

## IMPACT OF TOURISM ON INDIAN ECONOMY

**Prof. Neeta Rath , Asst.Prof. Nilima Singh and Asst. Prof. Sandra A. Lopes**

Viva college Of Arts, Sci.& Comm.Virar(w)  
Yashwantrao Chapekar college Of comm. & mgmt., Palghar (W)  
Viva College Of Arts, Sci.,& Comm. Virar (W)

**Abstract :**Traveling and Tourism has been an integral part of Indian Culture & Tradition. Tourism Industry is the most vibrant tertiary activity and a multibillion industry in India. The potential and performance of India's tourism industry needs to gauge in terms of its socio- economic magnitudes. This paper discusses how India is emerging as a popular tourist destination in the world, driven by the focus on innovation and creating value for tourists. It aimed to change the attitude and behavior toward foreign tourists by stressing on the aspect that a guest has been held in high esteem in India since ancient times. It also examines the impact of India's economic growth on tourism, Contributors to economic growth, Role of Tourism industry in India's GDP, Foreign versus Domestic Tourists. The paper also explores that there has been a tremendous growth in tourism in India because of the policies of the government and support from all levels. There are recently many events that have taken place, which are a big catalyst for prompting tourism in India like 20/20 IPL Cricket matches, Commonwealth Games, visit of President Obama of USA & 1st lady Michelle have also helped the tourism industry and will continue helping in India and it will prosper to great heights and standards in near future.

**Key Words:** Tourism Industry, impact on economy, foreign tourist, economic growth.

### INTRODUCTION

The word "tour" is derived from the Latin word 'tornare' and the Greek word 'tornos,' meaning 'a lathe or circle; the movement around a central point or axis.' This meaning changed in modern English to represent 'one's turn.'

In developing countries like India tourism has become one of the major sectors of the economy, contributing to a large proportion of the National Income and generating huge employment opportunities. It has become the fastest growing service industry in the country with great potentials for its further expansion and diversification. However, there are pros and cons involved with the development of tourism industry in the country. Let us discuss the development as well as the negative and positive impacts of tourism industry in India.

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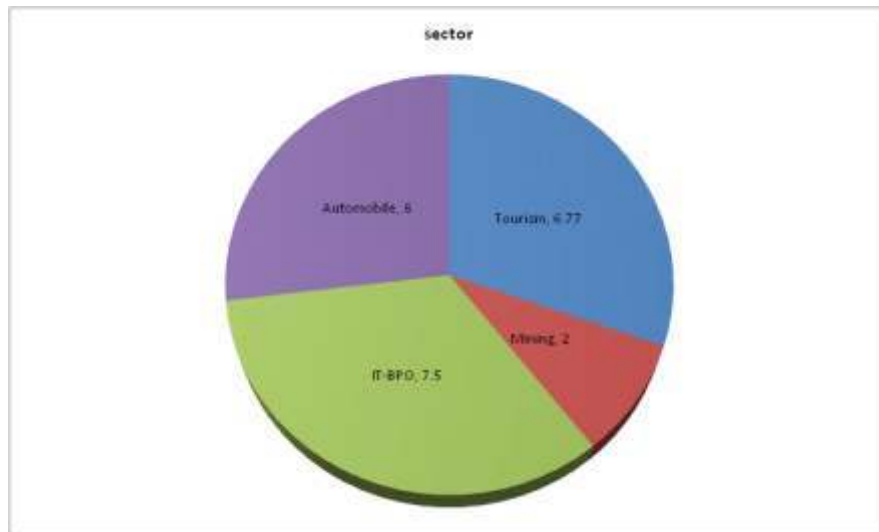
Tourism industry in India has several positive and negative impacts on the economy and society. These impacts are highlighted below.

#### POSITIVE IMPACTS:

**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 6.77% to

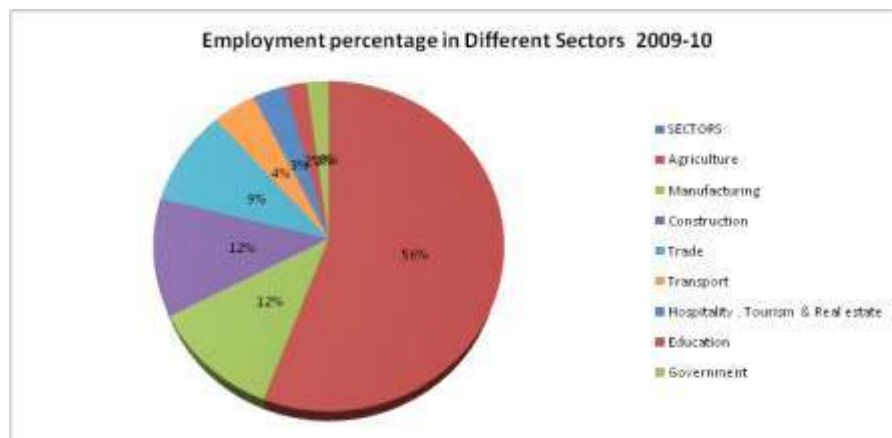
## Impact Of Tourism On Indian Economy

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.



