



## A Study on the Impact of Tourism on Economic Development of India.

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DOI : <https://doi.org/10.55248/gengpi.5.1124.3103>

### ABSTRACT

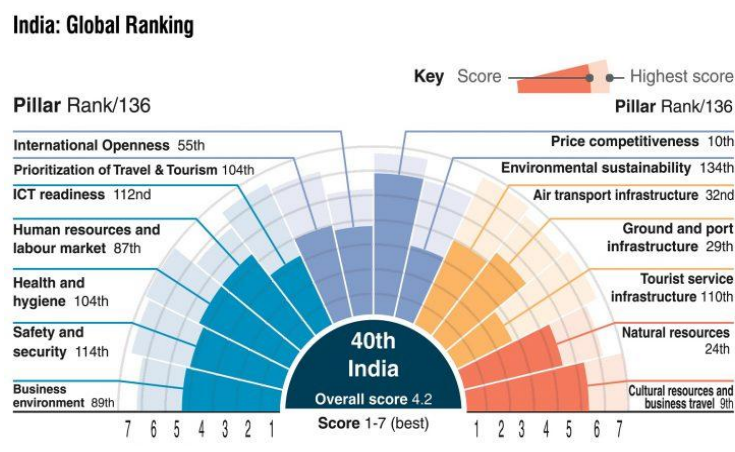
Tourism, or the act of traveling for leisure, involves a wide variety of activities, including organizing a trip, discovering new areas, arranging lodgings, and participating in fun events. This industry is a fast-developing global phenomenon, driven by people's need for cultural, religious, and educational experiences, as well as corporate demands. The intrinsic desire to explore new places also contributes greatly to tourism. Beyond increasing GDP, tourism encourages corporate growth, cultural interchange, and the well-being of local communities, making it a powerful accelerator for national development. This article investigates the Indian tourist sector, assessing its significant economic influence and exploring its benefits and drawbacks. However, the industry's growth has numerous ramifications, including economic hardship, social and cultural transformations, environmental issues, and political dynamics. Understanding these factors is critical for managing tourism sustainably in India and realizing its potential to drive balanced growth.

Keywords: Tourism, Economic impact, Cultural exchange, Sustainable development, Indian tourism, National growth

### Introduction

Tourism has rapidly evolved into a critical driver of economic development worldwide, fostering the expansion of economies by generating revenue, creating jobs, and encouraging foreign investment. India, a country known for its vibrant cultural heritage, historical monuments, scenic landscapes, and diverse cultures, has positioned itself as a premier tourist destination. Tourism has emerged as an important economic driver in India, with both domestic and foreign tourism growing significantly.

According to India's Ministry of Tourism, the tourism sector would contribute around 9.2% of the country's GDP in 2022 and sustain approximately 42.673 million jobs, accounting for 8.1% of overall employment. The sector's potential for direct and indirect benefits has made it a priority for national development policies, especially given India's unique cultural legacy, historical sites, and natural beauty, which continue to attract millions of visitors each year. The expansion of tourism in India has resulted in economic advantages such as job creation, improved infrastructure, and increased foreign exchange profits, establishing tourism as a vital driver of the country's socioeconomic development. According to the World Travel and Tourism Council (WTTC), tourism contributed 9.1% to India's GDP in 2023, making it an essential component of national economic strategy. The Ministry of Tourism in India further reports that tourism supported around 42.673 million jobs in 2022, reflecting its importance in the labor market. According to the World Economic Forum's Travel & Tourism Competitiveness Report 2017, India has moved up 12 spots to 40th rank internationally (Refer to Figure 1).



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### Figure 1: India's Global Ranking in Travel & Tourism

India's tourism industry benefits significantly from government initiatives like the "Incredible India" campaign, which promotes India's rich cultural and natural attractions on a global scale. Additionally, the introduction of e-visas for citizens of various countries has made travel to India more accessible, increasing foreign tourist arrivals and enhancing revenue generation.

The objectives of this study are:

- To evaluate the contribution of tourism to India's GDP, employment, and foreign exchange earnings.
- To identify strategies for enhancing tourism's role in wealth and job creation.
- To raise awareness of tourism's multiplier effects and its potential for broader economic growth in India.

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## Literature Review and Theoretical Background

Tourism's contribution to economic growth extends beyond the immediate economic gains. It promotes regional development, increases infrastructure investment, and fosters cultural interchange, making it an effective tool for socioeconomic transformation. However, the expansion of tourism is not without difficulties, notably in terms of environmental damage, congestion, and socio-cultural transformations. As a result, long-term advantages must be ensured through sustainable tourist methods.

