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Role of Tourism Industry in Indian Economic Development

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Abstract

In the fast changing global socio-cultural, socio-economic environment services especially travel and Tourism industry has pivotal role to play in the economic development of nations. In spite of challenges and problems Indian tourism has bright prospects. In India this sector in the middle of challenges and problems recorded is contributing significantly to GDP, provides good amount of employment opportunities, brings foreign exchange and attracts FDI. The WTTC reports reveal that Indian travel and Tourism industry ranks 7th in the world in terms of its contribution to nations GDP. From the last two decades this industry is contributing nearly 7% to nations GDP. In India government has taken up number of programmes and campaigns like Atithi Devo Bhavah, Incredible India Campaign with Incredible India Campaign help line Scheme for organizing Fair & Festival, National Tourism Awards, Visa on Arrival (VoR), and Welcome Cards etc. to support the development of travel and tourism. The government and key players in this industry along with the present initiatives have to take intensive programmes to encourage tourism. Provide all season transport facilities to tourist destinations, provide better infrastructure facilities. Educate the local community in and around tourist places. Government has to give subsidies and financial packages to travel and tour organisations.

Keywords: Tourism, WTTC, GDP, Employment, FEE

Introduction

In the modern service dominated economies tourism industry is playing and going to play dominant role in economic development of all nations. Travel & Tourism is gaining greater importance as an important economic activity in most countries around the world. Tourism in India is bringing millions of rupees of foreign exchange to our economy. The importance of Tourism is not only felt in economic field but in the modern world its importance is also felt in socio-cultural, political and education fields. Again tourism is a key factor in improving international relations among the nations thereby bringing world peace. India with its rich cultural heritage is a unique tourist's destination.

Since from ancient period, India is considered as one of the world's most attractive tourist destination. Foreign tourists are fascinated by India's nature beauty, peoples dress and food habits, our rich culture and traditional values with pilgrimage places, world heritage sites, beautiful mountain ranges, peaks, hill stations, rivers, waterfalls, coasts, sea beaches, temples, ports and forts, forests –protected wild life sanctuaries, Zoos, national parks, IT parks, industrial areas. With this backdrop an effort is made to study the role of Travel and Tourism industry in India in terms of its contribution to Indian economic development.

Indian travel and Tourism industry

The WTTC reports reveal that Indian travel and Tourism industry ranks 7th in the world in terms of its contribution to nations GDP. From the last two decades this industry is contributing nearly 7% to nations GDP. As per the WTTC report this industry has contributed $\text{₹}140.185$ trillions in 2016 accounting nearly 9.6% of total GDP. Since last two decades. According WTTC report the industry's share in the total GDP expected to be 10.24% and total contribution is expected to reach $\text{₹}284.918$ trillion by 2027. This industry is 2nd major industry in terms of employment generation, this industry has created 36,693 jobs in 2014, 37,315 jobs in 2015, 40,343 jobs in 2016 and it is expected that 41,074 jobs are going to be created in 2017. It is also contributing significantly to India's foreign exchange. It has earned $\text{₹}123320$ crores in 2014, $\text{₹}135193$ crores in 2015 and $\text{₹}154146$ during 2016.

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World Travel and Tourism Council (WTTC) said India's figures are predominantly generated by domestic travel, which accounts for 88% of the sector's contribution to GDP in 2016. The Chairman and CEO of WTTC views that India is a tremendous travel and Tourism economy and is going to grow in the years to come.

Objectives of the study

The present study on the Role of Tourism industry in Indian economy is undertaken to with the following objectives:

- To study the share of tourism industry in India's GDP
- To study the contribution of tourism industry to employment
- To study its contribution to Indian foreign exchange
- To understand the importance of tourism industry in India

Research Methodology

This study is based on secondary data and information gathered from reports, website sources, books, journals, working papers and seminar proceedings. In this study analytical method is followed to examine the role of Indian tourism industry in the 21st century. The collected data and information is used to analyze the role Indian tourism industry in improving GDP level, employment creation, and economic development of the nation. These constitute the bases for conclusion.

Role of Travel and Tourism in Indian economic development

The WTTC has recognized not only the direct contribution of travel & Tourism but also the indirect and induced impacts in its annual reports. In this paper the WTTC approach i.e. total contribution to GDP, employment,

foreign exchange, has been used to analyse the role of travel & Tourism in India.

Objective -1

To study the contribution of travel and tourism industry to India's GDP

Table 1: Total contribution of travel and tourism industry to India's GDP

Year	Value [trillion ₹]	Growth rate in Percentage	Percentage share in GDP
2010	46.178	6.0	6.5
2011	52.588	4.8	6.6
2012	60.039	6.1	6.5
2013	67.763	5.7	6.6
2014	76.715	8.5	7.5
2015	83.094	7.4	6.3%
2016	140.185	8.3	9.6%
2017	284.918 [Expected]	6.7 [Expected]	10.24% [Expected]

Source: World Travel and Tourism Council Report.

