

Importance Of Tourism In Economic Growth of India

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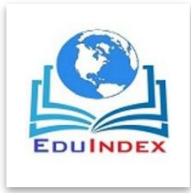
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ABSTRACT: - Culture & Tradition has been an essential part of Indian Travel and Tourism. In this paper we discuss about the economic importance of tourism industry of India, by taken secondary data from various national reports, journals, books, and other pertinent literature of this discipline. The Indian tourism industry is playing a major role in economic development in many sectors like foreign exchange earnings, infrastructure development, Indian traditional Art and craft etc. Tourism not only adds to the country's GDP, but also generates a lot of employment of skilled and non-skilled labour forces and improved their living standard. Therefore, tourism sector directly and indirectly contributes for the sustainable development of national wealth. Tourism generates valuable collection of revenues and taxes for the country. The paper also discuss about the huge growth in tourism in India because of the policies which are introduced by the Indian government and their support from all directions. Tourism has both positive and negative far reaching impact on economic and environment face of India. Earning from tourism department / industry can be used for the development of infrastructure and other services which is help to promote the tourism in India. Which increases number of tourist attraction.

Keywords:-Tourism, economic, employment, Culture.

INTRODUCTION: Tourism has been traditionally viewed as a great force in promoting understanding among nation and, within the national boundaries, facilitating emotional integration. Tourism is one of the world's largest and fastest growing sectors. Tourism was especially accepted as a significant driver for economic development in the latter half of the 20th century. It is in terms of its contribution to employment generation, foreign exchange earnings, income generation, output growth, improving people's living standard, level of consumption etc. that tourism has significant impact on our economy. It is because of this significance that tourism got the status of an industry in the 78th Five year Plan (1985-90). Tourism gives rise to numerous demands for goods and services, as for example, accommodation, food and drinks, long distance and local transport, entertainment, shopping, guides for sight-seeing, etc. not only does the tourist expenditure provide direct income to all these different services, but it also generates employment in hotels, restaurants, transport operators and workers, Travel agents and their employees, movie houses owners and those



working there, for example. Bearers, artist and many other like craftsmen and souvenir makers. The extent to which direct employment and income is generated in each of these services depends on the volume of tourist traffic, amount of tourist expenditure and pattern of their spending.

TSA (Tourism Satellite Account)

Tourism Satellite Account (TSA) National Accounts (prepared every year by Ministry of Statistics & PI) measure the growth and contribution of various sectors likes manufacturing, agriculture, services such as banking, insurance, transport, etc., while computing the GDP of the country. However, the National Accounts System is not able to measure the growth and contribution of tourism in GDP. This is because of tourism not an industry in the way industry is defined in the System of National Accounts. Tourism is a demand based concept defined by its consumption and not by its output. Industries defined in National Accounts, such as Air transport, Hotel & Restaurants, etc. produce the same output irrespective of whether it is used, by tourist or non-tourist. It is used by tourists who define the economy of tourism, and it is not available in the National Accounts. Therefore, there is need for preparing Tourism Satellite Account for assessing the contribution of tourism in GDP.

Till date, Ministry of Tourism has got prepared, through National Council of Applied Economic Research, three TSAs of India for the reference year 2002-03, 2009-10 and 2015-16 in the years 2006, 2012 and 2018 following the methodology recommended by United Nations World Tourism Organisation. As per the TSA Recommended Methodological Framework (TSA: RMF) 2008, the TSA of any country comprises of a set of 10 standard tables which are key to estimating the economic contribution of tourism in the economy. Preparing the tables in the standard recommended format and following a standard broad methodology enables international comparisons owing to the homogeneity among countries. 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 : Tourism industry Share in GDP of India

GDP	2013-14	2014-15	2015-16
Share in GDP (in %)	5.68	5.81	5.2
Direct (in %)	3.06	3.14	2.7
Indirect (in %)	2.62	2.67	2.5

