
Growth of Travel and Tourism in India: A driver of Employment Generation and Economic Development

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Abstract: *Tourism is recognized as a powerful engine for economic growth and employment generation. The tourism sector is the largest service industry in the country. It is much of the labour intensive type of Industry as it undertakes to provide work for a large number of people. The employment and tourism is directly co-related to each other as it has long-term socio-economic impacts on the host economy and community. The tourism has also impacts on employment in sectors in which tourists directly spending their money, such as hotels, restaurants and airlines. As compare to other economic activity the tourism provides direct employment opportunities. International tourism is an invisible export that creates a flow of foreign currency into the economy of a destination country, there by contributing directly to the current account of the balance of payments. Like other export industries, this flow of revenue creates business turnover, household income and employment and government revenue. Ministry of Tourism has taken some steps like Tourist Visa on Arrival facility, Low Cost Airlines, Safety of Women Tourists, Hygiene and Cleanliness at tourist destinations, Trained Language Speaking Guides etc for increasing foreign tourism in India. Since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organisations become active partners in the endeavour to attain sustainable growth in tourism if India is to become a world player in the tourism industry.*

KEYWORDS: Tourism, International Tourism, Economic Development, Employmen

INTRODUCTION

Tourism has become the world's largest industry, generating wealth and employment. 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 is the right vehicle for a developing country like India which is on the path of modern economic growth through structural transformation of the economy. The value-added effect of tourism is increasing. Sustainable tourism has vast scope in India. India's tourism industry has witnessed upsurge in recent years, paying rich dividends to both consumers and

producers.

The role of Tourism is essential in the economic development of a country. Tourism is the second largest foreign exchange earner in India. The tourism industry employs a large number of people, both skilled and unskilled. Hotels, travel agencies, transport including airlines benefit a lot from this industry. Tourism promotes national integration, it generates foreign exchange. It promotes cultural activities. Tourism also promotes the traditional handicrafts sector. The tourist gets an insight into the rich and diverse cultural heritage of India.

India is one of the popular tourist destinations in Asia. India offers a wide array of places to see and things to do. The delighting backwaters, hill stations and landscapes make India a beautiful country. Historical monuments, forts, beaches, places of religious interests, hill resorts, etc. add to the grandeur of the country. They attract tourists from all over the world.

There is a harmonious blend of art, religion and philosophy. Religions like Christianity, Buddhism, Islam, Hinduism, Jainism, Sikhism and Zoroastrianism etc. has co-existed in India. India has fascinated people from all over the world with her secularism and her culture. To promote international and domestic tourism in the country The Department of Tourism was formed. It provides infrastructure, information aimed at promotion of tourist sites in the world market, carries out publicity campaigns and formulates policies and programmes for the promotion of tourism in India. The Indian Institute of Tourism and Travel Management, The National Council for Hotel management and Catering technology etc. provide professionally trained personnel to the industry.

OBJECTIVES

Tourism is an important and flourishing industry in the country. It employs the highest number of people compared to other sectors. Taking these factors into account the present article focuses on the following objectives.

- 1-To examine total contribution of travel and tourism to GDP in India
- 2-To examine total contribution of travel & tourism to employment in India
- 3-To find out visitor exports and international tourist arrivals in India
- 4-To find out capital investment in travel & tourism in India

LITERATURE REVIEW

Tourism gains immense popularity worldwide in recent trend. For the accelerating trend of this sector government has adopted various steps. Many more literatures are also built in this area to spread the importance of the sector globally. Sandeep Das (2011) in his article explains that tourism provides opportunities of job creation directly and indirectly. So this sector should be provided with incentives for sustainable and overall economic growth along with creation of jobs. Barna maullick(2012) in his article highlights about the tourism as strategy for rural development. He has given more priority of tourism sector and its contribution to earn foreign exchange and the accelerating trend of this sector towards attracting the foreign tourist arrival in India from 2001 to 2010. Parmar Jaysingh (2012), in his article explains tourism as an engine for economic growth. In his study he basically

focuses on the rural economy of Himachal Pradesh with the findings that this state is emerging as a favorite destinations for the tourists i.e., both domestic and foreigners which helps for the growth of the state.

