



Impact of tourism on Indian Economy

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Abstract: Tourism has grown to become one of the most important sectors of the economy, generating a significant amount of GDP and creating a big number of job opportunities. Travel is one of the fastest growing service industries in the nation, and it has tremendous potential for additional development and diversification in the coming years. The tourism sector contributes significantly to the economic prosperity of any nation. Because of its important contribution to the country's efforts to provide job possibilities for a wide number of people, Furthermore, because of its potential, it is also one of the most essential engines for attracting additional foreign exchanges. We must focus our efforts on implementing liberal policies, such as tax reductions and a complete package, in order to impact tourism and foreign investment. It is also necessary to strengthen the government's participation in order for India to become more prosperous in the tourist sector and more established in the global market. For the construction of the brand, India has a plentiful supply of tourist resources. Of course, the Incredible India campaign has been established in order to improve tourism in the country.

Key Word: Employment Impact, Opportunities, destination, foreign tourist, economic growth.

Introduction:

Over the years, “tourism in India has risen by leaps and bounds”, with each corner of the country offering something to the magnificence and exuberance of the country. In terms of cultural and traditional embellishments, it is a treasure house, as shown by its relics and scenic beauties such as the rivers, the sea, and the mountains, which have earned it a prestigious position in the world arena. Globally, “India is placed 11th in the Asia Pacific region and 62nd overall, according to the World Economic Forum's Travel and Tourism Competitiveness Report 2009.” This is an increase of three places on the World Economic Forum's list of the “world's most attractive destinations.” In terms of natural resources, it is rated 14th best in the world, while its cultural resources are ranked 24th best in the world. The country is home to several World Heritage sites, both natural and cultural, as well as abundant fauna and vibrant cultural industries. In addition, India's air transportation network received a 37th-place ranking.



When it comes to long-term [ten-year] growth, the Indian travel and tourism sector placed fifth, and it is anticipated to become the world's second biggest employer by 2019.

Tourism has grown to become the world's biggest business, earning billions of dollars in revenue and creating millions of jobs while opening the eyes of both tourists and those who are visited to new ways of life. India seems to be on the verge of becoming one of the world's growing tourist behemoths. Product improvement, marketing, government restrictions, and human resource development are among the most important variables in achieving effective tourist growth. In terms of its overall extent, India's tourist industry is one of the most prosperous in the world. Tourism in India is increasing at a rapid pace, generating jobs and generating significant amounts of foreign cash, which is essential for the country's economic and social progress to remain stable. It also contributes to the preservation and long-term viability of the variety of India's natural and cultural settings. We should grow the tourist business with government assistance, new initiatives, activities, and strategies to influence foreigners in order to maintain a strong position in the market. The purpose of this study is to discuss the influence of tourism on the Indian economy.

Tourism in India is a major development engine as well as a substantial source of foreign currency profits for the government. Increased “foreign visitor arrivals (FTA)” and a greater number of Indian tourists travelling to domestic sites have resulted in a thriving tourism industry in India. India is seeing a huge increase in tourism, which is one of the most astonishing economic transformations in recent history. Tourism activity has long-term socio-economic consequences on the economy and society of the destination. Despite the fact that the business has tremendous potential, there is a pressing need to transform it into a good force for the future.

IMPACT OF TOURISM ON INDIAN ECONOMY

When considering the influence of “India's economic development on tourism” in the nation, we must take into account the significance of this trait in relation to the broader picture of development assistance and fiscal stimulus provided by developing countries. Various economic theories have been advanced to explain why India's economy has grown in recent years, with some analysts stating that the revenues created by the tourist industry have contributed to this growth, which has been bolstered “by innovative marketing, brand building, and strategic planning of tour packages, while others contend that the rise in the number of



multinational” corporations (MNCs) and “diversifications of the Indian open industries norm” are two of the most important factors contributing to the country's economic success.

Because to the govt policies and the assistance of all levels of government, there has been a significant increase in tourism in India. There have been a slew of events that have occurred lately that have had a significant impact on the growth of tourism in India. International sporting events such as the “20/20 IPL Cricket matches, the Commonwealth Games, and the visit of President Obama and First Lady Michelle Obama to the United States have all benefited the tourist business. The United States will continue to assist India”, and the country will flourish and reach high heights and standards in the near future.

IMPACT OF TOURISM IN INDIA

“The Indian tourism” business has a variety of beneficial and bad effects on the country's economy and society. These ramifications are discussed in further detail below.

POSITIVE IMPACT

Creating Money and Employment: When it comes to creating revenue and “employment, tourism in India” has grown into a tool for relieving poverty and encouraging long-term human growth and development. Specifically, “it contributes 6.23 percent to India's national GDP and 8.78 percent of the country's total employment”, acc. to the World Bank. At any one moment, around “20 million people are working in the Indian tourism industry.”

Foreign currency profits are derived mostly from tourism, which is a significant source of “foreign exchange” earnings in India. These developments have a positive influence on the country's balance of payments. According to the Indian Tourist Ministry, the tourism sector earned around “US\$100 billion in 2008 and is predicted to rise to US\$275.5 billion by 2018” at a pace of 9.4 percent per year.