Source: Annual report of Ministry of Tourism Govt. of India

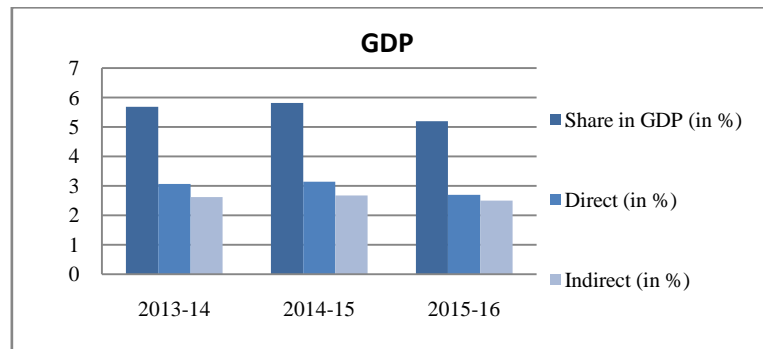


Figure : Tourism industry Share in GDP of India

I. EMPLOYMENT: -

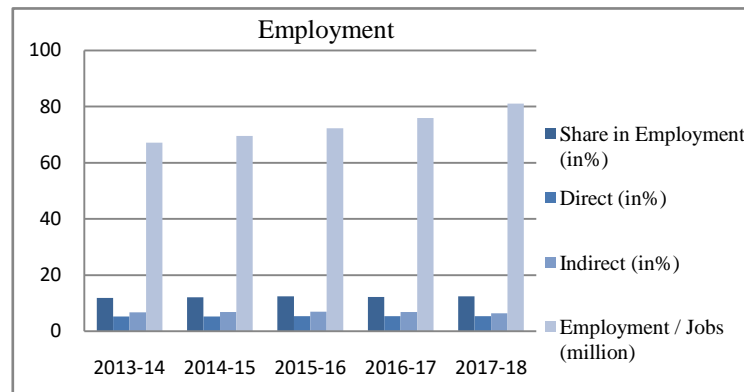
In assessing the economic impact of tourism let us first turn to employment. Tourism industry has a huge potential for direct and indirect job creation. According to the ministry of India report total employment in tourism sectors is 81.1 million (12.38%) in that direct employment is 5.40% and indirect employment is 6.38%. Starting from hotels to various tour operators, tourist offices, transport operators, tourist guides, etc. This provides direct jobs to various categories of people.. If we proceed to take into account the indirect employment generation through tourism, as for example the people who are supplying vegetables, meat, fish, poultry, cereals, etc. to the hotels, the electricians, plumbers, furnishers and furniture repairers, in fact all those who are providing ancillary services to the hotel customers, like taxi drivers, etc. then, we realise the enormous ramifications of the indirect employment creation process through tourism related activities. Another dimension is the shops and emporiums selling handicrafts, handlooms and thus providing marketing outlets to thousands of craftsmen, artisans, weavers, etc. It is suggested that the ratio between investment and job creation is much higher Tourism-related activities than in the case of manufacturing. TSA also provides the direct and indirect contribution of tourism in the employment of the country. According to 3rd TSA, the estimates of jobs generated in the economy due to tourism during the year 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 is provided in the following table:

Table : Tourism industry Employment in India

Employment	2013-14	2014-15	2015-16	2016-17	2017-18
Share in Employment (in %)	11.9	12.09	12.38	12.19	12.38
Direct (in %)	5.19	5.27	5.4	5.32	5.4



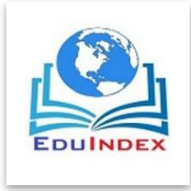
Indirect (in%)	6.71	6.82	6.98	6.87	6.38
Employment / Jobs (million)	67.2	69.6	72.3	75.9	81.1



Source : Annual report of Ministry Of Tourism Govt. of India

II. INCOME:-

Tourism also generates a giant volume of indirect employment and profits with a multiple effect. aside from the first recipient of the visitor money, there are numerous others who turn out to be beneficiaries. although frequently, as and whilst the money changes arms, its size receives decreased due to the fact several successive recipients maintain part of it for anything services they offer and pass at the balance to the others. If we're to take into account the demand for goods and services being generated through people who obtain gainful employment through tourism with the intention to open up yet another size. the additional consumption demand arising indirectly out of tourism will generate more employment and income and once more generate a similarly multiplier effect through a series of transactions. let us use an instance to demonstrate the multiplier impact. vacationers visit Kashmir and spend Rs. 2,00,000 in hotels and different amenities. this is received as earnings by means of hoteliers and amenity proprietors. Hoteliers and amenity proprietors pay tax, keep a number of their profits and spend the rest. a number of what they spend is going to shopkeepers, suppliers and other producers in Kashmir. They in flip pay taxes, keep and spend. The original sum of Rs. 2,00,000 spent through travelers in Kashmir is as a consequence circulating among one of a kind humans and in every circle it generates income and adds to the original sum. but, one should keep in mind that the multiplier effect may be greater if the Tourism enterprise buys goods or offerings from neighbourhood market sectors. If the tendency is to import items and offerings, the multiplier decreases. it's miles well worth



noting here that both the principal and the country governments earn sales thru various taxes, and access price, etc.

