

# Tourism Performance and Economic Development in India

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## Abstract

There are several reasons to travel, and these reasons combine to form the tourism industry, which is one of the world's major service sectors in terms of sales and earnings in foreign currencies. It becomes clear that tourism is a powerful stimulus for inclusive societal growth, which benefits both general development and the reduction of poverty. Worldwide recognition is accorded to its key position and significance in propelling economic improvement and augmenting employment prospects. India's tourism industry is expanding rapidly, with great potential for generating employment and foreign exchange profits in addition to driving the country's overall economic and social progress.

India has many tourist spots that are popular with both domestic and foreign visitors, such as Mysore, Delhi, Goa, and Amritsar. Particularly important for the expansion of India's services sector and a major source of job creation is the tourism sector. The tourist sector in India can significantly boost infrastructure development due to its enormous growth potential. Additionally, it can promote several other economic sectors through interdependent linkages, promoting cross-sectoral synergies and advancing total economic development in industries including construction, handicrafts, horticulture, poultry, transportation, and agriculture.

**Keywords:** Tourism Sector, World Tourism, Contribution To Employment, Contribution To Gross Domestic Product.

## Introduction

Travel and tourism contribute significantly to employment, foreign exchange reserves, and economic growth on a global scale. Travel and tourism have always been firmly embedded in the rich tapestry of Indian culture and history. One notable example of a thriving tertiary sector that is worth billions of dollars in India is the tourism sector. Every country's tourist industry depends on how competitive its facilities are when it comes to infrastructure, lodging, transportation, and leisure activities. This emphasizes how everyone involved—from the federal and state governments to business owners and the general public—has a shared responsibility for making sure it succeeds.

The potential and performance of India 's tourism industry need to be gauged in terms of its socio-economic magnitudes. It aimed to change the attitude and behavior toward foreign tourists by stressing the aspect that a guest has been held in high esteem in India since ancient times. The Government policies provide a framework to promote the sector and facilitate growth They also provide access to resources and opportunities for employment.

## Review of literature

To understand the facts about the Tourism industry we have reviewed some important research papers related to the Tourism sector;

**Shalini N. Tripathi & Masood H. Siddiqui (2010)** mentioned that tourism and hospitality have become key global economic activities as expectations about our use of leisure time have evolved, attributing greater meaning to our free time. While the tourism growth has been impressive, India's share in total global tourism arrivals and earnings is quite insignificant. It is an accepted fact that India has tremendous potential for the development of tourism.

**According to Lok Sabha Secretariat (2013)**, the role of the Government in tourism development has been redefined from that of a regulator to that of a catalyst. Apart from marketing and promotion, the focus of tourism development plans is now on the integrated development of enabling infrastructure through effective partnerships with various stakeholders.

**Ashish Nag (2013)** mentioned that the Ministry of Tourism in any country seeks ways to promote and develop tourism in the country. Tourism Industry Growth in any country is prone to changing economic conditions. If a country is passing through a low phase or an individual's job is at stake, not many people choose to travel.

**Archana Bhatia (2013)** mentioned that tourism today is a leisure activity of the masses. People today travel to international destinations to break the regular monotony of life. They are mainly attracted by either the scenic beauty of nature or by fascinating leisure, sports, and adventure activities offered by the destination. But every destination has some internal strengths and weaknesses that either enhance its capacity to attract foreign visitors or diminish it. Sily, from the external environment, can originate various opportunities or threats as well.

**Rathi, (2018)** titled "Digital Transformation of Travel & Tourism in India" explores how technology is a driving factor in the travel industry. He goes on to discuss how Artificial Intelligence (AI), Big Data, mobile applications, social media, and Virtual Augmented Reality have become a normally accepted term in this sector and how the customers are benefited by from it.

## Statement of the Problem

Indian economy, perhaps the travel, Indian economy, perhaps the travel, tourism and hospitality sectors have been the most affected. According to the world travel and tourism council, nearly 42 million jobs in the tourism and hospitality sector will be at risk in India. hence the vital importance of the tourism industry in the Indian Economy, there is a need to address underneath challenges and adopt a suitable policy for overall growth. India ranked 54<sup>th</sup> in travel and tourism development index in 2021., this was a significant drop compared to the previous years. There is a direct contribution of tourism industry in gross domestic product contribution so it is expected to have a growth of 10.35% between 2019-2028. Indian tourism and hospitality are expected to earn as per the visitors' exports compared. So, focusing this issue the paper is been designed and the study is carried out. The paper focus on how the revenue generated through the tourism sector is contributing in economic development and how it is associated with the employment so in order to derive into a conclusion analysis have been made using statistical tools such as covariance analysis and regression analysis to get into a conclusion.

