



ROLE OF TOURISM INDUSTRY IN GROWTH AND EMPLOYMENT GENERATION OF INDIA

Arti A.Parmar¹ & Dr. Manoj Shah²

Research Scholar, BAOU, Ahmedabad, Gujarat, India

HOD of Commerce, BAOU, Ahmadabad, Gujarat, India

Abstract: The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. As per World Travel & Tourism Council Tourism Industry has contributed 9.2 % to total GDP of the economy and has shown 6.7% of growth in the year 2018. It has also created 42.67 million employment opportunities in the year 2018 and expected to generate 52.99 million opportunities in the year 2019. So it becomes necessary to study the growth in foreign tourist arrival and earnings out of it. The paper exposes the economic viability of the Indian tourism industry by employing secondary data taken from various national and international reports, journals, books, magazines and other pertinent literature of this discipline. This paper analyses the changes in number of foreign tourist arrival from 2012-13 to 2016-17 as well as share of tourism industry in GDP and employment generation in India. Descriptive research design has been used for the purpose. As far as tourism is concerned, the year 2017 was a remarkable year for India as it received more- than 10 million tourists for the first time in history, registering 14% growth in 2017 over 2016 and registered CAGR of 8.02% over 2012-13 to 2016-17. It also witnessed a foreign exchange earnings of 23,785 million US\$ in the year 2016-17 over the year 2015-16 with a growth rate of 10.85% and having CAGR of 6.61% from 2012-13 to 2016-17. It was also found out that although there is remarkable growth in FTAs and FEE the share of industry does not show increasing trend. The contribution to GDP from 2012-13 to 2015-16 is having negative CAGR of 8.91%. It was also observed that share in employment is also not increasing it reported CAGR of only 0.05% from 2012-13 to 2015-16. In conclusion, the government plays an important role in the tourism industry. Governments also have a role to play in building good road and communications' infrastructure, in curbing corruption, and creating political stability - all of which create a country which tourists are more likely to want to visit. There are many steps and campaigns initiated by government as a result Tourism Industry is delivering such a growth. It is a limitless industry with immense growth potential having clear remarkable positive impact on economic and social aspects of Indian economy.

Key Words :Foreign Tourist Arrival, Growth, GDP, Employment

Introduction :

Tourism is an integral part of human life. It is a situation where person from one country, or region to other region and country for a short run period, is included in the concept of tourism. Now-a-days the tourism industry has a greater importance. According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia pacific region and 65th globally out of 140 economies ranked on travel and tourism Competitiveness Index. Tourism Industry is also important source of foreign exchange earning in India.

India is a county known for its lavish treatment to all visitors, no matter where they come from Its visitor-friendly traditions, varied life styles and cultural heritage and colorful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful beaches, forests and wild life and landscapes for eco-tourism; snow, river and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centers of pilgrimage for spiritual tourism; heritage, trains and hotels for heritage tourism. Yoga, Ayurveda and natural health resorts and hill stations also attract tourists. The Indian handicrafts particularly, jewelry, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. It is estimated through survey that nearly forty per cent of the tourist expenditure on shopping is spent on such items. Despite the economic slowdown, medical tourism in India is the fastest growing segment of tourism industry, according to the market research report "Booming Medical Tourism in India". The report adds that India offers a great potential in the medical tourism industry. Factors such as low cost, scale and range of treatments provided in the country add to its attractiveness as a medical tourism destination.

Review of Literature:

(Jaswal, 2014) This paper discusses how India is emerging as a popular tourist destination in the world, driven by the focus on innovation and creating value for tourists. It aimed change the attitude and behavior toward foreign tourists by stressing on the aspect that a guest has been held in high esteem in India since ancient times. It also examines the impact of India's economic growth on tourism, Contributors to economic growth, Role of Tourism industry in India's GDP, Foreign versus Domestic Tourists. The paper also explores that there has been tremendous growth in tourism in India because of the policies of the government and support from all levels. Indian Tourism offers a potpourri of different cultures, traditions, festivals, and places of interest. There are a lot of options for the tourists. India is a country with rich cultural and traditional diversity. This aspect is even reflected in its tourism. The different parts of the country offer wide variety of interesting places to visit.