A Brief Insight into Tourism Industry of India:

Today tourism is now credited for being the largest service industry in India, with a contribution of **6.23%** to the national GDP and providing **8.78%** of the total employment. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and branded it with the "**Incredible India**" campaign.

The Travel and Tourism Competitiveness Report 2009 by the World Economic Forum credited India with 11th place in the Asia Pacific regions and **62nd** overall, moving up three places on the list of the world's attractive destinations. It is ranked the **14th** best tourist destination for its natural resources and **24th** for its cultural resources, with many *World Heritage Sites*, rich in natural and cultural, flora and fauna, and strong creative industries in the country. India also bagged **37th** rank for its air transport network. The India travel and tourism industry stood 5th in the long-term (10-year) growth.

Country Brand Index (CBI) survey conducted by *Future Brand*, a leading global brand consultancy credited India with the "**best country brand for value-for-money**". India was also accorded the **second place in CBI's** "best country brand for history", as well as appears among the **top 5** in the best country brand for authenticity and art & culture, and the **fourth** best new country for business. India is in the list of "**rising stars**" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam.

Main Tourist Attractions in India

States : Rajasthan :: Kerala :: Goa :: Uttaranchal :: Himachal Pradesh

Cities : Jaipur :: Agra :: Khajuraho :: Varanasi :: Cochin

Monuments : Taj Mahal :: Red Fort :: Jaisalmer Fort :: Hawa Mahal :: City Palace

Religious Attractions : The Golden Temple :: Meenakshi Temple :: Akshardham Temple
Konark Sun Temple :: Lotus Temple :: Temples of Kerala

Hill Stations : Munnar :: Manali :: Nainital :: Ooty :: Mussoorie :: Darjeeling

Wild Attractions : Ranthambore :: Periyar :: Jim Corbett :: Gir :: Kaziranga

Luxury Trains : Royal Rajasthan on Wheels :: Golden Chariot :: Deccan Odyssey ::
Shimla Toy Train :: Darjeeling Toy Train

Adventure Activities: Trekking :: Skiing :: River Rafting :: Jeep Safari :: Mountain Biking

Beaches: Anjuna Beach :: Calangute Beach :: Marina Beach :: Gopalpur on Sea :: Puri Beach

Natural Attractions : Kerala Backwaters :: Dal Lake

Significance of Tourism in India

Tourism industry in India has several positive impacts on the economy and society. Following are the significance and importance of tourism in India.

1. Generating Income and Employment

Tourism in India has emerged as an instrument of income and employment generation, poverty alleviation and sustainable human development. It contributes 6.23% to the national GDP and 8.78% of the total employment in India. Almost 20 million people are now working in the India's tourism industry.

2. Source of Foreign Exchange Earnings

Tourism is an important source of foreign exchange earnings in India. This has favorable impact on the balance of payment of the country. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4% annual growth rate.

3. Preservation of National Heritage and Environment

Tourism helps preserve several places which are of historical importance by declaring them as heritage sites. For instance, the Taj Mahal, the Qutab Minar, Ajanta and Ellora temples, etc, would have been decayed and destroyed had it not been for the efforts taken by Tourism Department to preserve them. Likewise, tourism also helps in conserving the natural habitats of many endangered species.

4. Developing Infrastructure

Tourism tends to encourage the development of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that cater to foreign visitors. The development of infrastructure has in turn induced the development of other directly

productive activities.

5. Promoting Peace and Stability

The tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. However, key challenges like adoption of regulatory frameworks, mechanisms to reduce crime and corruption, etc, must be addressed if peace-enhancing benefits from this industry are to be realized.