The above problem has been discussed with the help of these questions.

- Whether there is any relationship prevailing between the revenue from tourism and economic factors?
- Is there any impact of revenue from tourism on gross domestic product?

- Has the impact of tourism on employment and GDP on India's GDP?

**The objective of the Study**

- To analyze the relationship among receipts from tourism in India.
- To study the relationship between revenue the from tourism sector and Economic factors in India
- To examine the relationship between the contribution of tourism in Gross domestic product & employment with economic factors in India.
- To examine the effect of tourism-related income on India's GDP.
- To elucidate the impact of the contribution of Tourism on gross domestic product and Employment Gross Domestic Product.

**The Study’s Hypothesis**

- There is no discernible correlation between India's economy and tourism sector earnings.
- There is no significant relationship between the contribution of tourism to Gross domestic product & employment with economic factors in India.
- There is no significant impact of revenue from tourism on Gross domestic product in India.
- There is no discernible relationship between the contribution of tourism to GDP and employment.

**Research Methodology**

The study is an analytical

**Source of Data**

The information is gathered from many journals, news stories, and official websites of the Ministry of Tourism, finance, Reserve Bank of India, and World Bank. The data is a secondary source of information.

**Period of Study**

The study period covers from 2011-2020.

**Tools used for the study**

The study uses statistics such as covariance analysis and regression analysis for analyzing the data.

**Analysis and Interpretation**

**Table 1.1 Total Revenue Receipts from Tourism Sectors in India under various Heads**

Revenue from Tourism Sector India								
Year	Tourist Arrival	Foreign Exchange Earnings	Contribution of Tourism in GDP of the country	Contribution of Tourism in Employment of the country	No of Foreign Tourist Visit in India	No of Domestic Tourist Visit to states	World Tourism receipts	International Tourist Arrival (World)
2011	423.06	83036	6.67	11.49	1949.71	864.53	1042	994

2012	440.64	95607	6.88	12.36	1826.3	1045.05	1117	1039
2013	469.58	107563	5.68	11.37	1995.1	1142.53	1198	1087
2014	504.19	120367	5.81	12.25	2233.4	1282.8	1252	1137
2015	465.69	134844	5.10	12.38	2332.61	1431.97	1222	1195
2016	495.14	154146	5.20	12.2	2471.45	1615.39	1247	1241
2017	370.64	177874	5.00	12.38	2688.66	1657.55	1344	1332
2018	371.72	194881	5.00	12.75	2887.23	1853.79	1448	1407
2019	357.49	211661	5.16	15.34	3140.86	2321.98	1487	1459
2020	197.22	50136	5.16	15.34	2744.7	610.22	535	399

**Correlation Analysis among Foreign Exchange Earnings, Turnover, and Receipts from Tourism in India**

**Table 1.2**

Probability	FEE_IN_INDIA	TURNOVER	WORLD_TOURISM_RECEIPTS
	1.000000		
	-----		
	-----		
FEE_IN_INDIA			
	0.311495	1.000000	
	0.927169	-----	
	0.3810	-----	
TURNOVER			
	<b>0.958230</b>	0.531327	1.000000
	9.476541	1.773937	-----
WORLD_TOURISM_RECEIPTS	<b>0.0000</b>	0.1140	-----

Source: computed from IBM EViews.

The correlation study of India's tourism revenues, turnover, and foreign exchange earnings is displayed in Table 1.2 above. At 0.958, there is a significant positive correlation between World Tourism Receipts and Foreign Exchange Earnings.