### Economic Contributions of Tourism

Numerous studies have proved the economic worth of tourism, emphasizing its ability to create jobs, increase foreign exchange revenues, and produce a multiplier effect that benefits a variety of industries. Hall and Page (1999) address the significance of tourism in economic growth, pointing out that it provides a considerable source of revenue and investment for local economies. The tourism multiplier effect explains how tourist spending circulates throughout the economy, generating direct, indirect, and induced jobs in many industries. Tourism in India has an influence on businesses such as retail, food services, transportation, and even agriculture, which supports local markets catering to visitor demand.

Leavitt (2003) and Kumar & Kumar (2014) both claim that tourism increases foreign exchange profits, which contributes to a country's economic stability. Tourism earnings contributes to a positive balance of payments, providing countries like India with a consistent stream of foreign money. In 2022, India's tourism industry produced over \$30 billion in foreign exchange revenues, indicating its importance in building the national economy.

### Social and Cultural Impacts of Tourism

Tourism has an influence on social and cultural dynamics by encouraging international exchanges while also protecting traditional rituals and heritage. Cook et al. (2010) and Hall & Page (1999) found that tourism promotes cross-cultural encounters, which can reduce bias and increase understanding. Tourists visiting India, for example, are exposed to local rituals and festivals, which foster appreciation for Indian traditions and history.

Furthermore, tourism helps to preserve historic monuments and natural attractions by reinvesting funds in conservation activities. Local artists and craftspeople, such as those in Rajasthan and Kerala, gain from tourism because it generates demand for traditional arts that would otherwise diminish in contemporary economies.

### Challenges in Tourism Growth

Despite the economic and sociocultural benefits, tourism often poses obstacles. Jacob (2004) observes that tourism might cause environmental damage in highly frequented places. This covers challenges such as garbage buildup, pollution, and the loss of local resources, which are especially worrisome in environmentally sensitive areas. Mishra et al. (2011) underline the need of developing sustainable tourism methods to strike a balance between economic rewards and environmental conservation.

Overcrowding and cultural dilution are two major difficulties confronting India's tourist business. High visitor volumes in prominent areas can lead to cultural commercialization, compromising the authenticity of local customs and practices. The government and tourist operators are increasingly focusing on sustainable practices, which are critical to achieving a balance between development and conservation.

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## India's Tourism Industry: An Overview

### Growth of the Indian Tourism Sector

Over the last few decades, India's tourist sector has experienced sustained growth. Before the COVID-19 outbreak, the Ministry of Tourism reported 10.93 million international visitor arrivals in 2019. Although the pandemic resulted in a sharp drop in arrivals to 2.74 million in 2020, the business has since recovered with government assistance. Projects like as the Kushinagar International Airport and the PRASHAD plan, which focuses on creating tourism infrastructure at spiritual locations, are intended to revitalize and boost tourism growth.

The tourism industry is critical to India's economic growth, bringing over 10.93 million international tourists in 2019—a 3.5% increase over 2018—making India the 22nd most popular global destination and the 8th most popular in Asia-Pacific (India Tourism Statistics, 2021). Domestic tourism has also grown dramatically, with visits increasing from 220.11 million in 2000 to 2,321.98 million in 2019, demonstrating the sector's strong rise.

India's international visitor arrivals had been steadily increasing, culminating at 10.93 million in 2019. However, the COVID-19 pandemic stifled this increase, resulting in a dramatic drop to 2.74 million visitors in 2020. Recognizing the need for rebirth, the Indian government launched a number of efforts to revitalize the tourism industry.

### 3.2 Types of Tourism in India

1. **Cultural Tourism:** India is a renowned destination for cultural tourism due to its ancient landmarks such as the Taj Mahal and colorful festivals. Visitors are drawn to India's distinctive arts, music, and dance, which generate income for local people.
2. **Adventure Tourism:** The Himalayas, deserts, and rivers provide a variety of adventure sports. States such as Uttarakhand and Rajasthan draw thrill seekers interested in hiking, river rafting, and desert safaris, which boosts local economy.
3. **Medical Tourism:** International patients seek India's high-quality and economical healthcare treatments. Medical tourism generates significant money for India since treatments are frequently 50-70% less expensive than in Western nations.
4. **Ecotourism:** The Western Ghats and Sundarbans encourage conservation and community engagement. Ecotourism contributes to environmental protection while providing livelihood opportunities in rural areas.