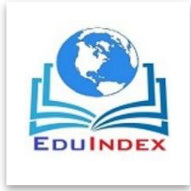
Foreign Tourist Inflow to India April 2019

On the basis of information received from the Immigration Office (BOI), the Ministry of Tourism compiles monthly Foreign Tourist Arrivals (FTAs) & FTAs on e-Tourist Visa. The following are the relevant highlights on e-Tourist Visa in the month of April 2019 concerning FTAs and FTAs:

Foreign Tourist Arrivals (FTAs):

- Foreign tourist arrivals (FTAs) FTAs during 2018 were 10.56 million (Provisional) with a growth of 5.2% over same period of the previous year. During 2018, a total of 2.4 million foreign Tourists arrived on e-Tourist Visa registering a growth of 39.6%.
- FTAs in April 2019 were 7,71,353 as compared to 7,45,051 in April 2018 registering a growth of 3.5%.
- FTAs during the period January-April 2019 were 39,35,293 as compared to 38,60,871 in January- April 2018 registering a growth of 1.9%.
- In April 2019, the percentage of foreign tourist arrivals in India was among the top 15 source countries and they are Bangladesh (25.28%) followed by UK(10.79%), USA (10.52%), Australia (3.57%), Germany (3.16%), China (3.08%), Malaysia (2.83%), Sri Lanka (2.81%), Canada (2.52%), Japan (2.36%), France(2.19%), Singapore (1.61%), Thailand (1.61%), Russian Fed (1.45%) and Rep. of Korea (1.37%).
- The percentage share of Foreign Tourist Arrivals in India during April 2019 among the Top 15 ports was highest at Delhi Airport (28.68%) followed by Mumbai Airport(13.06%), Haridaspur Land Check Post (11.05%), Chennai Airport(6.90%), Bengaluru Airport (6.11%), Kolkata Airport (5.75%), Cochin Airport(3.25%), Gede Rail Land Check Post (2.85%), Hyderabad Airport (2.56%), Goa Airport(2.18%), Ghojadanga Land Check Post (1.95%), Cochin Seaport (1.71%), Ahmedabad Airport (1.53%), Agartala Land Check Post (1.25%) and Trivandrum Airport(1.23%).

FTAs on e-Tourist Visa:



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- During the month of April, 2019 total of 2,01,137 tourist arrived on e-Tourist Visa as Compared to 1, 57,094 during the month of April, 2018 registering a growth of 28.0%.
- During January- April 2019, a total of 11,08,665 tourist arrived on e-Tourist Visa as Compared to 9, 18,792 during January-April 2018, registering a growth of 20.7%.
- The percentage shares of top 15 source countries availing e-Tourist Visa facilities during April, 2019 were highest from UK (16.8%), followed by USA (9.9%), China(7.0%), Germany (5.6%), Australia (4.7%), France (4.6%), Malaysia (4.1%), Canada(3.3%), Thailand (3.2%), Italy (2.9%), Spain (2.2%), Japan (1.9%), Israel (1.8%),Oman (1.7%) and Singapore (1.7%).
- The percentage shares of top 15 ports in tourist arrivals on e-Tourist Visa during April 2019 were highest from New Delhi Airport (46.4%) followed by Mumbai Airport(16.3%), Bengaluru Airport (7.0%), Chennai Airport (6.3%), Dabolim (Goa)Airport (3.6%), Kochi Seaport (3.5%), Kochi Airport (3.4%), Kolkata Airport(2.6%), Hyderabad Airport (2.2%), Tiruchy Airport (1.2%) Amritsar Airport (1.2%) Ahmedabad Airport (1.1%), Trivandrum Airport (1.0%), Mumbai Seaport (0.9%) and Sonauli Land Check post (0.6%).

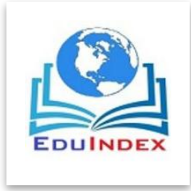
Foreign Exchange Earnings (FEEs)

FEEs during the period 2018 were Rs.1,94,892 crores (Provisional estimates) with a growth of 9.6% over same period of previous year. FEEs during the period 2018 were US\$ 28.592 billion (Provisional estimates) with a growth of 4.7% over same period of previous year.