**Correlation Analysis of revenue from the tourism sector and Economic indicators in India**

**Table 1.3**

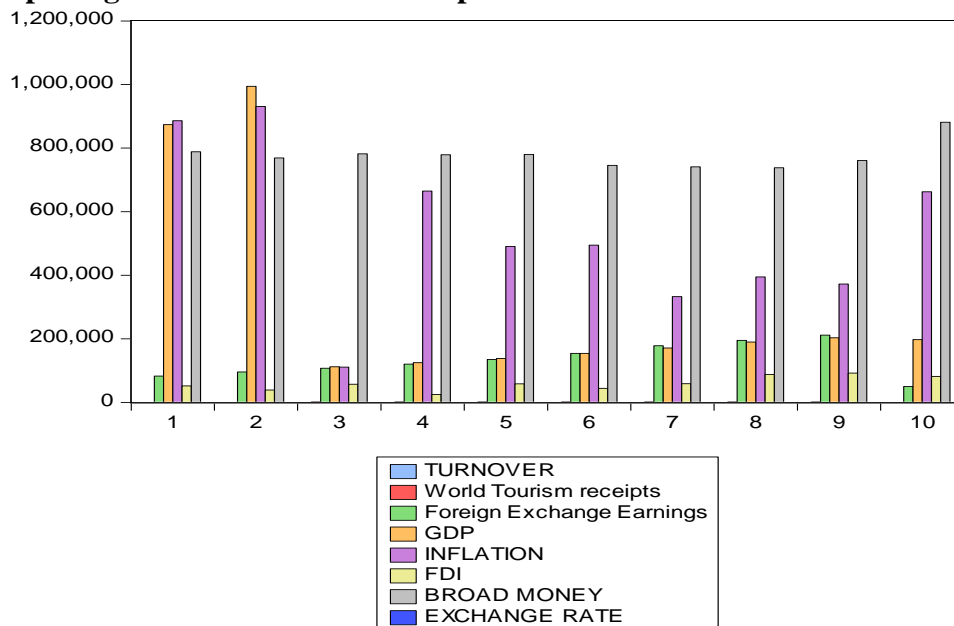
t-Statistic					
Probability	Turnover	World Tourism Receipts	Foreign Exchange Earning	GDP	Inflation
	7492.615				
	1.000000				
	-----				
Turnover					
	11661.59	64292.16			
	0.531327	1.000000			
World Tourism Receipts	1.773937	-----			
	0.1140	-----			
	676569.3	11091617	2.40E+09		
	0.159386	<b>0.892010</b>	1.000000		
Foreign Exchange Earning	0.456648	5.581624	-----		
	0.6601	<b>0.0005</b>	-----		
	1586352.	-17120095	-6.27E+09	9.71E+10	
	0.058812	-0.216676	-0.410593	1.000000	
	0.166634	-0.627766	-1.273643	-----	
GDP	0.8718	0.5477	0.2385	-----	

Inflation	-743153.9	-27901046	-6.52E+09	5.91E+10	5.84E+10
	-0.035529	-0.455367	-0.550530	<b>0.784471</b>	1.000000
	-0.100554	-1.446665	-1.865245	3.577790	-----
	0.9224	0.1860	0.0991	<b>0.0072</b>	-----
FDI	-1295192.	217607.0	3.83E+08	-1.83E+09	-2.01E+09
	<b>-0.722485</b>	0.041439	0.377192	-0.283551	-0.400948
	-2.955650	0.117307	1.151950	-0.836329	-1.237914
	<b>0.0183</b>	0.9095	0.2826	0.4272	0.2508
Broad Money	-2063488.	-9148117.	-1.50E+09	3.72E+08	2.89E+09
	-0.611194	<b>-0.925010</b>	<b>-0.785804</b>	0.030597	0.306246
	-2.184154	-6.886082	-3.593658	0.086582	0.909915
	0.0605	<b>0.0001</b>	<b>0.0070</b>	0.9331	0.3895
Exchange Rate	-357.4138	-11.34020	149444.2	-1834280.	-910655.9
	-0.527856	-0.005717	0.389578	<b>-0.752507</b>	-0.481765
	-1.757853	-0.016172	1.196417	-3.231796	-1.554990
	0.1168	0.9875	0.2658	<b>0.0120</b>	0.1586

Source: computed from IBM EViews.

The relationship between tourism revenue and economic factors in India is depicted in Table 1.3 above. The world tourism receipts and foreign exchange reserves have a strong correlation of 0.892. At 0.784, there is a substantial positive correlation between inflation and GDP. At -0.722, there is a significant inverse link between foreign direct investment and the total tourism turnover. A substantial negative correlation exists between foreign exchange reserves and wide money (-0.785d) and world tourism receipts (-0.925). Additionally, there is a negative association between gross domestic product and exchange rate. Since the significant value is less than 0.05, the null hypothesis—states that there is a connection between tourism revenue and economic factors in India.

