



Tourism contribution in Economic Growth: A Trend Analysis

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Abstract:

Tourism is an important sector in the economic growth and employment generation of the country. The importance of the tourism sector can be understood from the fact that tourism is also one of the five major foreign exchange earning sectors in about 150 countries of the world. The tourism sector is one of the top service industries in the Indian economy. In the remote areas of the country, this sector plays a hugely important role in the earnings and living of those areas people. 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.

Keywords: Tourism, Economic Growth, Balance of Payment, Foreign Exchange, Employment.

Introduction:

The tourism industry occupies a unique place in India as it is one of the major emerging segments of our economy. It attracts and also brings huge foreign currency and generates employment in our economy. In the era of globalisation, travel and tourism activities have increased significantly. United Nations World Tourism Organisation has forecasted that international tourism would continue to grow at an average annual rate of 4%. At the current time, tourism has become the largest and most profitable industry in the world. In these circumstances, the natural, cultural and historical heritage of India makes it very important from the point of tourism. Today India is known for various categories of tourism, such as 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 uniqueness and culture. These regions have the potential to attract tourists with their natural features such as cold/hot deserts, rivers, forests (Niligiri and North East), Islands (Andaman and Nicobar), mountains and plateaus. Also, the wide 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. It is worth mentioning that due to the birthplace of the originator of these religions, there are a large number of holy and religious tourist places, due to which tourists from Southeast and East Asian countries are attracted in large numbers.

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 (MICE) 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, which is targeted to reach \$100 billion by 2023. 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%.



Review of Literature:

The tourism sector is one of the fastest developing service industries with huge possibilities future of the world. Due to the growth of this sector more economic profit of the country such as growth of income, employment and taxes. (Archer,1995; Balaguer and Cantavella Jorda,2002). The tourism sector provides more assets to the countries such as foreign exchange which are more needful to import capital goods and technology for economic growth. (Kim et, 2006; Arslanturk et al, 2011). The tourism sector is also providing job opportunities for skilled and unskilled labour. The development of this sector boosts the whole economy which generates huge foreign currency earnings, also boosts revenue and encourages the income and living standard of the people (Rani & Gupta, 2016). The development of the tourism sector has given to job creation, foreign exchange, infrastructure, investment, economic growth etc. Due to tourism sector growth, India has been able to sustain inclusive growth (Dayananda. K.C. & D.S. Leelavathi, 2016). The tourism sector is the main source of job creation and raising the foreign exchange for the island countries and the dominant economic sector (Ghose,2011)

The objective of the study:

- To find the contribution of this sector to the growth of the Indian economy.
- To describe the opportunities in the tourism sector
- To find and study the challenges of the tourism sector in India

Research Methodology:

This research paper describes tourism and its impact on the Indian economy. For the study of the object of this paper, we have to use secondary data and sources for finding results. In the secondary sources, we have taken support from the magazine, different research papers, newspapers, government sites and various reports on the tourism sector.

Result & Discussion:

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 the growth; it also improves the 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

Items	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover	465.69	356.11	366.42	371.72	357.49
Profit before Tax	32.42	17.00	21.25	57.91	37.57
Profit after tax	22.5	11.43	17.71	42.15	22.48
Foreign Exchange Earnings	17.95	15.20	15.27	18.65	16.11

Source: Annual Report 2020-21 Ministry of Tourism Government of India

Contribution of tourism to GDP and Employment: Table - 2

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

Source: Annual Report 2020-21 Ministry of Tourism Government of India

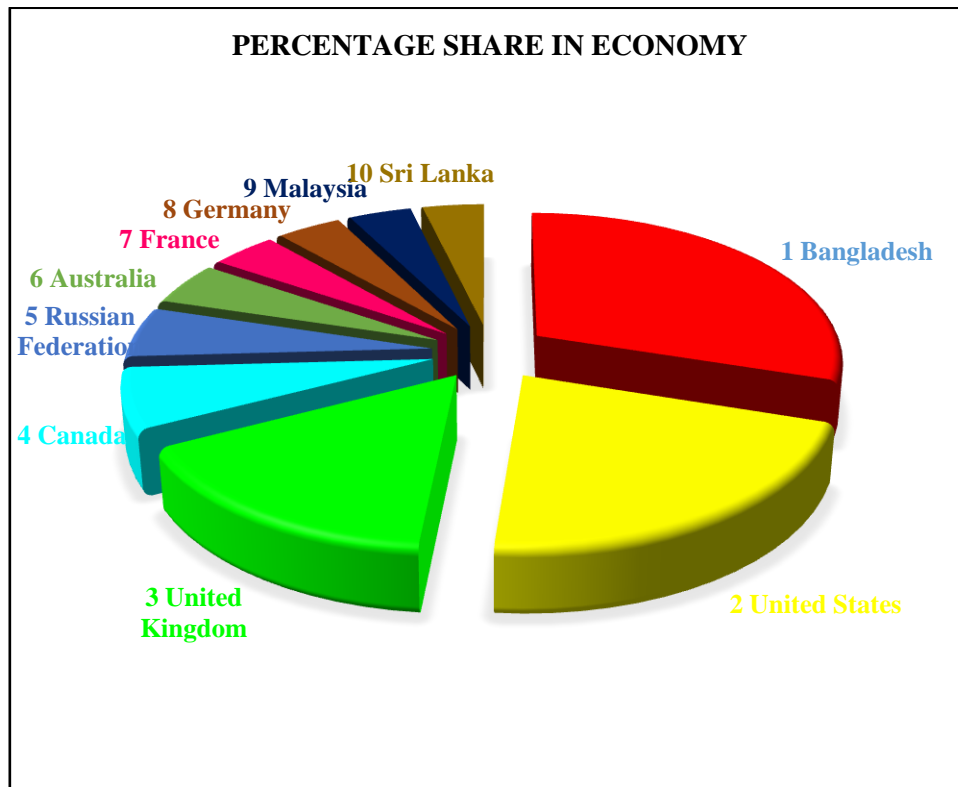
In the Indian economy, the total transactions in the tourism sector are increasing continuously from 2014 to 2019. Rate of the profit, Employment opportunities and foreign exchange earnings in this sector are also increasing. We found from the table-2 that the contribution of this sector to GDP has increased.

Top 10 Source Countries for Foreign Tourist Arrivals (FTAs) in India in 2020

Table-3

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
	Total	66.76
	Others	32.94
	Grand Total	100.00

Source: Bureau of Immigration, Govt. of India (2020)



Prospects of 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 by 2025. International Tourist's arrival in India is expected to reach 30.5 billion by 2028. Various projects under the Swadesh Darshan and Prasad schemes 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 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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