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RESEARCH ARTICLE

ROLE OF TOURISM INDUSTRY IN INDIA'S ECONOMIC DEVELOPMENT

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Abstract

Tourism is an important catalyst in the socio-economic development of both rural and urban areas since the last two decades, contributing in several ways and strengthens the interconnected processes. Tourism Industry is the most vibrant tertiary activity and a multibillion industry in India. It has emerged as a key factor for sustainable socio-economic development globally. Tourism industry has potential to strengthen the inclusive economic development. It is a limitless industry with immense growth potential having clear remarkable positive impact on economic and social aspects of Indian economy. Developing countries like India, tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. Tourism is one of the fastest growing service industries in the country with great potentials for its further expansion and diversification. Since the last few years, Indian tourism industry has been growing at a rapid pace and has paved the way for huge potential for generating employment, earning foreign exchange thereby uplifting the economy.

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Introduction:-

Tourism plays a significant parameter for socio-cultural uniqueness and heritage of a country. In the era of globalization, tourism industry augments the economic growth by job creation, source of foreign exchange and development of regions with potential for tourism. It helps significantly to the country for creating employment opportunities to the large number of people. Tourism in India is important for the country's economy and is growing rapidly. Travel & tourism is a ₹ 9.4 lakh crore industry in the country. The Travel and Tourism Competitiveness Index Report for the year 2017, ranked India 40th out of 136 countries overall. Tourism in India is important for the country's economy and is growing rapidly. Travel & tourism is a ₹ 9.4 lakh crore industry in the country. The growing influence of the tourism sector as an economic powerhouse and its potential as a tool for development are irrefutable. Not only does the tourism sector spearhead growth, it also improves the quality of people's lives with its capacity to create large scale employment of diverse kind.

Tourism is an industry capable of changing the socio-cultural, economic and environmental face of the world. It is one of the largest and fast growing industries in the world which has the potential to influence the living pattern of communities. It is one of the most important channels of cultural exchange which breaks down the barriers between people of different parts of the world. It is the collection of activities, services and industries that deliver a travel experience including transportation, accommodation, eating and drinking establishments of retail shops, entertainment, business and other hospitality services provided for individuals or groups of travelling away from

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home. In developing countries like India tourism has become one of the major sectors of the economy, contributing to a large proportion of the National income and generating huge employment opportunities. Besides, it is also one of the important engines to attract more foreign exchanges with its potential.

Need of the study

The present study is an endeavour to find out the impact tourism industry on various economic dimensions and parameters of Indian economy. In India Tourism industry is an important instrument in the generation of employment, development of infrastructure, foreign exchange earnings, uplift of the rural economies particularly in remote and backward areas earnings and is included among the top export sectors.

Methodology:-

This study is a descriptive research and is based on secondary data. It includes the compilation of research articles of the experts and published articles in magazines, periodicals, websites, published books etc. This study makes use of data and information provided by, Ministry of Tourism, Newspapers, Magazines, Books, Economic journals and Internet etc.

Tourism industry plays a vital role in any country's economic development. Tourism in India has emerged as one of the important tool of employment generation, income and Foreign Exchange earnings and infrastructure development both in rural and urban areas. It helps in the poverty eradication and up gradation of living standard of the people around the tourist sports particularly in remote backward areas. Tourism in India has a strong relevance to economic development, cultural growth and national integration. India is a vast country of great beauty and diversity and her tourist potential is equally vast. With her rich cultural heritage as superbly manifest in many of the architectural wonders (palaces, temples, mosques, forts, etc), caves and prehistoric wall paintings, her widely varied topography ranging from the monotonous plains to the loftiest mountains of the world, her large climatic variations ranging from some of the wettest and the driest as well as from the hottest and the coldest parts of the world, beautiful long beaches on the sea coast, vast stretches of sands, gregarious tropical forests and above all, the great variety of the life-style, India offers an unending choice for the tourist. India has achieved an exponential growth pattern in the tourism industry and has become a preferred location for overseas travelers. A rich, diversified heritage and stimulating flora and fauna has played a crucial role in attracting tourists across the globe.