Foreign Exchange Earnings (in rupee and US \$ terms) through tourism in India in April, 2019 the credit data of Travel Head from Balance of Payments of RBI for the Last year, the Ministry of Tourism estimated monthly Foreign Exchange Earnings (FEEs) from tourism in India, both in terms of rupees and dollars.. The highlights of the estimates of FEEs from tourism in India for April 2019 are as below:

Tourism in Rs Foreign Exchange Earnings (FEEs) Terms

- FEEs during the month of April 2019 were Rs. 17,061 crore as compared to Rs. 15,620 crore in April 2018.



- The growth rate in FEEs in rupee terms in April 2019 over April 2018 was 9.2%.
- FEEs during the period January- April 2019 were Rs. 69,177 crore as compared to Rs. 68,354 crore in January- April 2018.
- The growth rate in FEEs in rupee terms in January- April 2019 over January- April 2018 was 1.2%.

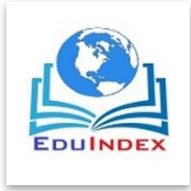
Tourism Foreign Exchange Earnings (FEEs) in terms of US\$

- FEEs in US\$ terms during the month of April 2019 were US\$ 2.456 billion as compared to FEEs of US\$ 2.379 billion during the month of April 2018.
- The growth rate in FEEs in US\$ terms in April 2019 over April 2018 was 3.2%.
- FEE during the period January- April 2019 were US \$ 9.846 billion as compared to US \$ 10.578 billion in January- April 2018.
- The growth rate in FEE in US\$ billion in January- April 2019 over January- April 2018 was -6.9%

Infrastructure

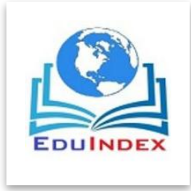
Infrastructure development remains one of the key proponents of socio-economic prosperity, but in a burgeoning population scenario, it is not possible for the government to accrue all necessary funds as well as technical capability, and therefore the involvement of the private sector becomes imperative to maintain the growth momentum while ensuring social welfare. In the Indian reference, during 2007-12, contribution by private sector 36.6% in the gross infrastructure investment, consequent upon infrastructure investment rising from ~5% of GDP during 2002-07 to ~7% of GDP during 2007-12, and settled at 5.6% of GDP during 2013-17. An evolved Public-Private Partnership (PPP) model that can take into account the complexity of coordination and accountability in infrastructure projects is the most resource-efficient way for the government to facilitate private investment into infrastructure projects. Development of infrastructure is a condition to gain higher tourist numbers as well as tourism receipts and necessity the combined effort of the host community, tourists and private & public sectors. The public sector needs to set up the planning, regulation and monitoring systems that use public spending as a catalyst to attract capital investment from the private sector, which would be primarily interested in areas that enhance the competitiveness and economic appeal of the destination. The following suggestive measures can accelerate the growth of tourism infrastructure in the country.

- **Tourism Specific Ease of Doing Business (EoDB) Rankings:** 'EoDB Tourism State Rankings' can be introduced by the Ministry of Tourism and NITI Aayog with comprehensive parameters for assessment of State initiatives. A uniform format can



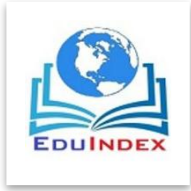
be introduced for the collection and publishing of tourism data and statistics across states and districts to facilitate easier decision making by investors and also measure the impact of initiatives of various states and other stakeholders.

- **Investment in the private sector in existing government infrastructure for O&M:** There is a large inventory of tourism infrastructure owned by state tourism departments as well as interconnected sectors like forest bungalows, many of which boast of exquisite locations that are lying idle or have further potential to upscale and attract more visitors, thereby also becoming self-sustainable. The private sector can be roped in to operate, improve or refurbish such properties and thus also boosting the room inventory. It is possible to pursue PPP models in the same way as those implemented in US National Parks.
- **Advance Brilliant and Economical Foundation:** As we expect tourism models to raise communities, its growth of modern infrastructure will be hugely important to attracting tourists, especially in remote and offbeat locations. Actually, the minimum project cost to meet the requirements for infrastructure status for tourism projects is INR 200 Cr, which is being considered to be reduced to INR 50 Cr. Nonetheless, if this entry barrier can be further lowered or a different reward program can be built for smaller projects, private players will be encouraged to participate in small infra stays such as home stays.
- **Promote MICE Sector:** Developing more world-class exhibition centers will make it possible for India to draw international conventions and meetings in tourism and other sectors. While in the past decade, the MICE industry has experienced growth in the Indian economy, India still has less than 0.5 % share of the market for world meetings and conventions.
- **Incentivize Private Sector Participation:** Government/(s) ought to boost private players to put resources into unserved/under-served the travel industry ventures. The motivation example can be friendlier for pulling in progressively imaginative the travel industry ventures versus common tasks. For example, intrigue subvention plans can be presented for little travel industry tasks like network home stays, visit administrators, RO-RO and vessel administrators. Extra impetuses, similar to extra intrigue subvention post-COD, can be given to ventures (incl. new Hotels and resorts) at traveller goals with constrained visitor offices and availability.
- **Online Repository of Land Banks:** Availability of reasonable land is one of the principle worries for putting resources into the travel industry ventures, particularly with regards to supportable the travel industry foundation in delicate zones. The states need to create land banks sketching out the land bundles accessible for the travel industry ventures, which are made open over an intuitive web stage with the help of the Ministry of Tourism. This will empower financial specialists to survey the