Preservation of National Heritage and the Environment: Tourism contributes to the preservation of various historical sites by designating them as heritage sites. For example, the “Taj Mahal, the Quta Minar, the Ajanta and Ellora temples,” and other historical monuments would have withered and been destroyed if it had not been for the efforts made by the Tourism Department to conserve them over time. In the same way, tourism contributes to the preservation of the “natural habitats of many endangered species.”

Developing Infrastructure: Tourism has a tendency to inspire the growth of multi-use infrastructure that benefits the host community, such as various modes of transportation,



“health-care facilities, and sports centres, in addition to the hotels and high-end restaurants that cater to foreign visitors.” Developing Infrastructure The growth of infrastructure has, in turn, resulted in the expansion of other directly productive activities in the economy.

Promoting Peace and Stability: According to “Honey and Gilpin (2009), the tourism industry” can also contribute to the promotion of peace and stability in developing countries such as “India by creating jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness.” To reap the peace-enhancing advantages of this business, however, important difficulties such as “the adoption of regulatory frameworks”, measures to decrease crime and corruption, and other issues must be addressed.

NEGATIVE IMPACTS

Unwanted Social and Cultural Change: A community's social and cultural infrastructure has been known to disintegrate as a consequence of the growth of tourism in certain areas. The perceived threat of a place losing its identity grows in direct proportion to the number of tourists who come to that site increases as well. In this regard, Goa serves as a magnificent instance. During the era between the “late 1960s and the early 1980s, when the hippy movement was at its heyday, Goa served as a haven for hippies.” They flocked to this country in their hundreds and transformed the whole culture of the country, resulting in an increase in drug usage, “prostitution, and human trafficking.” This had a cascading impact across the nation.

Increased Tension and Animosity: When there is a lack of respect and understanding for one another's cultures and ways of life, tourism has the potential to raise tension, hostility, and distrust between visitors and local people. **Increased Tension and Hostility:** This may further result in acts of violence and other criminal activity directed towards visitors. An example in point is the recent crime perpetrated against a Russian tourist in Goa, which is detailed below. **A Sense of Distaste** was engendered since tourism provided little value to the local people. When it comes to most all-inclusive package trips, airlines, hotels, and other multinational firms get more than 80 percent of the fees collected from travellers, with the remaining 20 percent going to local businesses and employees. This has often resulted in a negative attitude toward visitors as well as the federal government.

Environmental and ecological consequences of tourism: One of the most significant environmental consequences of tourism is the increasing strain on the carrying capacity of the ecosystem at each tourist destination. As a result of increasing transportation and building operations, “large-scale deforestation and destabilisation of natural landforms” have occurred,



and increased tourist traffic has resulted in a rise “in solid waste dumping as well as depletion of water and fuel resources.” Through trampling, killing, and disruption of breeding grounds, increased tourist traffic in environmentally sensitive places has resulted in the demise of rare and endangered species in these locations. Car and public address system noise pollution, water pollution, vehicle emissions, untreated sewage, and other environmental problems have direct consequences for biodiversity, the surrounding environment, and the overall profile of tourist destinations.

ROLE OF TOURISM INDUSTRY IN INDIA GDP

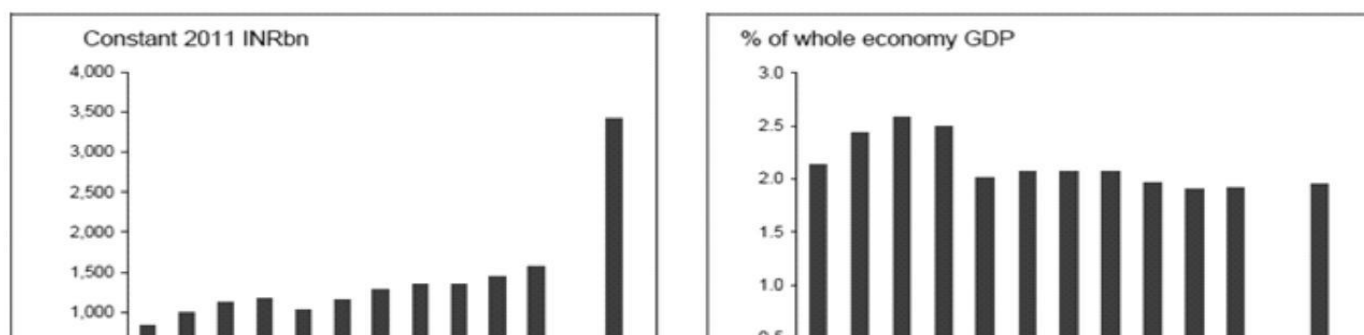
Tourism has made significant contributions to India's economic growth, bringing in a large number of international and local visitors who come for both business and pleasure to the country each year. A report published by the “World Economic Forum in 2009, Travel & Tourism Competitiveness Report 2009, estimates that the contribution of travel and tourism to gross domestic product (GDP) by 2019 would be US\$ 187.3 billion. It also claims that real GDP growth for the travel and tourism industry is predicted to average 7.7 percent” per year over the next ten years, according to the research. By 2019, it is predicted that export revenues from overseas tourists and tourism-related commodities would produce US\$ 51.4 billion (in nominal terms). A further point to mention is that “the industry, which accounted for 6.4 percent of total employment in 2009, is expected to grow to 7.2 percent by 2018.”