The share of this industry to GDP includes both direct and induced contribution. In the last two and half a decade there is constant increase in its contribution. In 2010 the contribution is ₹46.178 trillion and by the end of 2016 it rose to ₹140.185 trillion accounting 9.6% share in the GDP. The contribution is nearly 7% to country's GDP and recording robust growth rate of more than 5%. During 2016, Indian travel and tourism industry recording an annual 6.8% growth as against Global average growth of 3.8%. It shows that Indian travel and tourism industry is growing at faster rate compared to Global average growth rate. The contribution has wider impact on Indian economy.

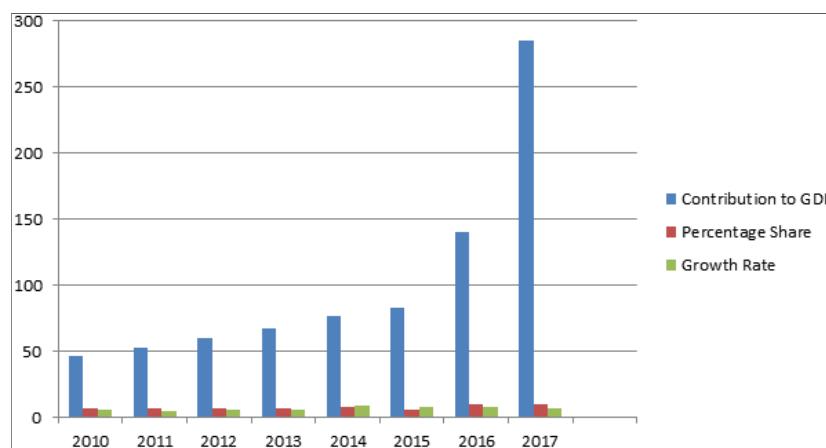


Fig 1: Contribution of travel and tourism industry to India's GDP

Table 2: showing contribution of travel and tourism industry to India's Employment

Year	No. of jobs created in thousands	Growth rate	Percentage share in total employment
2010	33,931	-2.1	7.8
2011	34,854	2.7	7.8
2012	35,255	1.2	7.8
2013	35,736	1.4	7.6
2014	36,693	2.7	9.4
2015	37,315	1.7	8.7%
2016	40,343	2.3	9.3%
2017	41,074	1.8E	9.4% E
2027	49,868	2.0E	9.6% E

Source: World Travel and Tourism Council Report

Table: 2 state the share of travel and tourism industry to total employment over the years. It is creating more jobs compared to other sectors of the economy in terms of number of jobs per amount of investment made. This industry on an average is contributing more than 8% to

India's total Employment. It has provided 33.931 mn jobs in 2010 it have grown to 37.315 mn jobs in 2015, 40.343 mn jobs in 2016 accounting 7.8% Share during 2010, 9.4% during 2014, 8.7% in 2015 and 9.3% in 2016.

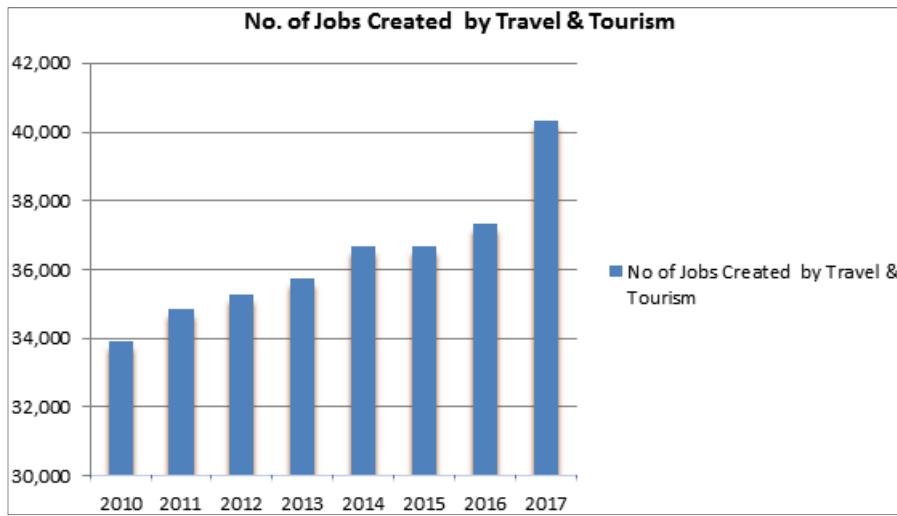


Fig 2: showing contribution of travel and tourism industry to India's Employment

Table 3: showing contribution of travel and tourism industry to India's Foreign Exchange Earnings [FEE]

Year	Year FEEs from Tourism in India [in crore ₹]	Percentage change over previous year
2007	44360	13.7
2008	51294	15.6
2009	53700	4.7
2010	64889	20.8
2011	77591	19.6 %
2012	94487	21.8
2013	107671	14.0
2014	123320	14.5
2015	135193	9.6
2016	154146	14.0

Source: Ministry of Tourism, Government of India [Tourism Statistics at a glance, 2017]

This table depicts the amount of Foreign Exchange Earned (FEE) by Travel and Tourism industry during the last 10 years. On year to year basis the FEE from this sector is improving. During 2007 the total FEE by this industry is ₹.44360 crores, it has increased to ₹. 64889 crores during

2010, then to ₹.154146 crores in 2016. Except during 2009 this sector has shown double digit increase over the previous years. Recording 13.7% change from 2006 to 2007; it is 20.8% from 2009 to 2010. The percentage change is 14% for 2016 compared to previous year 2015.