(Dayananda.K.C *, 2016) It was analyzed that increase in the tourist arrivals have resulted in the rapid growth of tourism sector in India. The growth of tourism sector has resulted in employment generation, foreign exchange earnings, expansion of infrastructure facilities, capital investment, socio-economic growth, increasing in the contribution to GDP and so on. India has evidenced sustainable and inclusive economic growth due to the wide expansion of tourism sector. The increase in the tourist arrivals have resulted in the rapid growth of tourism sector in India.. India has evidenced sustainable and inclusive economic growth due to the wide expansion of tourism sector.

(Dr. Vijayaragavan) This paper coins how tourism sector is significant for Indian economy. Developing country like India tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. We need to concentrate to have liberal policies, relaxation in taxes, comprehensive package and so on to influence tourist and foreign investment. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market. India has rich source in tourism for the establishment of the brand. Of course India has been launched the Incredible India to make tourism better.

(Dr. Mandeep Kaur) In the present paper the growth and development of Indian tourism industry has been studied. For this purpose, data has been collected from secondary sources such as Bureau of Immigration, Ministry of Tourism, Govt. of India and World Travel and Tourism Council. To analyze the collected data, Compound Annual Growth Rate (CAGR) has been calculated. Results showed that tourism is the largest service industry in India, with a contribution of US\$34.008 billion to the national GDP and 7.4 percent to the total employment in the year 2011. India witnessed more than 5 million annual foreign tourist arrivals and more than 740 million domestic tourist visits in the year 2011. Moreover, it is suggested that the central and state government should take initiatives to develop tourism in India.

(Mir, 2014) The paper exposes the economic viability of the Indian tourism industry by employing secondary data taken from various national and international reports, journals, books, magazines and other pertinent literature of this discipline. 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 inter-connected processes. 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.

(Role of Tourism Industry in India's Development, 2018) This paper discusses how India is emerging as a popular Tourist destination in the world, driven by the Focus innovation and creating value for tourists. It aimed change the attitude and behavior towards foreign tourists by stressing on the aspect that a guest has been held in high esteem in India since ancient times. Countries with the fastest growing economy like India has a large medical Tourism sector which is expected to grow at an estimated rate of 30% annually to reach about 95 billion by 2015.

(Petrevska, 2014) The aim of the paper is two-folded: firstly, theoretically to examine the determinants of tourism contribution, and then secondly, empirically to test the most profound factors that have influence on tourism development in Macedonia. Moreover, the study attempts to discover the relationship and the level of significance of several variables representing tourism contribution. For that purpose, the regression makes estimations by the OLS method, with a data set covering 1993-2012. The research findings reveal that some determinants exerted economically important influence on Macedonian economy, by showing elasticity. Particularly, the results show that foreign tourist arrivals is an influencing element, crucial for further tourism development, thus supporting the national economy.

Steps taken by government :

The Ministry of Tourism has launched the **24x7 Toll Free Multi-Lingual Tourist Info-Helpline** on the toll free number 1800111363/short code 1363 in 12 Languages including Hindi and English in February 2016, to facilitate and assist domestic and foreign tourists in terms of information relating to Travel in India and to provide a sense of safety and security. The languages handled by the Tourist Helpline include ten International languages besides English and Hindi, namely, Arabic, French, German, Italian, Japanese, Korean, Chinese, Portuguese, Russian and Spanish.

To overcome the aspect of seasonality and to promote India as 365 days destination The Ministry of Tourism has taken the initiative of identifying, diversifying, developing and promoting niche products of the country. **Niche Tourism Products** helps to attract tourists with specific interest, and to ensure repeat visits for the unique products in which India has a comparative advantage. Some niche products are identified by the Ministry which include Cruise, Adventure, Medical, Wellness, Golf, Polo etc

For creation of tourism infrastructure ,the Ministry of Tourism has two major schemes i.e **PRASAD**(Pilgrimage Rejuvenation and Spiritual Augmentation Drive) and **Swadesh Darshan**. Under the scheme PRASAD 25 sites of religious significance have been identified for development in India. Under Swadesh Darshan scheme has a vision to develop theme based tourist circuits in an integrated manner and fifteen thematic circuits have been identified for the development.

