

ROLE OF TOURISM INDUSTRY IN INDIAN ECONOMY

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ABSTRACT

The travel and tourism sector has become one of the largest and most rapidly expanding economic segments worldwide, significantly enhancing its contribution to global GDP and employment. In India, the tourism industry stands out as a crucial growth engine within the services sector, recognized as a burgeoning field that generates employment, serves as a vital source of foreign exchange, and stimulates economic activities benefiting local communities. Factors such as rising income levels, evolving lifestyles, a variety of tourism offerings, and supportive government policies are instrumental in shaping India's travel and tourism landscape. Nevertheless, the sector encounters challenges, including inadequate tourism infrastructure, global health and safety concerns for travelers, inconsistent tax structures across states, and a shortage of skilled manpower. To ensure sustainable development and the continued vitality of the travel and tourism industry, collaborative efforts among central and state governments, the private sector, and local communities are essential.

Keywords: travel, tourism, employment, foreign exchange

1. INTRODUCTION

The travel and tourism industry plays a crucial role in the Indian economy, offering numerous socio-economic advantages. It generates employment opportunities, contributes to income and foreign exchange, and fosters the growth of various sectors, including agriculture, construction, and handicrafts. Furthermore, investments in infrastructure, encompassing transportation, lodging, and other tourism-related services, facilitate comprehensive infrastructure development across the country. The tourism industry significantly contributes to the economic development and job creation within the country. As the largest service sector, it has experienced substantial growth in gross revenue and foreign exchange earnings. This sector encompasses a diverse range of service providers, including government and private entities, travel agents, transport services, guides, hotel operators, restaurants, and retail shops. Tourism not only enhances the living standards and conditions of the local population but also plays a crucial role in employment generation. The economic advantages derived from tourism manifest in various forms, such as local tax revenues, poverty alleviation, and improvements in education, health, housing, sanitation, and entertainment. Furthermore, tourism fosters social equity and encourages environmental quality, thereby stimulating overall economic development.

2. OBJECTIVES OF THE STUDY

1. To analyze the tourism industry in India
2. To study the role of tourism industry in Indian economy

3. DATA ANALYSIS

Table 1 Share of top 10 states/UTs of India in number of domestic tourist visits in 2022

Rank	State/Union Territory	Numbers in Million	Share in %
1	Uttar Pradesh	317.91	18.37
2	Tamil Nadu	218.58	12.63
3	Andhra Pradesh	192.72	11.13
4	Karnataka	182.41	10.54
5	Gujarat	135.81	7.85
6	Maharashtra	111.30	6.43
7	Rajasthan	108.33	6.26
8	West Bengal	84.54	4.88
9	Telangana	60.75	3.51

10	Uttarakhand	54.64	3.16
Total of top 10 states		1467.00	84.75
Others		264.01	15.25
Total		1731.01	100

Source: India tourism statistic at a glance 2023

Table 1 illustrates the distribution of domestic tourist visits across the top ten states and Union Territories in India for the year 2022.

Uttar Pradesh leads with 317.91 million visits, accounting for 18.37% of the total. Following are Tamil Nadu with 218.58 million visits (12.63%), Andhra Pradesh at 192.72 million (11.13%), and Karnataka with 182.41 million (10.54%). Gujarat, Maharashtra, and Rajasthan have 135.81 million (7.85%), 111.30 million (6.43%), and 108.33 million (6.26%) visits, respectively. West Bengal, Telangana, and Uttarakhand complete the list with 84.54 million (4.88%), 60.75 million (3.51%), and 54.64 million (3.16%) visits. Collectively, these ten states account for 1,467 million visits, representing 84.75% of the total domestic tourism, while other regions contribute 264.01 million visits, or 15.25%, leading to an overall total of 1,731.01 million visits.

Table 2 Share of top 10 states/UTs of India in number of foreign tourist visits in 2022

Rank	State/Union Territory	Numbers in Million	Share in %
1	Gujarat	1.78	20.70
2	Maharashtra	1.51	17.60
3	West Bengal	1.04	12.08
4	Delhi	0.82	9.50
5	Uttar Pradesh	0.65	7.56
6	Tamil Nadu	0.41	4.74
7	Rajasthan	0.40	4.62
8	Kerala	0.35	4.02
9	Punjab	0.33	3.84
10	Madhya Pradesh	0.20	2.38
Total of top 10 states		7.47	87.3
Others		1.11	12.97
Total		8.59	100

Source: India tourism statistic at a glance 2023

The distribution of foreign tourist visits among the top ten states and Union Territories in India for the year 2022 is as follows. Gujarat leads with 1.78 million visitors, accounting for 20.70% of the total. Maharashtra follows with 1.51 million, representing 17.60%.