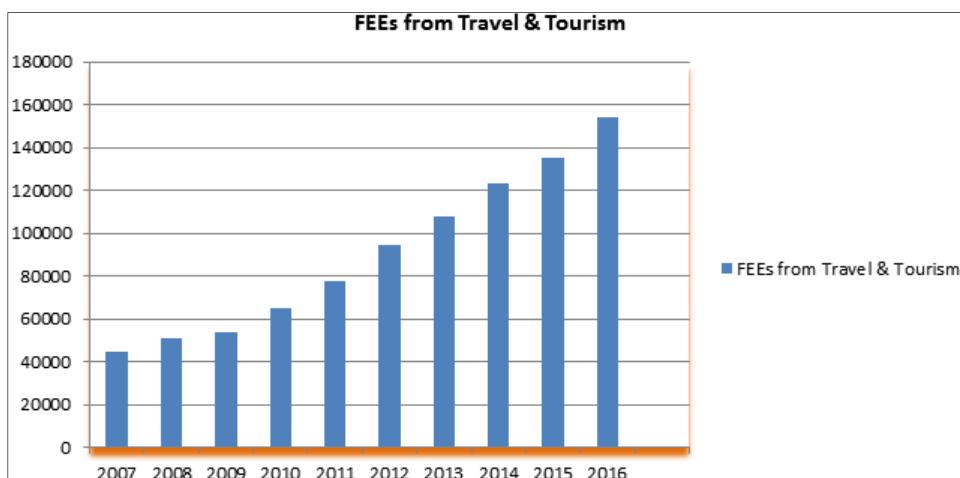


Fig 3: showing contribution of travel and tourism industry to India's Foreign Exchange Earnings [FEE]

Government initiatives to boost Travel and Tourism industry

Government of India has taken number of initiatives for the development of tourism. Government has set up Ministry of Tourism to boost tourism in India. Number of programmes and policy measures are introduced by central government and state governments to encourage tourism. The major programs are-

- **Atithi Devo Bhavah campaign**- Atithi Devo Bhavah' Indian Tourism Ministry's Social Awareness Program to Boost Tourism aimed at sensitizing people about India's rich cultural heritage, its preservation, cleanliness, hospitality and bringing out an attitudinal shift among the masses toward tourists.
- **Incredible India Campaign** – international marketing campaign of central government to boost tourism in India. On a pilot basis, the Ministry of Tourism has set up the 'Incredible India Help Line' to be operated in-house to address and guide the tourists during any emergency which may include medical, crime natural calamities or on being stranded
- **National Tourism Awards** – to encourage and support people and agencies operating in travel and tourism industry central government has introduced these awards.
- Awards to the meritorious students of the institutes of Hotel Management and Indian Institute of Tourism & Travel Management.
- **Visa on Arrival (VoR)** – introduced this scheme to promote tourism. As part of this central government has introduced e-Tourist Visa for the citizens of 161 countries
- **Marketing Development Assistance Scheme** for promotion of Tourism abroad
- **Scheme for organizing Fair & Festival** and Tourism related events
- **Central Financial Assistance (CFA)** to Information Technology (IT) Guidelines for assistance by the Ministry of Tourism to the Tourism, Travel and Hospitality Trade Associations for their various events in India and abroad are taken up for the development of travel and tourism in India
- **Welcome Cards:** the Ministry of Tourism launched the special welcome cards that will be handed to all the tourists, landing at our 9 International airports where Tourist Visa on Arrival Enabled with Electronic Travel Authorization facility is operational. The objective of this scheme is to make the experience of exploring the country hassle free.

Conclusion

In fast changing socio-cultural, socio-economic and geo-political environment travel and tourism along with hospitality industry has more opportunities and potentiality to grow and prosper itself and contribute to nation's growth and prosperity. In India this sector in the midst of challenges and problems recorded a robust growth and contributing significantly to our GDP, employment and foreign exchange. The government and key players in this industry along with the present initiatives have to take intensive programmes to encourage tourism. Provide all season transport facilities to tourist destinations provide better infrastructure facilities. Educate the local community in and around tourist places. Government has to give some

subsidies and financial packages to travel and tour organisations for the setting up of more heritage and star hotels to attract more foreign as well as domestic tourists.

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