According to *World Travel and Tourism Council*, India will be a tourism hot-spot from 2009 to 2018, having the highest 10-year growth potential. The *Travel & Tourism Competitiveness Report 2007* ranked tourism in India sixth in terms of price competitiveness and 39th in terms of safety and security. Despite short- and medium-term setbacks, such as shortage of hotel rooms, tourism revenues are expected to surge by 42% from 2007 to 2017. India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse.

RESEARCH METHODOLOGY

The study focuses is an attempt of extensive study, based on Secondary data collected from various other research paper, Books, Newspaper, Journal and Magazines article and Media reports.

The direct contribution of Travel & Tourism to GDP reflects the 'internal' spending on Travel & Tourism (total spending within a particular country on Travel & Tourism by residents and non-residents for business and leisure purposes) as well as government 'individual' spending - spending by government on Travel & Tourism services directly linked to visitors, such as cultural (eg museums) or recreational (eg national parks).

The direct contribution of Travel & Tourism to GDP is calculated to be consistent with the output, as expressed in National Accounting, of tourism-characteristic sectors such as hotels, airlines, airports, travel agents and leisure and recreation services that deal directly with tourists. The direct contribution of Travel & Tourism to GDP is calculated from total internal spending by 'netting out' the purchases made by the different tourism industries. This measure is consistent with the definition of Tourism GDP, specified in the 2008 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008).

TOTAL CONTRIBUTION of Travel & Tourism includes its 'wider impacts' (i.e. the indirect and induced impacts) on the economy. The 'indirect' contribution includes the GDP and jobs supported by:

Travel & Tourism investment spending – an important aspect of both current and future activity that includes investment activity such as the purchase of new aircraft and construction of new hotels;

Government 'collective' spending, which helps Travel & Tourism activity in many different ways as it is made on behalf of the 'community at large' – eg tourism marketing and promotion, aviation, administration, security services, resort area security services, resort area sanitation services, etc;

Domestic purchases of goods and services by the sectors dealing directly with tourists - including, for example, purchases of food and cleaning services by hotels, of fuel and catering services by airlines, and IT services by travel agents. The 'induced' contribution measures the GDP and jobs supported by the spending of those who are directly or

indirectly employed by the Tourism sector.

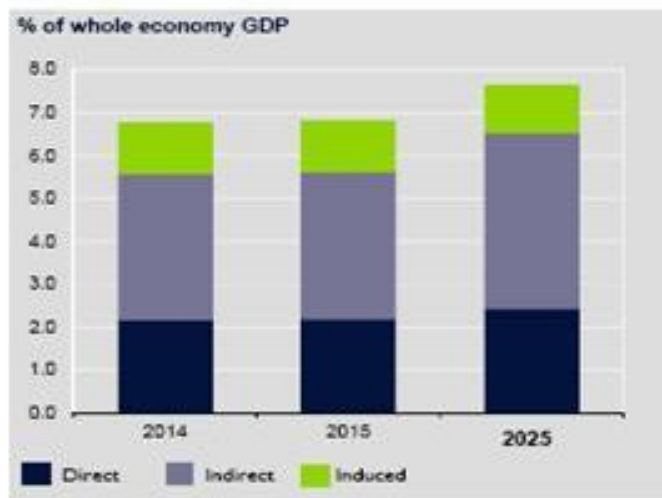
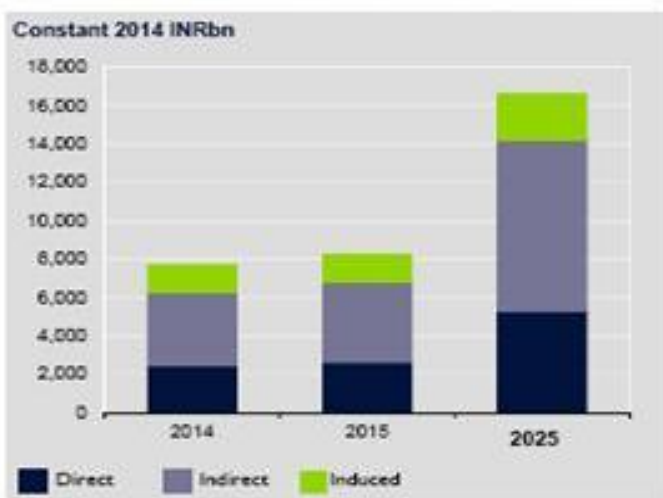
Analysis and Results

1-INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP

The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was INR7,642.5bn in 2014 (6.7% of GDP) and is expected to grow by 7.5% to INR8,218.0bn (6.8% of GDP) in 2015.