### Government Initiatives to Boost Tourism

The Indian government has launched a number of significant steps to enhance tourism, establishing India as a top worldwide destination. Key programs, like as the "Incredible India" campaign, the e-Tourist Visa system, and a Sustainable Tourism Strategy, seek to improve accessibility, promote cultural heritage, and encourage environmentally responsible behaviors. These activities have jointly boosted India's tourism sector by boosting visitor arrivals, promoting economic growth, and assuring long-term development.

**The "Incredible India" Campaign Overview:** The "Incredible India" campaign, launched by the Indian government in 2002, was a watershed moment in the country's rebranding as a top worldwide tourism destination. The ad first emphasized India's rich cultural legacy, historical places, diversified landscapes, and colorful festivals. Over time, the effort has grown to include increasingly specialized sorts of tourism, such as spiritual, adventure, medical, and ecotourism.

**Key Strategy and Expansions:** The campaign featured broad worldwide advertising, including promotions in publications, television ads, social media, and global travel fairs. It highlighted India's distinct cultural and natural qualities, presenting them in modern and compelling tales for a worldwide audience. More recently, the marketing has emphasized experiential tourism, encouraging visitors to "Live like a local."

**E-Tourist Visa Overview:** The e-Tourist Visa system, which was introduced in 2015, was intended to speed and simplify the tourist visa application procedure. The e-visa option was initially provided for 43 nations but has now expanded to serve individuals from over 160 countries. The e-visa program provides short-term travel visas that are easily requested for and issued online, allowing people to visit India for tourist, business, medical, and conference purposes.

**Key features:** This effort enables travellers to apply for visas online, bypassing lengthy and expensive procedures at embassies. Travelers may acquire a visa within 72 hours, making it easier to plan and arrange their trips. The e-visa program covers several areas, such as tourism, medical treatment, and commerce, supporting diverse kinds of tourist.

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### Overall Effects of These Initiatives on India's Tourism Growth

These government measures have significantly boosted India's standing as a leading tourism destination, resulting in increased visitor arrivals and significant income production. The "Incredible India" campaign has improved India's worldwide brand image by attracting tourists to its unique cultural and natural features. The e-Tourist Visa program has made India more accessible, particularly to short-term and first-time tourists, broadening and increasing foreign visitor demographics. The Sustainable tourist Strategy has positioned India as a destination that prioritizes environmental and cultural preservation, attracting eco-conscious visitors and assuring long-term tourist development.

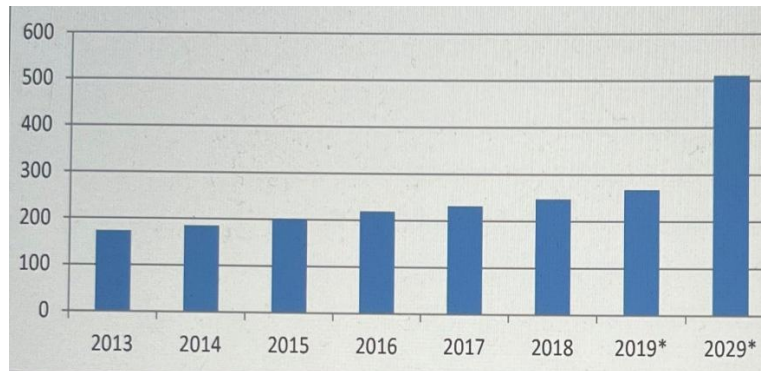
These policies have had a synergistic impact on the tourist sector, resulting in a more robust economy that sustains millions of jobs, generates significant foreign exchange profits, and promotes balanced economic growth in both urban and rural regions. India's tourism business has diversified

by drawing a mix of cultural, medical, adventure, and eco-tourists, therefore contributing to the country's overall economic development goals while conserving its legacy and natural beauty for future generations.

### Economic Impact of Tourism in India

Tourism plays a pivotal role in India's economic development, contributing significantly to GDP and creating a positive multiplier effect across sectors like hospitality, retail, and transport. As a major source of employment, tourism supports 8.1% of the workforce, with projections of 54 million jobs by 2029. Additionally, tourism has spurred infrastructure growth, with government investments enhancing connectivity and urban facilities in key destinations, boosting both domestic and international tourism.