For ensuring ease of travel for foreign tourists Ministry of Tourism pursues with Ministry of Home Affairs and Ministry of External affairs for facilitating **E-business visa, E-tourist visa and E-medical** visa a part from normal visa to 163 countries.

Ministry of Tourism put in a place system of **training and professional education**, with necessary infrastructure support, capable of generating manpower sufficient to meet the needs of tourism and hospitality industry, both quantitatively and qualitatively.

The major events organized recently includes Bharat Parv, Paryatan Parv etc. The region is also being promoted through organising the annual **International Tourism Mart** which is attended by global buyers besides others. The 5th International Tourism Mart was organized from 23rd-25th November, 2016 in Imphal, Manipur. 6th International Tourism Mart was organized in association with the North Eastern States during 5th to 7th December 2017.

National Tourism Award function was organised on 27th September 2017 at the Vigyan Bhavan, Delhi to confer awards for the year 2015-16. The Tourism Minister also launched the '**Incredible India Mobile App**' and the 'Incredible India Tourist Facilitators Certification' programme. The website showcases range of new contents, including a Google 360, that features virtual video content to provide tourists with a walkthrough of our tourist attractions and 24/7 Chat box interface to assist tourist for better planning and quick query resolutions. An Incredible India Tourism Investors Summit was organized at the Vigyan Bhavan, Delhi from the 21st to 23rd September 2016 with the objective positioning the Indian Tourism Sector for attracting large investments.

"Swachh Paryatan Mobile App" was launched by Dr. Mahesh Sharma and operated by the Ministry of Tourism for 25 Adarsh Smarak Monuments has been also made available for Windows Phones and iPhone. Earlier it was available for Android Phones only. This mobile app is being monitored by the Project Monitoring Unit of Swachh Bharat Mission in Ministry of Tourism. This mobile app enables a citizen to take photograph of garbage at the monument and upload the same along with his/her remarks. The application then sends an SMS to the ASI Nodal Officer concerned with the monument upon receipt of which the Nodal Officer gets the garbage cleared/removed. The Nodal Officer thereafter sends confirmation about the redressal of the complaint through an SMS to the complainant.

Objective of the study:

1. To analyse the changes in number of foreign and domestic tourists visiting India.
2. To study the changes in GDP due to Tourism Sector
3. To examine the growth rate in employment due to Tourism Sector

Methodology:

The present study is based on the secondary data published by various agencies and organizations. The present study makes use of data and information provided by, UNWTO, Ministry of Tourism, Ministry of Statistics and Programme Implementation, Newspapers, Magazines, Books, Economic journals and Internet etc. Four years period from 2014-2017 has been covered for the study.

Data Analysis: Table : 1 Foreign Tourist Arrivals (FTAs)

Year	FTAs in India(in million)	Percentage(%) change over previous year
2012-13	6.67	2.81%
2013-14	7.12	6.86%
2014-15	7.75	8.87%
2015-16	8.25	6.36%
2016-17	9.08	10.03%
CAGR		8.02%

Source :Bureauof Immigration, Govt. ofIndia

Table no. 1 indicates the growth of foreign tourist arrival in India. If we consider the trends in FTAs in India during 2012-13 to 2016-17 it shows double digit positive growth. FTAs have registered 10.03% growth in 2016-17 over 2015-16 whereas decline of (-2.51) % was registered in 2015-16 over 2014-15. The below figure shows the above data in chart form.