Chart 1.1 Depicting the entire Revenue receipts from Tourism and Economic Factors in India



**Correlation analysis among Tourism contribution to GDP and Employment and Economic factors in India**

**Table 1.4**

Probability	Contribution of Tourism in GDP	Contribution of Tourism in Employment	GDP	Inflation	FDI
	1.000000				
Contribution of Tourism in GDP	-----				
Contribution of Tourism in Employment	-0.420438	1.000000			
	-1.310648	-----			
	0.2263	-----			
	-0.235310	<b>0.890007</b>	1.000000		
	-0.684787	5.521090	-----		
GDP	0.5128	<b>0.0006</b>	-----		
	-0.016651	<b>0.712995</b>	<b>0.784471</b>	1.000000	
	-0.047102	2.876129	3.577790	-----	
Inflation	0.9636	<b>0.0206</b>	<b>0.0072</b>	-----	
	<b>0.682421</b>	-0.560125	-0.283551	-0.400948	1.000000
	2.640606	-1.912431	-0.836329	-1.237914	-----
FDI	<b>0.0297</b>	0.0922	0.4272	0.2508	-----
	<b>0.725233</b>	<b>-0.881412</b>	<b>-0.752507</b>	-0.481765	0.602896
	2.979312	-5.277893	-3.231796	-1.554990	2.137383
Exchange Rate	<b>0.0176</b>	<b>0.0007</b>	<b>0.0120</b>	0.1586	0.0650
	0.459902	0.076732	0.030597	0.306246	0.142051
	1.464912	0.217672	0.086582	0.909915	0.405898
Broad Money	0.1811	0.8331	0.9331	0.3895	0.6955

*Source: computed from IBM EViews.*

The correlation analysis between the GDP contribution of tourism, employment, and economic factors in India is presented in Table 1.4. The GDP at.890 shows a strong positive correlation with the contribution of tourism to the GDP. The GDP at.784 and the employment contribution of tourism at 0.712 have a high positive correlation with inflation. The contribution of tourism to the gross domestic product is positively correlated with foreign direct investment (.682). and there is a substantial negative correlation between the exchange rate and the contribution of tourism to employment at -.881 and the gross domestic product at -.752, as well as a positive correlation with the contribution of tourism to GDP at.725. this demonstrates the connection between the variables and the thus demonstrates the association between the variables and the significant value is likewise less than 0.05, leading to the rejection of the null hypothesis and the conclusion that there is a relationship between employment and economic conditions in India and tourism's contribution to GDP.

**Regression Analysis of gross domestic product, Foreign Exchange Earnings, Turnover and Receipts from Tourism in India**

**Table 1.4 Model Summary for gross domestic product, Foreign Exchange Earnings, Turnover and Receipts from Tourism in India**

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. The error of the Estimate	Durbin-Watson
1	.623 <sup>a</sup>	.389	.083		314548.45	1.648
a. Predictors: (Constant), WTR, TT, FEET						
b. Dependent Variable: GDP						

*Source: computed from IBM EViews.*

The Model Summary for India's GDP, Foreign Exchange Earnings, Turnover, and Tourism Receipts is shown in Table 1.4. With a R square score of .623, the link between the independent and dependent variables is explained. The r square value of .389 indicates how well the variables match the model. The model fit is demonstrated by the corrected r square value of .083, which is below 0.5, indicating an obvious lack of fit. Additionally, the model exhibits positive autocorrelation, as indicated by the Durbin Watson value of 1.648.

**Table 1.5 ANOVA for gross domestic product, Foreign Exchange Earnings, Turnover, and Receipts from Tourism in India.**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	377386482034.097	3	125795494011.366	1.271	.366 <sup>b</sup>
	Residual	593644380370.224	6	98940730061.704		
	Total	971030862404.321	9			
a. Dependent Variable: GDP						
b. Predictors: (Constant), WTR, TT, FEET						

*Source: computed from IBM EViews.*

Table 1.5 shows the ANOVA for gross domestic product, Foreign Exchange Earnings, Turnover, and Receipts from Tourism in India. The significant value is above 0.05 which can be concluded that there is no impact of Foreign Exchange Earnings, Turnover, and Receipts from Tourism on Gross Domestic Product.

**Table 1.6 The coefficient for gross domestic product, Foreign Exchange Earnings, Turnover, and Receipts from Tourism in India.**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	139353.945	576516.537		.242	.817
	TT	-2477.675	2378.604	-.688	-1.042	.338
	FEET	-13.492	7.869	-2.123	-1.715	.137
	WTR	2510.691	1773.447	2.043	1.416	.207



a. Dependent Variable: GDP

Table 1.6 reveals the coefficient for gross domestic product, Foreign Exchange Earnings, Turnover, and Receipts from Tourism in India. there is no impact of total turnover, foreign exchange earnings, and world tourism receipts on the gross domestic product, since the significant value is above 0.05 the null hypothesis is accepted concluding that there is no impact of Foreign Exchange Earnings, Turnover and Receipts from Tourism on gross domestic product.

