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# Role of Indian Tourism in Economic Growth of Country

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**Abstract:** *This research paper explores the significant role played by Indian tourism in fostering economic growth within the country. It analyzes the various dimensions of tourism and its impact on the national economy, considering factors such as foreign exchange earnings, employment generation, infrastructure development, and regional economic disparities. The findings indicate that tourism has emerged as a crucial sector for India's economic progress, presenting opportunities for further development and policy interventions to maximize its potential.*

**Keywords:** *Indian Tourism, Tourism Industry, Economic Growth.*

## 1. INTRODUCTION

Tourism is essentially an economic activity that encompasses a range of economic interactions between various sectors of the economy. The Indian tourism industry has shown remarkable growth over the years with the country boasting of a diverse set of attractions that has attracted a large number of domestic and international tourists. The government of India has an important role to play in the development of the tourism industry as it is one of the most important contributors to the country's GDP. Tourism has played a significant role in driving economic growth in many countries. Likewise, in India, the tourism industry has contributed significantly to the country's economic development. In this research paper, we will analyse the role of Indian tourism in the economic growth of the country. the Indian tourism industry plays a significant role in the country's economic growth. The industry has generated significant foreign exchange earnings, created employment opportunities, and contributed to the country's GDP. However, to unlock the full potential of the tourism industry, the government needs to address the challenges faced by the industry. By enhancing safety and



security measures, developing infrastructure, and reducing taxes, India can become a leading tourism destination globally.

### **Objective**

To analyse the role played by Indian tourism in the economic growth of the country.

## **2. METHODOLOGY**

The methodology of this research paper is based on secondary data. The data has been collected from various authentic sources, including government reports, journals, articles, and websites. The research methodology involves a comprehensive literature review to analyse the role of Indian tourism in the economic growth of the country.

### **Indian Tourism Industry:**

The Indian tourism industry has shown significant growth over the years and has emerged as one of the major industries in the country. Tourism in India accounts for 9.6% of the country's GDP and 8.1% of its total employment. The industry is expected to grow at a CAGR of 7.23% from 2021 to 2026.

### **Role of Indian Tourism in Economic Growth:**

The role played by Indian tourism in the economic growth of the country is significant. The tourism industry contributes to the GDP, foreign exchange earnings, and employment generation. Tourism has become one of the largest sources of foreign exchange earnings for the country. In 2019, the tourism industry contributed USD 247.3 billion to the country's economy, which is almost 6.8% of the GDP.

The tourism industry in India has been instrumental in creating employment opportunities for people from different walks of life. In 2019, the tourism industry provided employment to around 4.2 crore people, which is approximately 8.1% of the country's total employment. The industry has also emerged as a major employer for women, with around 30% of the total workforce being comprised of women.

The tourism industry has also helped to boost infrastructure development in the country. The development of infrastructure facilities such as airports, roads, and hotels has facilitated the growth of tourism in the country. The government has also taken various initiatives to promote the tourism industry in the country, such as the development of tourist circuits, organizing cultural festivals and events, and providing tax incentives to the industry.

