was only 2.3%. The contribution of tourism to the GDP is 7%.

### **The objective of the study:**

In this research paper tried to find the contribution of the tourism sector to the Indian economy and also tried to elaborate possibilities of the tourism sector.

### **Research Methodology:**

The presented research paper describes the impact of the tourism sector on the economy. Secondary data and sources have been used in this paper in which magazines, various research papers, newspapers, government sites and various reports on the tourism sector have been resorted to.



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### **Analysis of the Tourism sector:-**

#### **Role of the tourism sector in the Indian Economy:**

The growing influence of the tourism sector as an economic powerhouse and its potential as a tool for the development of the Indian economy. The tourism sector not only spearheads growth; it also improves people's living standards with its capacity to create large-scale employment of diverse kinds. It supports environmental protection, and diverse cultural heritage and strengthens peace in the world.

The key figures relating to the financial performance of the Corporation for the last Five years (In Cr. Rs.) are tabulated below:

**Table-1**

|                         | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Turnover                | 504.19         | 465.69         | 356.11         | 366.42         | 371.72         |
| ProfitbeforeTax         | 38.95          | 32.42          | 17.00          | 21.25          | 57.91          |
| ProfitafterTax          | 34.37          | 22.5           | 11.43          | 17.71          | 42.15          |
| ForeignExchangeEarnings | 12.99          | 17.95          | 15.20          | 15.27          | 18.65          |

Source: Annual Report 2019Ministry of Tourism Government of India

#### **Foreign Tourist Arrivals (FTAs)**

FTAs during 2019 were 10.89million(Provisional) with a growth of 3.2% over same period of the previous year. During 2019, a total of 2.93million foreign tourists arrived one-TouristVisa registering a growth of 23.6%.

**Table-2**

| <b>Items</b>                     | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
|----------------------------------|----------------|----------------|----------------|----------------|
| <b>Turnover</b>                  | <b>465.69</b>  | <b>356.11</b>  | <b>366.42</b>  | <b>371.72</b>  |
| <b>Profit before Tax</b>         | <b>32.42</b>   | <b>17.00</b>   | <b>21.25</b>   | <b>57.91</b>   |
| <b>Profit after tax</b>          | <b>22.5</b>    | <b>11.43</b>   | <b>17.71</b>   | <b>42.15</b>   |
| <b>Foreign Exchange Earnings</b> | <b>17.95</b>   | <b>15.20</b>   | <b>15.27</b>   | <b>18.65</b>   |

Source: Annual Report 2019 Ministry of Tourism Government of India

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**Contribution of tourism to GDP and employment: Table - 3**

| Items   | 2013-14      | 2014-15      | 2015-16      | 2016-17      | 2017-18      | 2018-19      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Share in GDP(In %)</b>                                     | <b>5.68</b>  | <b>5.81</b>  | <b>5.09</b>  | <b>5.04</b>  | <b>5.00</b>  | <b>5.00</b>  |
| <b>Share in Jobs(In %)</b>                                    | <b>11.91</b> | <b>12.14</b> | <b>12.38</b> | <b>12.2</b>  | <b>12.29</b> | <b>12.95</b> |
| <b>Direct &amp; Indirect Jobs due to tourism (In Million)</b> | <b>67.19</b> | <b>69.56</b> | <b>72.26</b> | <b>75.71</b> | <b>80.54</b> | <b>88.72</b> |

Source: Annual Report 2019 Ministry of Tourism Government of India

In the Indian economy, the total transactions in the tourism sector are increasing continuously from 2014 to 2019. Rate of the profit, Employment opportunities and foreign exchange earnings in this sector are also increasing. We found from the table-2 that the contribution of this sector to GDP has increased.

**Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2019**

Table-4

| S.N. | Source Country     | Percentage Share |
|------|--------------------|------------------|
| 1    | Bangladesh         | 20.01            |
| 2    | United States      | 14.36            |
| 3    | United Kingdom     | 10.63            |
| 4    | Canada             | 4.48             |
| 5    | Russian Federation | 3.72             |
| 6    | Australia          | 3.16             |
| 7    | France             | 2.70             |
| 8    | Germany            | 2.64             |
| 9    | Malaysia           | 2.55             |
| 10   | Sri Lanka          | 2.50             |
|      | <b>Total</b>       | <b>66.76</b>     |
|      | <b>Others</b>      | <b>32.94</b>     |
|      | <b>Grand Total</b> | <b>100.00</b>    |