**A regression analysis was conducted to determine the impact of tourism on India's GDP and employment levels.**

**Table 1.7**

**Model summary for the impact of tourism on India's GDP and employment**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.903 <sup>a</sup>	.816	.763	159961.34585	1.347
a. Predictors: (Constant), CTE, CTGDP					
b. Dependent Variable: GDP					

*Source: computed from IBM EViews.*

The model summary for the contribution of tourism to India's GDP and employment to GDP is shown in Table 1.7 respectively. The strong correlation between the dependent and independent variables is indicated by the R-value of.903. The dependent and independent variables exhibit considerable variability, as indicated by the R square value of.816. The value of the corrected R squared is 763. The model fits the study well.

**ANOVA to examine the impact of tourism on the GDP and employment levels about the GDP.**

**Table 1.8**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	791917437249.699	2	395958718624.850	15.475	.003 <sup>b</sup>
	Residual	179113425154.622	7	25587632164.946		
	Total	971030862404.321	9			
a. Dependent Variable: GDP						
b. Predictors: (Constant), CTE, CTGDP						

*Source: computed from IBM EViews.*

The ANOVA for the contribution of tourism to GDP and the employment contribution of tourism to GDP is shown in Table 1.8. The influence of tourism on employment and the gross domestic product is demonstrated by the significant value, which is less than 0.05.

**The coefficient for the Contribution of tourism to the gross domestic product, the Contribution of tourism in employment on the gross domestic product**

**Table 1.9**

Coefficients						
Model	Unstandardized Coefficients			Standardized Coefficients	T	Sig.
	B	Std. Error	Beta			
1	(Constant)	-2717048.272	848500.325		-3.202	.015
	CTGDP	454563.506	84632.500	.961	5.371	.001
	CTE	39322.018	41701.100	.169	.943	.377

a. Dependent Variable: GDP

*Source: computed from IBM EViews.*

The coefficient for the contribution of tourism to India's GDP and employment to GDP is shown in Table 1.9. The impact of tourism on the gross domestic product is demonstrated by the significant value of its contribution, which is below 0.05. Therefore, it may be concluded that there is an impact of tourism on employment and GDP on the GDP of the economy and that the null hypothesis is rejected.

**Findings**

- There is a significant correlation between global tourism receipts and foreign exchange reserves.
- There is a substantial positive correlation between inflation and GDP.
- There is a significant inverse association between foreign direct investment and tourism turnover overall.
- There is a significant inverse association between global tourism receipts and broad money.
- There is a significant inverse link between broad money and foreign exchange reserves.
- There is a negative correlation between the exchange rate and gross domestic product.
- There is a connection between India's economy and tourism-related income.
- The contribution of tourism to GDP and GDP has a very significant positive correlation.
- There is a substantial positive correlation between inflation and the GDP and employment generated by tourism.
- There is a high positive correlation ( $r = .682$ ) between foreign direct investment and the amount that tourism contributes to the GDP.
- There is a substantial negative correlation between the exchange rate and the amount that tourism contributes to employment and the gross domestic product, while there is a positive correlation between the two.
- In India, there is a consistent correlation between the GDP contribution of tourism and employment and economic factors.
- The gross domestic product is unaffected by turnover, foreign exchange earnings, or receipts from tourism.
- The gross domestic product is unaffected by total turnover, foreign exchange profits, or receipts from international tourism.
- The effect that tourism has on the GDP and the employment it creates.

### Conclusion

In the future, tourist development will play a far bigger role than it does now. Mobilizing the supply chain and demand for tourism services is demonstrated by an analysis of the economic effects of tourism based on national comparisons. The study concludes that although there is a positive correlation between income and global revenue from the tourism sector, as well as the employment and GDP contributions made by tourism, the country's GDP is nevertheless impacted by tourism. It is abundantly evident that the tourist industry is one of the key sectors that significantly contributes to the nation's economic growth by boosting the economy by offering employment in addition to boosting GDP growth. The economy has slowed down as a result of the epidemic, but recently, the sector has been growing, so we will soon see an improvement in the sector's performance.

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