It is forecast to rise by 7.3% pa to INR16, 587.2bn by 2025 (7.6% of GDP).

INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP

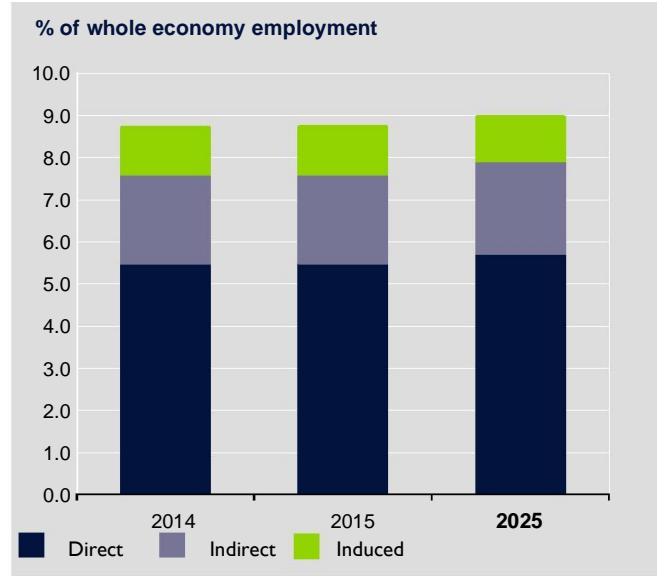
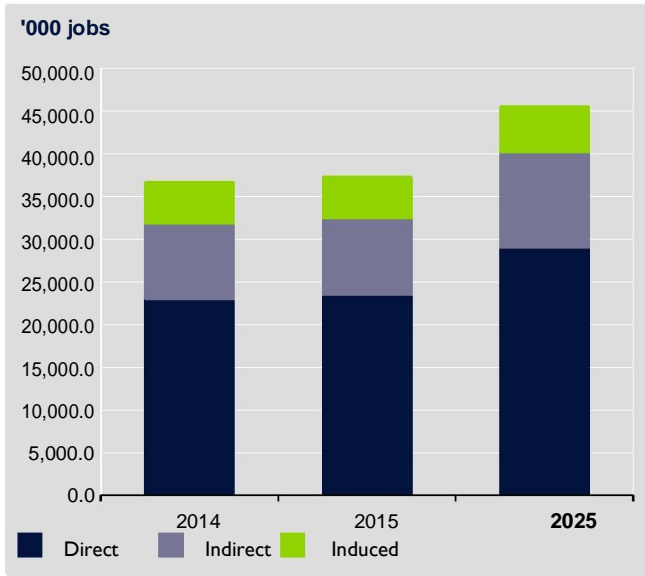


* All values are in constant 2014 prices & exchange rates

2-INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT

The total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 36,695,500 jobs in 2014 (8.7% of total employment). This is forecast to rise by 1.8% in 2015 to 37,365,000 jobs (8.7% of total employment).

By 2025, Travel & Tourism is forecast to support 45,566,000 jobs (9.0% of total employment), an increase of 2.0% pa over the period.



3-VISITOR EXPORTS

Money spent by foreign visitors to a country (or visitor exports) is a key component of the direct contribution of Travel & Tourism. In 2014, India generated INR1,224.4bn in visitor exports. In 2015, this is expected to grow by 5.2%, and the country is expected to attract 7,757,000 international tourist arrivals.

