

In India, Study of the Impact of Tourism on Economic Development

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ABSTRACT

The tourism industry is a significant social phenomenon in practically every civilization, owing to the underlying human desire to have new and unique experiences in the areas of adventure, learning, and entertainment. Furthermore, tourism is influenced by a variety of elements, including socio-cultural, religious, and business activity. Tourism is fueled in part by the innate human need to learn about unexplored corners of the planet. Advances in technology, improvements in the knowledge domain, the construction of tourist-friendly facilities, transportation advancements, and the lowering of communication obstacles have all contributed to the tourism industry's growth in recent decades. As a result, it is widely recognized that tourism can play an important role in attaining inclusive and long-term growth and development. In most countries around the world, travel and tourism is a significant economic activity. Indirect and induced effects of the sector are important. Since a few years, the Indian tourist business has been rapidly expanding, demonstrating a large potential for creating jobs, earning foreign cash, and boosting the economy.

Keywords-- Domestic Tourism, Economic Development, GDP, Foreign Tourism

I. INTRODUCTION

As a result of the connection between visitors and host society, not only do host communities' socioeconomic conditions improve, but their value systems improve as well (Cook et al., 2010; Kumar, 2014). According to Hall and Page (1999), tourism affects individual and societal value systems, behaviour patterns, social structures, people's lifestyles, and quality of life. According to Leavitt (2003), tourism improves a community's socioeconomic conditions by improving ethnic and cultural tolerance, offering new job possibilities, developing infrastructure, and contributing to its overall economic development. Furthermore, Gjerald (2005) identified the socio-economic repercussions of tourism in terms of labour force displacement, changes in employment forms, increased

female engagement in the workforce, increased worker social status, changes in standard of living, and increased social cohesiveness.

As a result, it has been assumed that as people move around the world and get to know each other, comprehend each other's customs, and respect the unique traits of each nation's citizens, an international understanding develops, improving attitudes toward world peace (D'Amore, 2010). Another school of thought holds that higher levels of economic growth and development provide happiness to the host community. Increased real per capita income, increased employment opportunities, improved foreign exchange positions, increased exports, reduced poverty, and expanded entrepreneurial skill development are all factors that contribute to this satisfaction (Mishra et al., 2016).

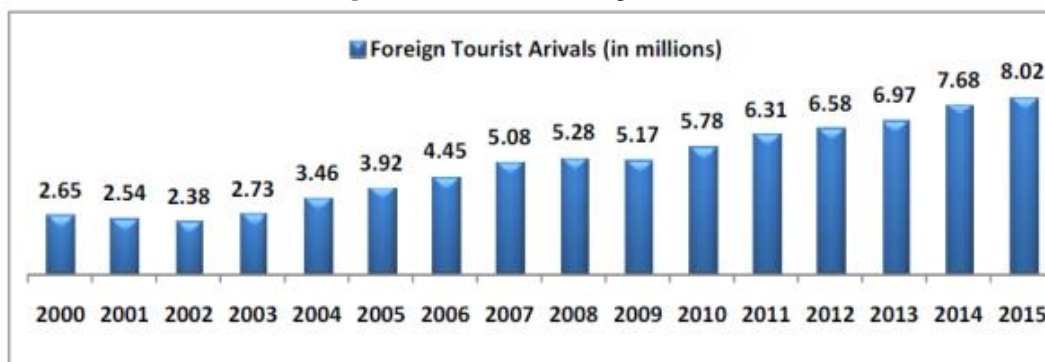
India's tourist business has grown at an exponential rate, and it has become a popular destination for international visitors. The attraction of tourists from all over the world has been aided by a rich, diverse heritage as well as exciting flora and fauna. In terms of growth, revenue, and visitor arrivals, the Indian tourism industry has outperformed the global tourism industry, according to Indian estimates. According to a new report from the World Travel and Tourism Council, India's travel and tourism sector ranks seventh in the world in terms of total contribution to GDP (WTTC). Tourism's usefulness as a tool for economic growth and job creation, particularly in distant and backward areas, has long been acknowledged around the world. In terms of gross revenue and foreign exchange earnings, it is the world's largest service industry. Tourism is a powerful tool for achieving growth while maintaining equity. The tourism literature suggests that expanding the tourism sector can help developing countries' macroeconomic performance in the long run. India has shown enormous potential for expanding its tourist industry, which can serve as a driver for long-term socioeconomic improvement.

