Impact Of Travel & Tourism On Economic Growth In India

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Abstract

Travel & Tourism is an important economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. Tourism is a major engine of economic growth and an important source of foreign exchange earnings in many countries including India. It has great capacity to create large scale employment of diverse kind – from the most specialized to the unskilled and hence can play a major role in creation of additional employment opportunities. It can also play an important role in achieving growth with equity. India has a dramatic growth of tourism over the last 25 years and it is one of the most remarkable economic change.

Tourism activity has long lasting socio-economic impacts on the host economy and community. Now in India tourism is the large service industry with a contribution of 6.23% to the national GDP and providing 8.78% of the total employment.

Keywords: Employment opportunities; Foreign versus domestic tourists; GDP; Tourism industry.

INTRODUCTION

Tourism has become the world's largest industry, generating wealth and employment, opening the minds of both visitors and the visited to different ways of life. India has strong signs of becoming one of the emerging giants in world tourism. The most imperative factors for successful tourism development include product enhancement, marketing, regulations and human resource development. India’s
tourism is one of the flourishing sectors in terms of its scope. Tourism in India is growing continuously to generate employment and earn large amount of foreign exchange in order to stabilize the country’s economic and social development. It also helps in preserving and sustaining the diversity of the India's natural and cultural environments. We should develop tourism industry with government supports, new initiations, actions and plans to influence foreigners to sustain our position strongly. Tourism in India is a key growth driver and a significant.

The word "tour" is derived from the Latin word 'torn are' and the Greek word 'tornos,' meaning 'a lathe or circle; the movement around a central point or axis.' This meaning changed in modern English to represent 'one's turn.' 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. It has become the fastest growing service industry in the country with great potentials for its further expansion and diversification. However, there are pros and cons involved with the development of tourism industry in the country.

Let us discuss the development as well as the negative and positive impacts of tourism industry in India. Tourism is a major engine of economic growth and an important source of foreign exchange earnings in many countries including India. It has great capacity to create large scale employment of diverse kind – from the most specialized to the unskilled and hence can play a major role in creation of additional employment opportunities. It can also play an important role in achieving growth with equity.

The Ministry of tourism has the main objective of increasing and facilitating tourism in India. Augmenting tourism infrastructure, easing of visa regime, assurance of quality standards in services of tourism service providers, etc. are some of the responsibilities of the Ministry.

**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, Ministry of Tourism, Ministry of Statistics and Programe Implementation, Newspapers, Magazines, Books, Economic journals and Internet etc.

**FORECAST:**

**World Ranking: Travel & Tourism's Contribution To GDP**

The direct contribution of Travel & Tourism to GDP in 2016 was INR4,809.8bn (3.3% of GDP). This is forecast to rise by 6.9% to INR5,141.1bn in 2017. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 6.8% pa to INR9,948.5bn (3.5% of GDP) by 2027. The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts, see page 2) was INR14,018.5bn in 2016 (9.6% of GDP) and is expected to grow by 6.7% to INR14,964.3bn (9.6% of GDP) in 2017. It is forecast to rise by 6.7% pa to INR28,491.8bn by 2027 (10.0% of GDP).
TRAVEL & TOURISM'S CONTRIBUTION

Travel & Tourism generated 25,394,500 jobs directly in 2016 (5.8% of total employment) and this is forecast to grow by 2.1% in 2017 to 25,925,500 (5.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2027, Travel & Tourism will account for 31,910,000 jobs directly, an increase of 2.1% pa over the next ten years. The total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts, see page 2) was 40,343,000 jobs in 2016 (9.3% of total employment). This is forecast to rise by 1.8% in 2017 to 41,074,000 jobs (9.2% of total employment). By 2027, Travel & Tourism is forecast to support 49,868,000 jobs (9.6% of total employment), an increase of 2.0% pa over the period.

VISITOR EXPORTS AND INVESTMENT

VISITOR EXPORTS

Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2016, India generated INR1,529.3bn in visitor exports. In 2017, this is expected to grow by 5.4%, and the country is expected to attract 9,450,000 international tourist arrivals. By 2027, international tourist arrivals are forecast to total 17,284,000, generating expenditure of INR2,901.7bn, an increase of 6.1% pa.
INVESTMENT: Travel & Tourism is expected to have attracted capital investment of INR2, 284.9bn in 2016. This is expected to rise by 4.5% in 2017, and rise by 5.7% pa over the next ten years to INR4, 149.0bn in 2027. Travel & Tourism’s share of total national investment will fall from 5.8% in 2017 to 5.7% in 2027.

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. Tourism has become the world's largest industry, generating wealth and employment, opening the minds of both visitors and the visited to different ways of life. In worldwide this industry currently employs more than 200 million people. Moreover, tourism is one of the best instruments of economic development in all the way. 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

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