TRAVEL AND TOURISM'S CONTRIBUTION TO GDP

According to projections, the direct contribution of travel and “tourism to GDP in 2011 would be INR1570.5 billion (1.9 percent of GDP).” Most of the “economic activity” created by the industries of hotels, travel agencies, airlines, and other passenger transportation services is shown in this figure. However, it also includes operations such as those carried out by restaurants and the leisure sector, which are directly funded by visitors.

Direct contribution of “travel and tourism to GDP” is predicted to expand by 8.1 percent per year to INR 3414.8 billion (2.0 percent of GDP) by 202, according to projections.

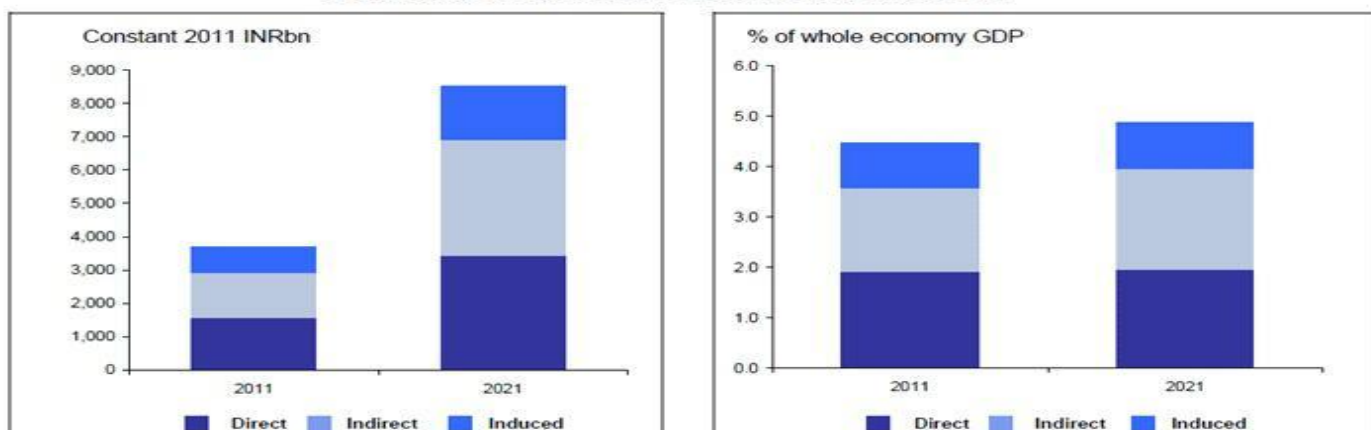
India: Direct Contribution of Travel & Tourism to GDP





It is anticipated that the “entire contribution of travel and tourism to GDP” (including broader effects from investment and the supply chain, as well as induced income implications) would be 3680.4 billion dollars in 2011. (4.5 percent of GDP). “By 2021, it is expected to have increased by 8.8 percent each year, from INR8523.1 billion” (4.9 percent of GDP)

India: Total Contribution of Travel & Tourism to GDP



HIGHLIGHTS OF INDIAN TOURISM

“The following are the scope and highlights of Indian Tourism

- Increase in GDPC making the tourism industry a unifying force
- Helping to preserve, retain and enrich our cultural heritages
- Increase in International Trade
- Giving more innovative promotional measures for tourism
- Offering more Tourism Education
- Growth in Health Care Management
- Progress in Health Care Industries
- Multi-socio cultural Activities



- Growth in Hotel Industry
- Expansion in Transport [Both Urban and Rural], Air Travel and shipping
- Focus on Rural Tourism
- Motivating private sectors to attract more tourists
- Enriching peripheral services to add additional attractions, like developing websites for Indian tourism and offering hotel, hospitality, traveling assistance, booking tickets online”

CONCLUSION

Tourism is a significant contributor to economic development across the world. A growing middle class in India, an increase in high-spending international tourists, and coordinated government marketing to promote "amazing India" are all contributing to the industry's rapid expansion. "India is fantastic," says one travel expert. Tourist development is the most appropriate vehicle for a growing nation like India, which is on the road of contemporary economic growth as a result of structural change of its economy.

With its forward and backward links to a diverse range of industries such as transportation, hotels, education, health, banking, and other financial services, India is well positioned to capitalise on the full potential of this thriving industry. The tourism industry not only contributes significantly to the expansion of the economy, but it is also a significant creator of job possibilities. Additionally, the Indian Tourism Ministry, state tourism ministries, and corporate actors have adopted a variety of initiatives in an effort to make the country one of the world's most profitable tourist destinations. Let us expect that Indian tourism will have a significant influence and will surpass all other countries in terms of worldwide prominence by the year 2020.

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