Figure 2: Total Contribution of Travel and Tourism to GDP in India from 2013 to 2018, with an estimate for 2019 in dollars

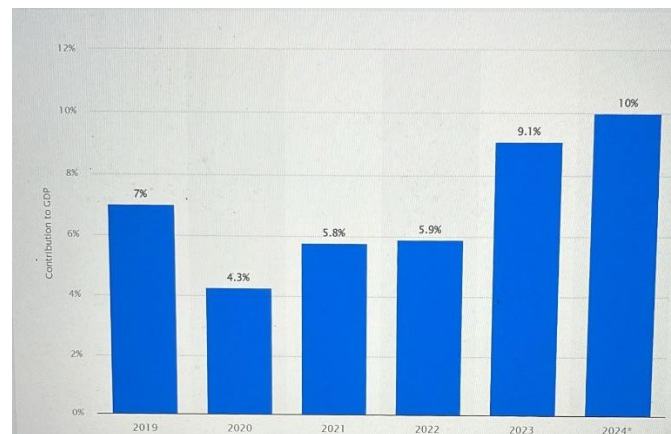


Source: WTTC (world travel and tourism council), India, Brand Equity Foundation.

### GDP Contribution and Multiplier Effect

Tourism contributes significantly to India's GDP, both directly and indirectly, through a variety of sectors such as hospitality, retail, and transportation. In 2018, tourism contributed around \$247.37 billion to the GDP. Beyond direct contributions, tourism expenditures have a multiplier effect on other businesses, stimulating broader economic activity. This effect is especially prominent in tourism-heavy states such as Kerala, Goa, and Rajasthan, where it functions as an economic engine.

Figure 3: Contribution of travel and tourism to GDP of India 2019-2023



Source: Statista Research Department

In 2023, India's travel and tourism sector generated approximately 9.1 percent of the country's overall GDP. This amounted to more than 11.10 trillion US dollars, an increase of approximately 12.1 percent over the previous year.

### Employment Generation

India's tourism business employs around 8.1% of the country's workforce. According to the WTTC, tourism is predicted to provide 54 million employment by 2029. Employment opportunities exist in a variety of industries, including hospitality, travel, and retail, as well as seasonal occupations in rural areas, which provide additional revenue to communities reliant on agricultural and other seasonal activities.

### Infrastructure Development

Tourism drives infrastructure development by increasing transportation, lodging, and public facilities around the country. Government improvements in airports, trains, and roadways have improved connection to key tourist locations. Initiatives like as the Smart Cities Mission and tourism-focused urban enhancements in Jaipur and Varanasi have increased these cities' appeal to both local and foreign visitors.

India's tourist sector contributes significantly to economic growth by increasing GDP, creating jobs, and pushing infrastructure upgrades. Its impact extends beyond direct income, causing positive ripple effects across numerous industries and contributing to a better connected and developed nation.

### Challenges and Opportunities in the Indian Tourism Industry

The Indian tourist sector offers a unique set of difficulties and possibilities, with enormous potential for economic growth, cultural interchange, and job creation. However, challenges like as environmental deterioration, overtourism, and poor infrastructure in rural regions impede the sector's long-term development.

1. **Environmental Degradation:** With increasing tourist numbers in scenic destinations such as Goa and Himachal Pradesh, environmental problems have emerged, particularly in waste management and pollution control. These destinations suffer difficulties in managing garbage generated by visitors, which not only harms local ecosystems but also reduces the appeal of these areas to tourists. Fragile ecosystems, such as those in the Western Ghats, are particularly vulnerable, as unrestrained tourism growth can result in habitat damage and biodiversity loss, endangering the natural beauty that attracts travelers in the first place.
2. **Overtourism:** Overtourism is a major concern in high-traffic regions such as Ladakh and Manali, where big crowds strain limited resources and disrupt inhabitants' daily life. The inflow of tourists can result in higher pricing, a scarcity of basic services, and environmental strain, lowering the quality of life for local populations. Furthermore, overcrowding frequently causes the damage of natural landscapes and landmarks, reducing the area's appeal to future tourists and potentially affecting long-term tourism revenue.
3. **Inadequate Infrastructure in Rural Areas:** Many lesser-known tourism spots in rural India have tremendous potential but lack the required infrastructure to attract visitors, such as roads, healthcare facilities, and lodging. This infrastructural gap not only makes these locations less accessible, but it also discourages private investment, which could otherwise boost the local economy and spread tourism advantages more broadly. Addressing these deficiencies could open up major new tourism opportunities, particularly in culturally rich and biologically distinctive areas, while relieving pressure on existing overloaded areas.

### Opportunities for Sustainable Growth

Despite these problems, India's tourist sector has enormous potential for long-term growth through initiatives such as ecotourism, adventure tourism, and cruise tourism. By wisely investing in these places, India can support environmental protection and economic development while also providing travelers with unique and valuable experiences.