(Contribution of different sectors to national GDP In Percentag)

### Employment By Percentage In Different Sectors (2009-10)



**2.. Source of Foreign Exchange Earnings:** Tourism is an important source of foreign exchange earnings in India. This has favourable 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.

**4.Developing Infrastructure:** Tourism tends to encourage the development of multiple-use of infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers.

**5. Promoting Peace and Stability:** Tourism industry can also help promote peace and stability in developing country like India by providing jobs, generating income & diversifying the economy..

**6 .The Multiplier Effect:** The flow of money generated by tourist spending multiplies as it passes through various sections of the economy.

**7. Regional Development:** The underdeveloped regions of the country can greatly benefit from tourism development. Many of the economically backward regions contain areas of high scenic beauty and cultural attractions.

**8. Economic Value Of Cultural Resources:** Tourism provides monetary incentives for the development of many local crafts and culture, thus it has an effect on the income of the local artisans and artists

“Skill Development : The Key to Economic Prosperity”

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**9. Promotion Of International Understanding :** Tourism can also become an effective tool to develop a better understanding and interaction amongst people of different countries.

### NEGATIVE IMPACTS:

**1. Undesirable Social and Cultural Change:** Tourism sometimes led to the destruction of the social fabric of a community. The more tourists coming into a place, the more the perceived risk of that place losing its identity.

**2. Increase Tension and Hostility:** Tourism can increase tension, hostility, and suspicion between the tourists and the local communities when there is no respect and understanding for each other's culture and way of life.

**3. Creating a Sense of Antipathy:** Tourism brought little benefit to the local community. In most all-inclusive package tours more than 80% of travelers' fees go to the airlines, hotels and other international companies, not to local businessmen and workers.

**4. Adverse Effects on Environment and Ecology:** One of the most important adverse effects of tourism on the environment is increased pressure on the carrying capacity of the ecosystem in each tourist locality.

**5. Import Leakage:** This commonly occurs when tourists demand standards of equipment, food, drinks, and other products that the host country cannot supply, specially developing countries.

**6. Seasonal Character Of Job:** The job opportunities related to tourism industry are seasonal in nature as they are available only during the tourist season.

**7. Increase In Prices:** Increasing demand for basic services and goods from tourists will often cause price hikes that negatively affect local residents whose income does not increase proportionately.

### DEVELOPMENT OF TOURISM IN INDIA:

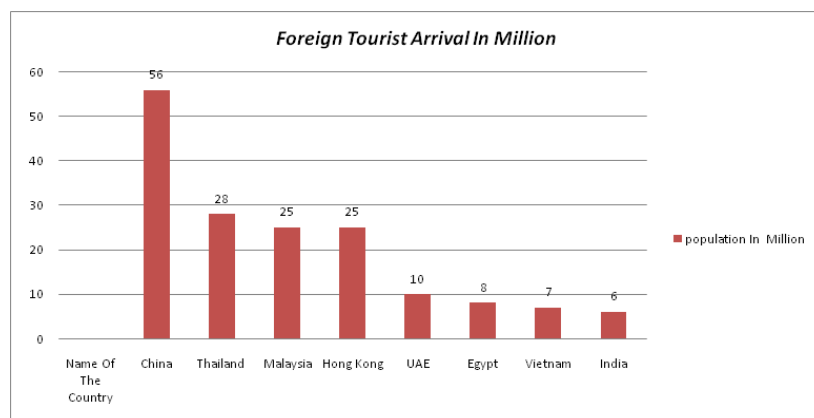
#### Early Development:

The first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India (Krishna, A.G., 1993). Thereafter, the development of tourism was taken up in a planned manner in 1956 coinciding with the Second Five Year Plan.

But it was only after the 80's that tourism activity gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, the New Tourism Policy recognises the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism.

#### Present Situation and Features of Tourism In India:

Today tourism is the largest service industry in India, with a contribution of 6.77% to the national GDP and providing 8.78% of the total employment. India witnesses more than 5 million annual foreign tourist arrivals and 562 million domestic tourism visits. 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. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the "Incredible India" campaign.



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According to World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region 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, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

Moreover, India has been ranked the "best country brand for value-for-money" . India made it to 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.

The demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will place India at the third position in the world. India's travel and tourism sector is expected to be the second largest employer in the world, employing 40,037,000 by 2019.

### **CONCLUSION:**

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. Eco-tourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of the India's natural and cultural environments. Tourism in India should be developed in such a way that it accommodates and entertains visitors in a way that is minimally intrusive or destructive to the environment and sustains & supports the native cultures in the locations it is operating in. Moreover, 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.

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