**Table: 2 Foreign Exchange Earnings (FEEs) (in US\$ million)**

Year	FEE from Tourism in India (in US\$ million)	Percentage(%) change over the previous year
2012-13	18,413	-
2013-14	18,245	-0.91%
2014-15	20,396	11.79%
2015-16	21,457	5.20%
2016-17	23,785	10.85%
CAGR		6.61%

Source: (i) Reserve Bank of India (ii) Ministry of Tourism, Govt. of India, for 2016-2018

Foreign Exchange Earnings has shown a growth of 10.85% in the year 2016-17 in US Dollar term against a modest growth of 5.20% during the year 2015-16. India received US \$ 23,785 million during 2016-17 as FEEs through tourism and the same in Rupee term was ₹1,59,648 crore with a growth of 13.52%.

**Table: 2 Foreign Exchange Earnings (FEEs)
(in US\$ million) FEE from Tourism in India
(in US\$ million)**

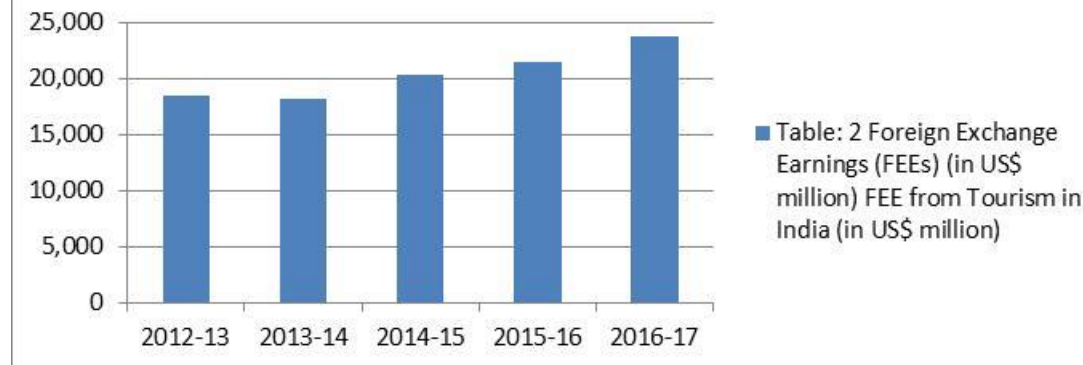


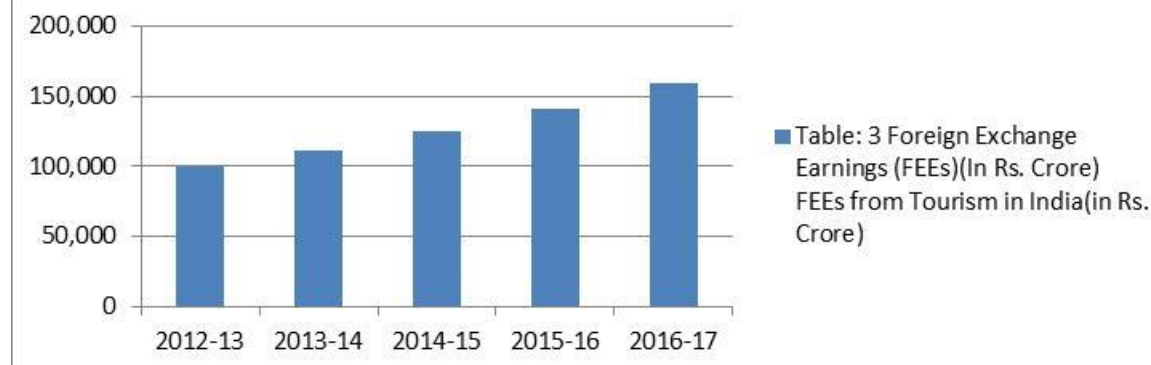
Table: 3 Foreign Exchange Earnings (FEEs) (in Rs. Crore)

Year	FEEs from Tourism in India (in Rs. Crore)	Percentage (%) change over the previous year
2012-13	1,00,104	
2013-14	1,10,739	10.62%
2014-15	1,24,542	12.46%
2015-16	1,40,635	12.92%
2016-17	1,59,648	13.52%
CAGR		12.38%

Source: (i) Reserve Bank of India (ii) Ministry of Tourism, Govt. of India, for 2016-2018

Table 3 shows Travel Tourism Total Contribution to GDP in local currency units. In the year 2012-13 it was 1,00,104 crore and it reached to 1,59,648 crore in the year 2016-17.