- **Ecotourism:** Ecotourism represents a great opportunity for India to combine environmental protection with tourism. Regions such as the Western Ghats and Sundarbans are good examples of ecotourism destinations that prioritize sustainable practices, thereby preserving biodiversity while offering economic opportunity for locals. The programs emphasize low-impact tourism, encouraging visitors to interact with nature responsibly and participate to conservation initiatives, so increasing tourist understanding of environmental stewardship.
- **Adventure and Cruise Tourism:** India's diverse geography is ideal for adventure tourism, with the government working to establish areas such as Kargil as adventure hubs. This includes trekking, mountaineering, and aquatic sports, which not only draw thrill-seekers but also provide infrastructure and investment to distant places. Furthermore, India's large coastlines and river systems give significant opportunities for cruise tourism. The introduction of river cruises and coastline tours could boost the country's tourism attractiveness, attracting both local and foreign visitors while also adding new aspects to travel experiences.

Addressing the problems and grabbing possibilities in ecotourism, adventure tourism, and cruise tourism might help India develop a sustainable tourism model that balances environmental stewardship with economic rewards. These efforts not only provide unique travel experiences, but also benefit local people and protect India's natural heritage, ensuring a strong future for the tourism industry.

Looking ahead, the tourist industry is set for revolutionary expansion, fueled by innovation, legislative backing, and a renewed emphasis on sustainable practices.

### 6. Future Outlook of Tourism in India

Building on its strengths while tackling its issues, India's tourism industry is poised for significant expansion in the coming years. With government support and strategic investment, the sector is expected to provide considerable economic and employment advantages while growing into specialized tourism markets.

According to the WTTC, India's tourism sector would contribute more than \$512 billion to GDP by 2029, indicating a strong expansion driven by rising domestic and international travel. Foreign visitor visits are predicted to exceed 30 million by 2028, aided by government efforts to simplify visa procedures, relax travel restrictions, and invest in tourism infrastructure. This predicted flood of visitors is also expected to provide new job possibilities, with tourism-related employment expected to increase significantly, benefiting a wide range of industries from hospitality to transportation..

India's tourism industry is evolving beyond traditional travel, with specialty areas such as medical, wellness, and digital tourism presenting significant growth opportunities. Medical tourism, for example, benefits from India's economical but modern healthcare system, attracting people from all over the world looking for high-quality care at a fraction of the cost in their native nations. Wellness tourism is another rapidly growing category, attracting people interested in Ayurveda, yoga, and holistic medicine, all of which have significant roots in India's cultural past. Film tourism is also on the rise, with India's gorgeous landscapes and culturally lively towns attracting more international filmmakers, which boosts tourism.

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## 7. Conclusion

Tourism is a powerful economic driver in India, boosting GDP growth, job creation, and foreign exchange profits. The sector's contribution spans multiple industries, including hotel, retail, transportation, and rural development, resulting in both direct and indirect economic consequences that sustain millions of jobs. For example, in 2018, tourism contributed around \$247.37 billion to GDP, and this figure is expected to rise, with the WTTC estimating contributions of more than \$512 billion by 2029. Furthermore, employment in tourism is likely to increase, with over 54 million jobs predicted by 2029, highlighting its importance in boosting national and local economies.

However, as tourism grows, the necessity for sustainable practices becomes increasingly important. India confronts considerable issues, including environmental degradation and overtourism, particularly in renowned tourist locations such as Goa, Himachal Pradesh, and Ladakh, which have an impact on vulnerable ecosystems and local communities. Addressing these concerns demands a balanced strategy that incorporates sustainability into tourism strategies to guarantee that expansion does not jeopardize ecological and cultural integrity.

India's diverse tourism offers also provide prospects for long-term growth in sectors such as ecotourism, adventure tourism, and niche markets like wellness and medical tourism. Ecotourism initiatives enable the preservation of biodiversity-rich areas such as the Western Ghats and Sundarbans, while also empowering local communities through conservation tourism. Adventure tourism centers, as well as the growing popularity of wellness and medical tourism, demonstrate India's attraction to a wide range of traveler interests while encouraging long-term economic activity.

To summarize, tourism in India has enormous potential for economic and social development, but long-term success demands a commitment to sustainability. By focusing on ethical practices and broadening offers in emerging markets, India can develop a tourism model that not only generates GDP and jobs but also protects its natural and cultural legacy, ensuring the sector's resilience and prosperity in the future.

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