### **Economic Contribution of Indian Tourism:**

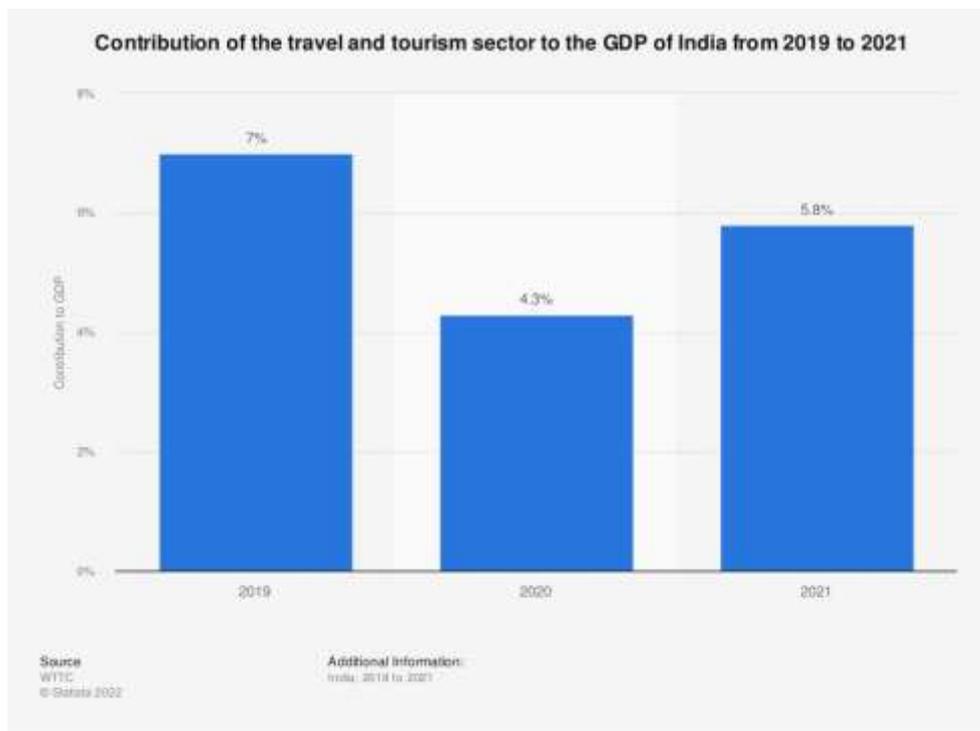
Tourism is a significant contributor to India's GDP. Statistics indicate that in 2020, the contribution of tourism to India's GDP was around 6.8%. Furthermore, it is estimated that by 2029, the tourism industry in India will contribute around 9.9% to the country's GDP. The tourism industry in India provides employment opportunities to millions of people. According to data, in 2020, around 43.9 million people were employed in the tourism industry.

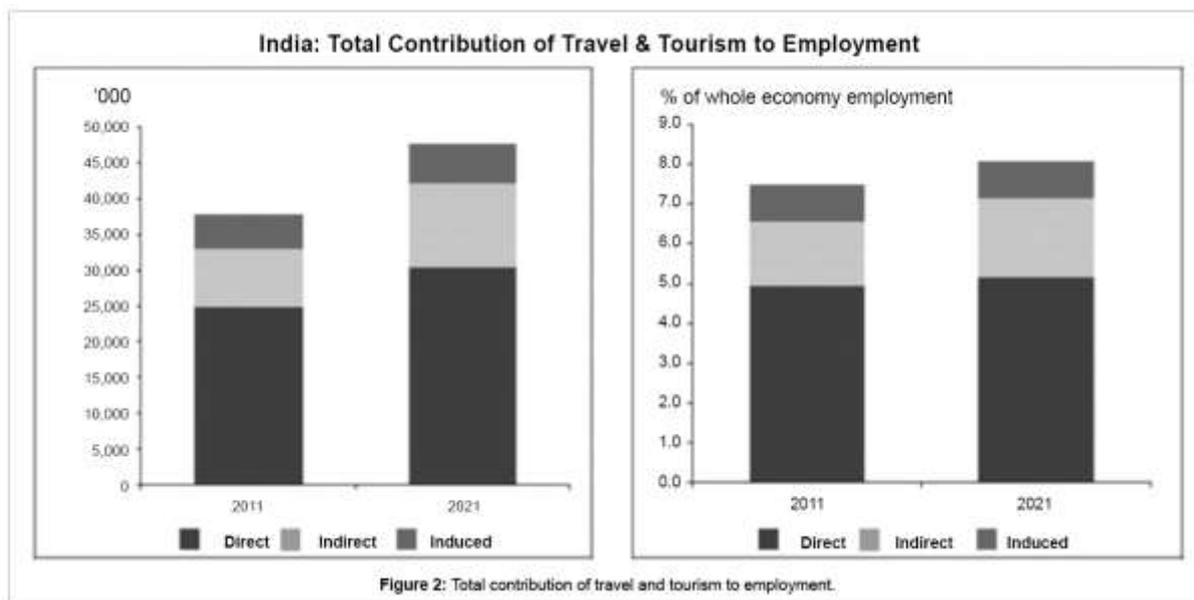
### Foreign Exchange Earnings:

Tourism is an export sector, and foreign exchange earnings from international tourists play a significant role in India's economic growth. According to a report published by the Ministry of Tourism, the foreign exchange earnings from tourism in India were around \$30.24 billion in 2019. It is estimated that by the end of 2025, India's foreign exchange earnings from tourism will reach \$75 billion.