According to the Indian estimates, Indian tourism industry has outshined the global tourism industry in terms of growth, revenue and volume of tourist arrivals. India's travel and tourism sector ranks 7th in the world in terms of its total contribution to the country's GDP, according to a new report of the World Travel and Tourism Council (WTTC). The importance of tourism as an instrument for economic growth and employment generation, particularly in remote and backward areas, has been well recognized world over. It is the largest service industry globally in terms of gross revenue as well as foreign exchange earnings.

India has been recognized as a destination for spiritual tourism for domestic and international tourists. India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum. Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15,24,000 crore (US\$ 234.03 billion) in 2017 to Rs 32,05,000 crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India stood at US\$ 28.6 billion in 2018 and is targeted to reach US\$ 50 billion by 2022. India improved its ranking by 6 places over the 2017 report which was the greatest improvement among the top 25% of countries ranked. As of 2019, 4.2 crore jobs were created in the tourism sector in India which was 8.1 per cent of total employment in the country.

According to WTTC, India ranked 3rd among 185 countries in terms of travel & tourism's total contribution to GDP in 2018. International Tourists arrival is expected to reach 30.5 billion by 2028. Foreign tourist arrivals for medical purpose increased from 427,014 in 2016 to 495,056 in 2017(P). E-visa facility offered to 169 countries, as of December 2019. During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20 per cent year-on-year. During 2019, FEEs from tourism increased 4.8 per cent year-on-year to Rs 1,94,881 crore (US\$ 29.96 billion). In 2019, arrivals through e-tourist visa increased by 23.6 per cent year-on-year to 2.9 million.

Contribution of Tourism Industry in India's GDP

Economic Survey says that "Tourism sector is a major engine of economic growth that contributes significantly in terms of GDP, foreign exchange earnings and employment. In India, the Tourism sector had been performing well with Foreign Tourist Arrivals (FTAs) growing at 14 per cent to 10.4 million and Foreign Exchange Earnings (FEEs) at 20.6 per cent to US\$28.7 billion in 2017-18. However, the sector witnessed a slowdown in 2018-19. The Foreign Tourist Arrivals (FTA) in 2018-19 stood at 10.6 million compared to 10.4 million in 2017-18. The growth rate of FTAs declined from 14.2 per cent in 2017-18 to 2.1 per cent in 2018-19. Foreign Exchange Earnings (FEEs) from tourism stood at US\$27.7 billion in 2018-19 as compared to US 28.7 billion in 2017-18. The FEEs declined from 20.6 per cent in 2017-18 to -3.3 per cent in 2018-19. Outbound tourism increased in recent years, with the number of departures of Indian nationals from India that stood at 23.94 million in 2017 as against 21.87 million in 2016 with a growth rate of 9.5 per cent in 2017. This was more than double the foreign tourist arrivals in India."

India's travel and tourism sector is expected to be the second largest employer in the world, employing 40,037,000 by 2019. With the expectation of further liberalization policies FDI in the tourism sector is likely to increase from the current US\$450 million to US\$1.5 billion by 2010 and increase the number of foreign tourist arrivals to 10 million in 2011. The recent inflow of FDI to India has helped to create 1980 new hotels with 109,392 rooms. In 2015, tourism is expected to generate 36.4 per cent of world gross domestic product; 14.05 per cent of global capital investments; 13.23 per cent of worldwide employment; and 32.14 per cent of worldwide exports of goods and services. Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development.

The provision of tourist services generates employment opportunities. It increases the employment level by creating new employment in the tourism sector and by stimulating the creation of others, such as construction, transport etc. It indirectly increases productivity by other sectors, particularly of the agriculture sector as it draws manpower resulting from hidden employment or seasonal under employment. This sectors exhibits backward and forward linkages with other sectors in the economy. The total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain) was 40,343,000 jobs in 2016 (9.3% of total employment). By 2027, Travel & Tourism is forecasted to support 49,868,000 jobs (9.6% of total employment), an increase of 2.0% pa over the period.