West Bengal ranks third with 1.04 million visitors, making up 12.08%. Delhi, Uttar Pradesh, Tamil Nadu, Rajasthan, Kerala, Punjab, and Madhya Pradesh complete the list with respective visitor numbers of 0.82 million (9.50%), 0.65 million (7.56%), 0.41 million (4.74%), 0.40 million (4.62%), 0.35 million (4.02%), 0.33 million (3.84%), and 0.20 million (2.38%). Collectively, these ten states account for 7.47 million visitors, which is 87.3% of the total foreign tourist visits to India, while the remaining states contributed 1.11 million visitors, or 12.97%, bringing the overall total to 8.59 million, equivalent to 100%.

Table-3 Foreign tourist arrivals in India (1997–2022)

Year	Arrivals (millions)	% change	Year	Arrivals (millions)	% change
1997	2.37	3.8	2010	5.78	11.8
1998	2.36	−0.7	2011	6.31	9.2
1999	2.48	5.2	2012	6.58	4.3
2000	2.65	6.7	2013	6.97	5.9
2001	2.54	−4.2	2014	7.68	10.2
2002	2.38	−6.0	2015	8.03	4.5
2003	2.73	14.3	2016	8.8	9.7
2004	3.46	26.8	2017	10.04	14
2005	3.92	13.3	2018	10.56	5.2
2006	4.45	13.5	2019	10.93	3.5
2007	5.08	14.3	2020	2.74	-74.9
2008	5.28	4	2021	1.52	-55.4
2009	5.17	−2.2	2022	6.19	307.2
			2023	9.2	48.6

Source: <https://tourism.gov.in>

The data presents annual arrivals in millions along with their percentage changes over the years. In 1997, arrivals were recorded at 2.37 million, experiencing a 3.8% increase. This figure fluctuated over the subsequent years, reaching a peak of 5.78 million in 2010, which marked an 11.8% rise. The trend continued with notable increases until 2019, when arrivals hit 10.93 million, although the following year saw a dramatic decline to 2.74 million due to the pandemic, reflecting a staggering 74.9% drop. Recovery began in 2021, with arrivals rebounding to 6.19 million in 2022, and further increasing to 9.2 million in 2023, representing a significant 48.6% growth.

Table-4 Foreign exchange earnings from tourism in India (1997–2020)

Year	Earnings (US\$ million)	% change	Earnings (₹ crores)	change	Year	Earnings (US\$ million)	change	Earnings (₹ crores)	change
1997	2,889	2	10,511	4.6	2009	11,136	−5.9	53,754	4.8
1998	2,948	2	12,150	15.6	2010	14,193	27.5	66,172	23.1
1999	3,009	2.1	12,951	6.6	2011	16,564	16.7	83,036	25.5
2000	3,460	15	15,626	20.7	2012	17,737	7.1	95,607	15.1
2001	3,198	−7.6	15,083	−3.5	2013	18,445	4	1,07,563	12.5
2002	3,103	−3.0	15,064	−0.1	2014	20,236	9.7	1,20,367	11.9
2003	4,463	43.8	20,729	37.6	2015	21,071	4.1	1,34,844	12
2004	6,170	38.2	27,944	34.8	2016	22,923	9.1	1,54,146	14.3
2005	7,493	21.4	33,123	18.5	2017	27,310	19.1	1,77,874	15.4
2006	8,634	15.2	39,025	17.8	2018	28,586	4.7	1,94,881	9.6
2007	10,729	24.3	44,362	13.7	2019	30,058	5.1	2,11,661	8.6
2008	11,832	10.3	51,294	15.6	2020	6,958	-76.8	50,136	-76.3

Source: India tourism statistic at a glance 2023

The table presents annual earnings in millions of US dollars and Indian rupees, along with their respective percentage changes. In 1997, earnings were recorded at \$2,889 million, reflecting a 2% increase, while in 2009, earnings rose to \$11,136 million, albeit with a decline of 5.9%. The years 1998 to 2008 saw consistent growth, with notable peaks in 2000 and 2007, where earnings reached \$3,460 million and \$10,729 million, respectively. However, 2020 marked a significant downturn, with earnings plummeting to \$6,958 million, a drastic 76.8% decrease compared to the previous year.

4. CONCLUSION

The travel and tourism sector has become one of the largest and most rapidly expanding economic domains worldwide. Its impact on global Gross Domestic Product and job creation has grown considerably. In India, the tourism industry stands out as a crucial catalyst for growth within the services sector. Recognized as a burgeoning industry, tourism in India serves as a significant employment provider, a vital source of foreign exchange, and an economic activity that benefits local and host communities. India's tourism offerings, characterized by their unmatched beauty, distinctiveness, and rich cultural heritage, are being actively promoted both internationally and domestically.

5. REFERENCES

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