Source: Bureau of Immigration, Govt. of India



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## Government Initiatives

- In the Indian Economy under the **Swadesh Darshan Scheme**, the Ministry of Tourism assists State Governments in developing the infrastructure for 13 theme-based circuits that have been designated. Rs. 1,200 crores (US\$ 171.70 million) budget was provided for the creation of tourist circuits for eight Northeastern states as part of **Swadesh Darshan**.
- For tourism development The **Swadesh Darshan** and **PRASHAD** schemes are designed to promote expansion in specialized tourism markets such as wildlife, adventure, wellness, and religious travel in India.
- **The Swachh Bharat movement** has started a significant cleaning campaign to safeguard and maintain the sacredness of national historic monuments.
- **Dekho Apna Desh:**

## Contribution of Tourism to the Indian Economy

"The outlook for the next decade is looking very positive with India accounting for one in five of all new Travel & Tourism jobs globally," stated Julia Simpson, President & CEO of the WTTC (World Travel and Tourism Council). Before the epidemic, India's travel and tourism sector contributed 7% of the country's GDP (\$15.7 trillion, or \$212 billion) in 2019 and was 8.3% increase in employment this year, there will be close to 35 million jobs in the travel and tourism industry. The prediction also shows that during the next ten years, the industry is predicted to add more than 24 million employment or more than 2.4 million new positions annually. The sector provided more than 40 million jobs in 2019. India's travel and tourism sector is predicted to develop at an average annual rate of 7.8% over the next ten years, outpacing the country's overall economic growth rate of 6.7%, and eventually account for 7.2% of the country's GDP, or over \$33.8 trillion (U.S. \$457 billion). Even though the industry added just under 3 million personnel to the travel and tourism sector in 2019 (increasing overall by 10.2% to more than 32 million) Suppose it wasn't for the effects of the Omicron variant, which caused the recovery of this industry a global stagnation and forced many governments to reinstitute strict travel restrictions. In that case, the sector's contribution to economic growth and jobs could have been more significant.



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### **Prospects of the Tourism Sector:**

The tourism sector in India contributed a positive impact on the Balance of Payment from which it plays an important role in increasing foreign exchange earnings in India. The annual growth rate of this industry in India is 9.4%. This Industry will support about 46 million jobs in next year. Various projects under the Swadesh Darshan and Prasad scheme have been sanctioned worth Rs 550 crore (US\$ 78.70 million).

**Challenges in Tourism Sector:** There are some major challenges in the field of the tourism sector, which are given below.

- A slow process for the Visa facility is creating issues in this sector.
- Low awareness: Low awareness of the e-visa facility in this sector makes the entry process quite difficult for tourists.
- Limited entry on e-Visa is challenging in this sector.
- Deficiencies in infrastructure like sanitation, living facilities, hotels, etc., and inadequate connectivity hamper tourist visits to heritage sites.
- The low level of skilled individuals in the tourism sector is a major challenge for providing visitors with a world-class experience.
- Slow and low marketing policy is the main concern for tourist places. Also, the campaigns of the tourism sector are poorly managed. All these issues affect the tourism industry of the region.
- Sanitation and health system- Lack of sanitation in major cities has harmed Indian food and public health care.
- Few areas of the Indian economy still have poor electricity. Even access to information to domestic and foreign tourists is not at ease.
- Tourism has also caused environmental concerns in the hills and the beaches.

### **Conclusion:**

The tourism and hospitality industry has a huge impact on the Indian economy and these industries play an important role in the development of the Indian economy. According to statistics, the tourism industry of India has provided employment to a total of more than 42

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million people, which is about 8.1% of the total employment opportunities in India. In the year 2019, India's tourism industry contributed about 9.3 per cent to the country's GDP and accounted for 5.9 per cent of the total investment. Experts believe that this sector is capable of providing quality employment to millions of people, which is very important for a country like India, where 72 % of the population is below 32 years of age and the average age is 29 years. There is wonderful diversity in relation to the tourism sector in India. There are a total of 38 UNESCO World Heritage Sites in India, which make India very important from the point of view of tourism. The challenges faced by this sector can be overcome. Surely the Indian tourism sector has grown at a rapid pace in the last few years. Due to the promotion of this sector, the country's GDP, foreign exchange earnings and the number & percentage of employment have also increased. The Indian economy has the potential to boost tourism along with natural beauty. The development of the tourism sector enhances the capacity of other sectors such as infrastructure, transport, communication, hotel etc. After analysis of the economic effects of this sector, we found that tourism services have extremely beneficial effects on employment and the current balance of payments in the Indian economy.

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