Table: 3 Foreign Exchange Earnings (FEEs) (In Rs. Crore) FEEs from Tourism in India (in Rs. Crore)



Contribution to GDP

Tourism can offer direct and indirect aid to a nation's economy. Direct benefits include economic support for hotels, retail shops, transportation services, entertainment venues and attractions, while indirect benefits include government spending on related infrastructure, plus the domestic spending of Indians employed in the tourism sector.

As per the report of 3rd Tourism Satellite Account for India (TSAI) prepared in 2018 for the reference year 2015-16 (using new base year, 2011-12 figures of CSO) and subsequent estimation using them for the years, viz. 2013-14 and 2014-15 , the estimates of contribution of tourism to GDP is as given below:

Table 4 :Contribution of Tourism Industry to GDP (in Percentage)

Year	Total Share in GDP (in %)
2012-13	6.88%
2013-14	5.68
2014-15	5.81
2015-16	5.20
CAGR	-8.91%

Source : 3rd Tourism Satellite Account for India prepared in 2018 for the reference 2015-16

The above analysis clearly shows tourism growth to GDP from 2012-13 to 2015-16. It shows that increase in GDP due to tourism is not that much considerable. The above table shows negative CAGR of 8.91% which is negative sign for the sector considering contribution to GDP.

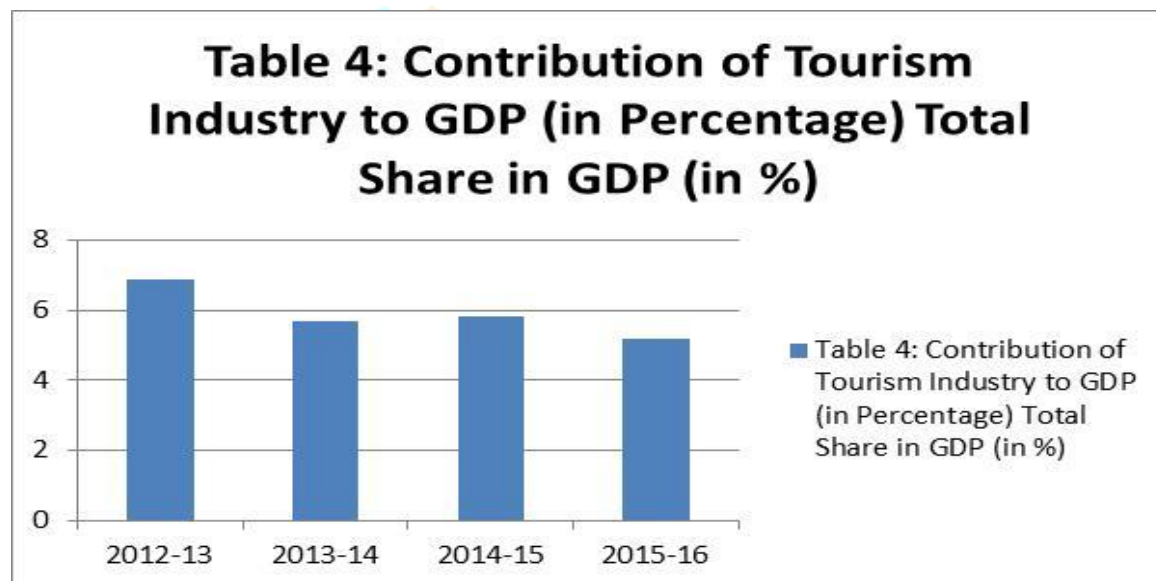


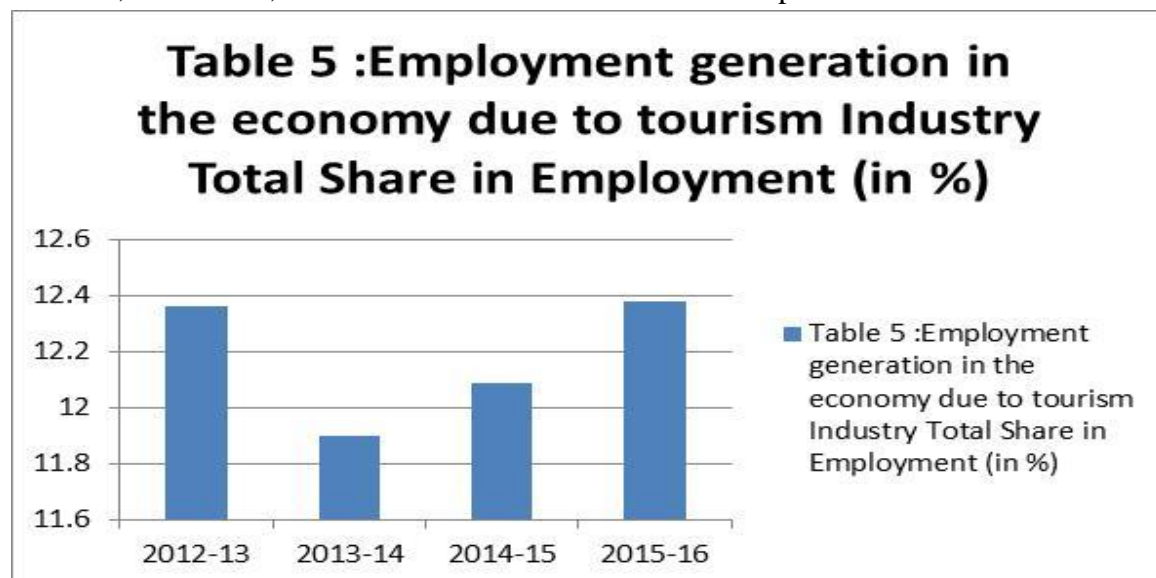
Table 5 :Employment Generation in the Economy due to Tourism Industry

Year	Total Share in Employment (in %)	Employment(in million)
2012-13	12.36	66.7
2013-14	11.9	67.2
2014-15	12.09	69.6
2015-16	12.38	72.3
2016-17	12.19	75.9

Source : 3rd Tourism Satellite Account for India prepared in 2018 for the reference 2015-16