II. ECONOMIC DEVELOPMENT

Today, tourism in India has grown to be a significant element of the economy, contributing significantly to the country's inclusive and long-term growth. India has become the most popular travel destination for both domestic and international visitors. International visitors are exposed to India's ideology of unity in diversity through tourism. As it has in many other emerging economies, the tourism sector has played an important role in generating foreign exchange, job opportunities, and household income for Indians over the years. It has aided regional and economic development by

providing opportunities for infrastructural development. As a result, the development of the tourist sector appears to be as essential as the development of other sectors of the Indian economy. Furthermore, it has aided the development of other linked sectors of the Indian economy, establishing itself as a substantial economic driver and method of poverty reduction. Tourist arrivals and receipts have been increasing in India, indicating that tourism remains an important business at both the national and regional levels. Foreign tourist arrivals and foreign exchange revenues, in particular, are on the rise show in figure-1 & figure-2.

Figure 1: Arrivals of Foreign Tourists in India



Source: Researcher's Own Plot

The tourist business in India is a major contributor to globalization and has proven to be resilient in the face of natural disasters, health crises, rising oil prices, fluctuating exchange rates, and other uncertainties. Tourism contributes to the economy in the form of foreign

exchange revenues, increased exports and gross domestic product, and increased investments, among other things. Tourism, on the other hand, has societal consequences in a country.

Figure 2: Tourism in India generates foreign exchange earnings



Source: Researcher's Own Plot

In a broader sense, all of these views of social growth presuppose the availability of better job prospects. As a result, it has been claimed in the literature that

employment might be used as a starting point for measuring the social benefits of tourism. It is widely agreed that job development helps to create chances for

higher living standards and other aspects of socioeconomic advancement. India, as a developing country, has not yet reached its full socioeconomic potential. The country has a long way to go in many areas, including illiteracy, illness, malnutrition, unemployment, poverty, and inequality.

Objectives of the Study

The primary goal of this study is to look into the socioeconomic impact of tourism in India. However, the study's particular aims have been expressed as follows for clarity:

1. To assess the importance of tourism in the development of Indian states and union territories.

III. METHODOLOGY

This study is empirical in nature and focuses on the macro-economic implications of tourism in India. From 2000 to 2015, the research was conducted. The study draws on secondary data from a variety of governmental and non-governmental sources, including the Ministry of Tourism's India Tourism Statistics, Reserve Bank of India publications, the CMIE database on Indian States, the World Travel & Tourism Council, the World Bank's World Development Indicators, and Indiatat.com.

The main goal of this study is to look at the role of tourism in the Indian economy from 1995 to 2015 at the state and UT levels. In order to do so, we used a panel framework to look at the dynamic relationship between

tourism and economic growth in Indian States/UTs. We chose 24 states and territories based on the availability of comparable data sets. Assam, Chandigarh, Arunachal Pradesh, Delhi, and the Andaman and Nicobar Islands, Haryana, Gujarat, Goa, Jammu & Kashmir, Himachal Pradesh, Kerala, Karnataka, Rajasthan, Uttarakhand, Uttar Pradesh, Manipur, Maharashtra, Nagaland, Meghalaya, Puducherry, Odisha, Punjab, Sikkim, Tripura, Tamil Nadu, and West Bengal are three states in India. To represent the tourism sector, we took domestic tourist arrivals and foreign tourist arrivals to each state/UT. And, to represent the economic growth of Indian States/UTs, the Gross State Domestic Product (GSDP) at constant prices for the base year 2004-05.

IV. TOURSITS VISIT

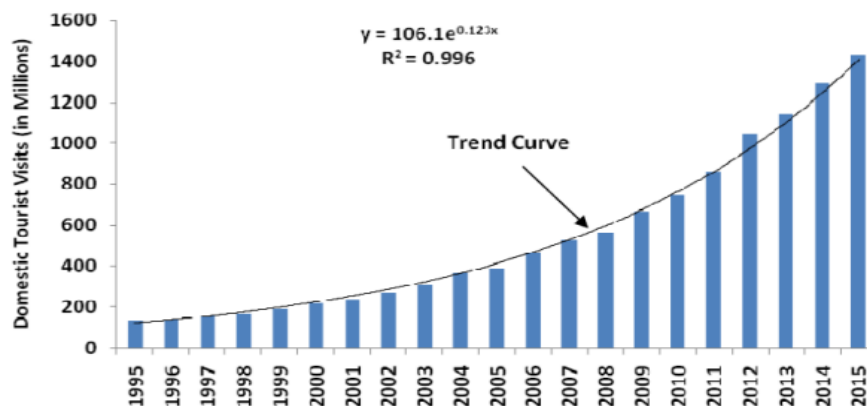
4.1 Domestic Visits by Tourists

Domestic tourism is important since it allows for wealth transfer and balanced regional development while also raising knowledge of one's own country's culture and environment. Domestic tourism dominates Indian tourism in the sense that people go from one region to another for a variety of reasons such as leisure, business, family, meetings, and other non-remunerated activities. The number of domestic tourist visits to all Indian states/UTs between 1995 and 2015 is shown in Table 1.