### Development of Infrastructure:

The development of infrastructure is essential for the growth of the tourism industry. The Indian government has taken several initiatives to develop infrastructure in the tourism sector. For instance, the government has initiated projects such as Swadesh Darshan and PRASAD to develop pilgrimage sites across the country. Furthermore, the government has also developed several airports, highways, and railways to improve connectivity and accessibility to tourism destinations.





### Literature review

Tourism has been recognized globally as a significant contributor to the economic growth of any country, and India is no exception. In India, the tourism sector is considered one of the leading industries that significantly contributes to the national economy. The sector accounted for approximately 9.2% of India's Gross Domestic Product (GDP) in 2018, providing 42.7 million jobs directly or indirectly. The following literature review highlights the role of Indian tourism in the economic growth of the country.

India's rich cultural diversity, historical heritage, scenic beauty, and adventure tourism potential make it one of the most attractive tourist destinations globally. According to the World Tourism Organization, India received 10.6 million foreign tourists in 2018, earning it tenth place globally in terms of international tourist arrivals. Entrepreneurs and businesses have recognized the vast potential of the tourism industry in India, leading to the development of the hospitality industry into a key contributor to the country's economic growth.

The tourism industry has been instrumental in attracting foreign investments and generating considerable foreign exchange. The industry's contribution to foreign exchange earnings was estimated to be \$28.59 billion in 2018, making it the top foreign exchange earner, accounting for nearly 5% of India's total exports. In addition, the industry's contribution to job creation in India cannot be understated, with an estimated 42.7 million jobs being directly or indirectly supported by the tourism industry in 2018.

The Indian Government has also identified tourism as a vital sector in its Make in India campaign and has implemented various policies aimed at encouraging tourism investments in the country. The introduction of e-visas and the development of infrastructure, such as airports, highways, and railways, has resulted in increased accessibility to tourist destinations across India. The launch of schemes such as Swadesh Darshan and PRASHAD has boosted the development of tourist destinations and created new job opportunities.

Moreover, the Indian Government has also recognized the potential of eco-tourism in promoting sustainable development. With India's diverse geography and ecosystems, including



mountains, deserts, forests, and coastlines, the government has taken several initiatives to promote eco-tourism and raise awareness about responsible tourism among tourists.

However, the Indian tourism industry still faces significant challenges, including underdeveloped infrastructure, lack of trained manpower, and insufficient marketing and promotional strategies. These factors impact the sector's growth potential and may hamper its ability to realize its contribution to the country's economic growth.

### **Challenges Faced by Indian Tourism:**

The tourism industry in India faces several challenges that hamper its growth. Safety and security concerns are one of the main challenges faced by the tourism industry. Furthermore, the lack of skilled labour, poor infrastructure, and high taxes also hinder the growth of the tourism industry in India.

### **Findings**

#### **Economic Growth**

- Contribution of tourism to GDP growth
- Employment generation in the tourism sector
- Foreign exchange earnings from tourism
- Factors Driving Indian Tourism Growth

#### **Natural and cultural attractions**

- Government initiatives and policies
- Infrastructure development
- Technological advancements

### **3. CONCLUSION**

The Indian tourism industry has played a crucial role in the economic growth of the country. The industry has contributed significantly to the GDP, foreign exchange earnings, and employment generation. The industry has also helped to boost infrastructure development in the country. However, there is still a lot of potential to be tapped in the tourism industry. The government needs to take more initiatives to promote the industry, including the development of tourism-specific infrastructure, promotion of off-beat destinations, and the development of tourism-friendly policies. If these initiatives are taken, the tourism industry in India can grow to become one of the largest industries in the country, and a major contributor to its economic growth. In conclusion, the tourism industry has become an essential driver of economic growth in India. It has contributed significantly to the country's foreign exchange earnings, job creation, and local economic developments. The government's initiatives aimed at promoting sustainable tourism and building infrastructure have further boosted the sector's growth potential, making it an essential contributor to India's economy. However, there are still several challenges that need to be addressed to harness the industry's full potential, such as improving infrastructure, creating more skilled manpower, and implementing effective marketing strategies to increase the sector's growth rate.



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