Tourism also provides the direct and indirect contribution in the employment of the country. According to 3rd TSA, the estimates of employment generated in the economy due to tourism during the year 2013-14,

2014-15, 2015-16, 2016-17 and 2017- 18 is provided in chart form as follows. :



Conclusion & Findings :

The above analysis clearly shows tourism growth to GDP from 2012-13 to 2016-17. It does not show increase in tourism GDP. Tourism sector plays a vital role in the way of helping poor countries to provide employment opportunities in an increasing rate. It is one of the important foreign exchange earning industries has manifested great potential of growth under liberalized Indian economy. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market.

References:

Dayananda.K.C *, a. P. (2016). Tourism Development and Economic Growth in India. 21(11), 43-49.

Dr. Mandeep Kaur, N. S. (n.d.). GROWTH AND DEVELOPMENT OF INDIAN. *Journal of Hospitality Application & Research*, 7(2).

Dr. Vijayaragavan, T. (n.d.). IMPACT OF TOURISM IN INDIAN ECONOMY. *International Journal of Development Research*, 4(12), 2835-2839.

Jaswal, S. S. (2014). Role of Tourism Industry in India's Development. *Journal of Tourism & Hospitality*, 3(2), 1-6.

Mir, L. A. (2014). An Economic Evaluation of Indian Tourism Industry. *International Journal of Scientific and Research Publications*, 4(12).

Petrevska, B. (2014). DETERMINANTS OF TOURISM CONTRIBUTION TO. *CEA Journal of Economics*, 9(1), 37-45.

Role of Tourism Industry in India's Development. (2018). 13(3), 19-20.

<http://www.incredibleindia.org/>

Ministry of tourism, Govt. of India

www.Indiatourism.com

Economic Survey (2010-11), Ministry of Finance, Govt of India, New Delhi

Tourism Satellite account, India(2015-16)

Bureau of Immigration, Govt. of India