Table 1: shows the number of domestic tourist visits to all Indian states and union territories from 1995 to 2015.

Year	No. of Visits	Yearly Percentage
1995	136.65	-
1996	140.12	2.54
1997	159.88	14.10
1998	168.20	5.20
1999	190.67	13.36
2000	220.11	15.44
2001	236.47	7.43
2002	269.60	14.01
2003	309.04	14.63
2004	366.27	18.52
2005	392.04	7.04
2006	462.44	17.96
2007	526.70	13.90
2008	563.03	6.90
2009	668.80	18.79
2010	747.70	11.80
2011	864.53	15.63
2012	1045.05	20.88
2013	1142.53	9.33
2014	1290.12	12.92
2015	1431.97	11.00

Figure 3: India's domestic tourist visits from 1995 to 2015



Source: Researcher's Own Plot

4.2 Tourist Visits from Foreign Countries

Foreign visitor visits are more crucial for the tourism industry's true growth contribution in any country, and India is no different. Inbound tourism is crucial not just in terms of economic benefits, but also in terms of its sociocultural and political effects on the destination

country. Foreign exchange, foreign culture, and, above all, peace are all benefits of inbound tourism.

Maintaining social cohesion and decent international relations need a message like this. Table 2 depicts the number of international tourists who visited India between 1995 and 2015.

Table 2: shows the number of foreign tourists that visited India from 1995 to 2015

Year	Foreign Tourist	Yearly Percentage
1995	2.12	-
1996	2.28	7.55
1997	2.37	3.95
1998	2.35	-0.84
1999	2.48	5.53
2000	2.65	6.85
2001	2.54	-4.15
2002	2.38	-6.30
2003	2.73	14.71
2004	3.46	26.74
2005	3.92	13.29
2006	4.45	13.52
2007	5.08	14.16
2008	5.28	3.94
2009	5.17	-2.08
2010	5.78	11.80
2011	6.31	9.17
2012	6.58	4.28
2013	6.97	5.93
2014	7.68	10.19
2015	8.03	4.56

4.3 Tourism's Economic Contributions in India

The emerging and established worlds are fully aware of the importance of tourism in India's economic growth and development. In terms of poverty alleviation, inequality reduction, and balanced regional development, India's tourist industry has been widely praised for its contribution to inclusive growth. The tourism industry contributes to a country's economic growth and

development by contributing to GDP, employment, exports, capital investment, and infrastructure development. As a result, the government of the country invests in the growth of travel and tourism, which increases income and jobs through a multiplier effect. As a result, examining the trend pattern of economic contributions is justified.

Table 3: Travel and Tourism's Total Contribution to Real GDP from 1995 to 2015

Year	Contribution GDP	Year on Year Growth
1995	45.0892	-
1996	51.0611	13.24
1997	59.6775	16.87
1998	61.9282	3.77
1999	66.6871	7.68
2000	72.1859	8.25
2001	59.5573	-17.49
2002	70.6706	18.66
2003	79.8733	13.02
2004	85.384	6.90
2005	72.0962	-15.56
2006	75.1852	4.28
2007	88.9942	18.37
2008	93.0031	4.50
2009	89.5007	-3.77
2010	94.8337	5.96
2011	99.1497	4.55
2012	105.17	6.07
2013	111.132	5.67
2014	120.55	8.47
2015	129.493	7.42

V. CONCLUSION

The entire contribution of travel and tourism to India's real GDP has been observed to have a linear trend through time. The explanation for this could be the significance that both the commercial and public sectors in India place on the travel and tourism industry. The most essential point is that India's travel and tourism sector contributes to GDP in both direct and indirect and induced ways. The industry's indirect and induced contributions have a multiplier effect on the total economy. Using this multiplier impact, travel and tourism contributed INR 8,039.40 billion in 2015, which is approximately 3.11 times its direct contribution. When the indirect and induced benefits of tourism are considered, this means that for every rupee of direct contribution to GDP from tourism, an additional 2.11 rupees is contributed to the economy. The direct contributions in 2015 were INR 2668.30 billion, with the indirect and induced contributions totaling INR 5641.10 billion.

The multiplier effect is defined as the ratio of indirect and induced contributions to direct contributions from the travel and tourism sector.

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