fundamental feasibility of their tasks premises the idea of land bundle/select the fitting area package reasonable to the proposed undertaking.

- **Medical and Wellness Tourism:** Over the previous couple of years, the administration's endeavours to advance and position Yoga and conventional Indian health treatments have paid profits with World Yoga Day being watched all around on June 21 every year. India holds an upper hand in offering these items and benefits and is likewise one of the most focused goals offering particular medications at low expenses. The need of great importance currently is to draw in ventures to make a supporting framework that can help procure profits of this worldwide development drove by India, just as further combine contributions in allopathic human services and propelled therapeutic methods.
- **Coastal Area Development:** Blessed with just about 7,500 km of coastline, seashores/Coastal the travel industry structures one of the top the travel industry subjects in India and is likewise a favoured topic for remote vacationers visiting India. To use on this waterfront bit of leeway of India, need can be concurred for recognizing at least 100 seaside goals/seashores and build up the essential the travel industry framework notwithstanding guaranteeing tidiness in these areas. In the Konkan coastline, for example, a network-based Konkan Inclusive Tourism Ecosystem (KITE) can be created wherein Modern Fishing Villages can continue their conventional employments with pay growth from traveller's movement, and the equivalent can be imitated in other key beachfront zones.
- **Leveraging MSME reserves:** India's tremendous social and regular legacy is overseen and preserved by nearby networks and little business visionaries whose plans of action currently require scale-up through capital implantation, limit building, and aptitude building support. Assembly of Government Schemes with associations like NABARD, SIDBI among others can be channelized into creating the travel industry foundation in rustic and hinterland zones.
- **Technology for Infrastructure Assessment and Management:** Today's advances give us clear bits of knowledge and simple to utilize apparatuses to progress practical and comprehensive development, and go a long ways past cashless exchanges and reservations. Information investigation can enable little business people to set up credit to scale their business, or bits of knowledge into buyer spending patterns which can further encourage districts on group the executives and urban arranging. Empowering a cashless environment for vacationers, presenting worth included items like Incredible India Travel Card, use of GIS and rising advancements, as Artificial Intelligence (AI) are some potential regions of intercession.



Contribution to local economies

3 Ways Travellers Can Help Local Business

No matter what holiday theme you want, look for ways to help restaurants locally operated. This cash will not only pass to the hotel, tour operator or shopkeeper, but it will also infuse funds into local communities, spreading ripples of economic support across the entire local supply chain of the company. Here are three ways you can commit to spending more money on your next holiday:

- Eat at least once during your stay at a local restaurant.
- Take a walking tour at each destination you visit with a local guide.
- Buy local souvenirs in your destination.

Contribution to government revenues:

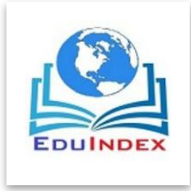
- Direct contributions are generated by income taxes from hospitality and leisure companies and direct taxes on visitors such as taxes on departure.
- Indirect payments are derived from taxes and duties imposed on tourism goods and services.

Conclusion:

Growing tourist industry in India has tremendous potential to generate jobs and gain significant amounts of foreign exchange, contributing half of the GDP growth in the Indian economy. It also elevates the rate of employment. It should be developed to accommodate and entertain visitors in a way that is minimally intrusive or environmentally destructive and supports and sustains native cultures in the locations in which they operate. It can be used as a tool for economic development when government and other tourism investors adopt a systematic and organized sustainable development of tourism and government should be made appropriate market demanding policies.

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