1. Tourism in India accounts for 9.6 per cent of the GDP & is the 3rd largest foreign exchange earner for the country
2. The tourism & hospitality sector's direct contribution to GDP in 2016, was US\$ 71.7 billion. This is expected to rise by 6.9 per cent to US\$ 76.6 billion in 2017.
3. During 2006-17, direct contribution of tourism & hospitality to GDP is estimated to have registered a CAGR (Compound Annual Growth Rate) of 14.05 per cent
4. The direct contribution of travel & tourism to GDP is expected to reach US\$ 148.2 billion by 2027

Foreign Exchange Earnings (in rupee and US \$ terms) through tourism in India in February, 2019

In 2019, foreign exchange earnings from tourism industry across India amounted to over 30 billion U.S. dollars, an increase from the previous year. An exponential rise in the foreign exchange earnings was seen from 2009 in the country. Based on the credit data of Travel Head from Balance of Payments of RBI for the previous year, Ministry of Tourism estimates monthly Foreign Exchange Earnings (FEEs) through tourism in India, both in rupee and dollar terms. The highlights of the estimates of FEEs from tourism in India for February 2019 are as below:

Foreign Exchange Earnings (FEEs) from Tourism in Rs. Terms

1. FEEs during the month of February 2019 were Rs. 17,912 crore as compared to Rs. 17,757 crore in February 2018.
2. The growth rate in FEEs in rupee terms in February 2019 over February 2018 was 0.9%.
3. FEEs during the period January- February 2019 were Rs. 35,991 crore as compared to Rs. 35,512 crore in January- February 2018.
4. The growth rate in FEEs in rupee terms in January- February 2019 over JanuaryFebruary 2018 was 1.3%

Employment opportunities

Tourism is widely considered to be a high user of labour and its impact on job creation can be considered in areas with limited potential for other economic activities. Tourism is responsible for creation of employment outside the tourist industry. Tourism in India has vast employment potential, much of which still awaits exploitation. The tourism sector will support 37.315 million jobs, which is about 8.7% of its total employment in India. The tourism industry

is a service-based one; it relies heavily on human resources. The travel industry grows exponentially with specialized education. In fact, it depends entirely on the quality individuals have to offer. According to the report of World Travel and Tourism Council, Travel and Tourism generated 26,148,000 jobs directly in 2017(5% of total employment) and is forecast to grow by 2.8% in 2018 to 26,883,000(5.1% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services excluding commuter services. By 2028, Travel and Tourism will account for 33,195,000 jobs directly, an increase of 2.1% p.a. over the next ten years.

Table:- Direct and indirect contribution of tourism towards employment in the country.

Reference Year	2013 - 14	2014 - 15	2015 - 16	2016 – 17	2017 – 18
Share in Employment (in %)	11.90	12.09	12.38	12.19	12.38
Direct (in %)	5.19	5.27	5.40	5.32	5.40
Indirect (in %)	6.71	6.82	6.98	6.87	6.98
Employment (in million)	67.20	69.60	72.30	75.90	81.10

Conclusion:-

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. Eco-tourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of the India's natural and cultural environments. It also helps to generate income for the country and is a continual source of income. It aids and encourages infrastructure development by making ways for dams, roads, connectivity, airport improvements and any other activities that helps tourists in visiting a place in a much better way. It is a wonderful method for cultural exchange. Tourism also plays an important role in eradicating the unemployment. It created many jobs specifically in hotel industry, hospitality industry, service sector, entertainment, transportation industry etc. which gives an opportunity for trying new tasks and learn new skills. It also increases the standard of living of people and also helps in the economic progress of the nation by generating foreign currency.

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