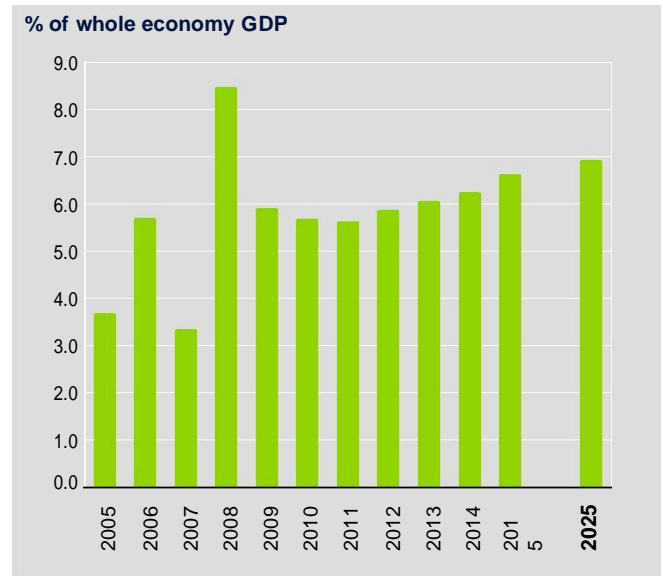
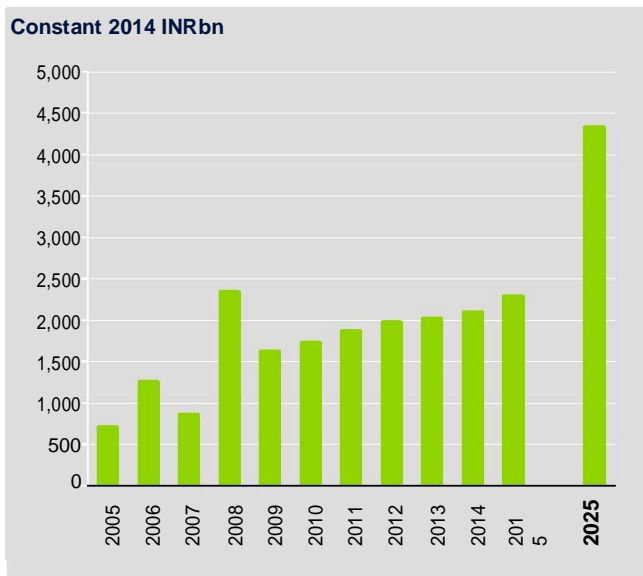
By 2025, international tourist arrivals are forecast to total 15,291,000, generating expenditure of INR2, 377.2bn, an increase of 6.3% pa.

INDIA: VISITOR EXPORTS AND INTERNATIONAL TOURIST ARRIVALS



4-INVESTMENT

Travel & Tourism is expected to have attracted capital investment of INR2,107.2bn in 2014. This is expected to rise by 9.3% in 2015, and rise by 6.5% pa over the next ten years to INR4,337.8bn in 2025. Travel & Tourism's share of total national investment will rise from 6.6% in 2015 to 6.9% in 2025.

INDIA: CAPITAL INVESTMENT IN TRAVEL & TOURISM

¹ All values are in constant 2014 prices & exchange rates

Conclusion:

Tourism industry has emerged as an important instrument in the economic development of Indian economy, particularly in remote backward rural areas. Due to its strong backward and forward linkages it generates employment in different profiles and thus increases living standard of people who are directly or indirectly linked with this economically profitable activity. The Indian tourism has a clear bright future because the demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019, keeping in view its socio-economic impacts of Indian tourism the need of hour is that supply of tourism Products and services must regularly be upgraded to meet the changing needs of the market, which is necessary for continuous in flow and optimum satisfaction of tourists. Tourism can be used as a catalyst for socio-economic development if Government and other people involved in tourism pursues sustainable development of tourism in a comprehensive and planned manner and formulate appropriate market demanding policies.

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