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## Research Article

# GROWTH AND EMPLOYMENT IN TOURISM SECTOR: CURRENT SCENARIO AND FUTURE PROSPECTS

**Manish Kumar Goswami\***

Department of Economics, University of Allahabad, Allahabad, 211002

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### ABSTRACT

Employment generation is one of the biggest challenges, which India faces these days. On the other hand, Tourism is one of the sun-rising sector with tremendous opportunities to create jobs in India. It contribute larger share in employment generation. It also creates income without damaging ecological balance. Tourism augments country's foreign exchange reserve. It play sustainable role in country's economic growth. Tourism industry play crucial role in India's economic development. Rich cultural and natural heritage, historical and religious places attracts international tourist arrivals (ITAs) towards India. Tourism industry in any country flourishes on the competitive availability of infrastructure, accommodation, transportation, hospitality, governance, visa policy and other facilities which provided by government instead of rich tourism endowment of a country. However, Tourism sector in India is underutilized.

India's tourism sector is growing rapidly over the time period. India's tourism economy is 4<sup>th</sup> largest in the world and it ranked at 40<sup>th</sup> position in The World Travel & Tourism Council WT& TC) report 2017. The WT & TC has calculated that tourism generated INR 14, 018.5 bn, recorded 9.6% of GDP in 2016. It generated 40,343,000 thousand jobs, and contributes 9.3% in total employment. The sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023. This will give third rank among countries with the fastest growing tourism industries over the next decade. For that, the government policies and programs provide a framework to promote sector and facilitate growth. They set guideline and strategies to boost tourist arrivals as well as for other stakeholders engaged in industry. The government of India sets the target of 1% of international tourist arrivals (ITA). For this, government launched various facilities and schemes like- visa on arrival, mobile app for list of tour operators and classified hotels, e-management, SWADESH DARSHAN based on circuits, national mission on pilgrimage rejuvenation and augmentation drive, PRASAD scheme for beautification of pilgrimage sites etc.

This paper would analyse the trends, opportunities, challenges and future prospects of tourism in India. It would study the impact of GDP on tourism and tourism contribution in GDP of India. It will also examine the impact of tourism on employment generation in India. We would also study the relationship between foreign tourist arrival (FTA) and foreign exchange earnings (FEE). The study is based on secondary data and study would be based on explorative, trends analysis, and SWOT analysis covering the time period of 1991 to 2017. The Data is collected from Ministry of Tourism, GoI, the WT & TC, and World Tourism Organisation (UNWTO).

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## INTRODUCTION

Tourism is a crucial source of income for many localities, regions and countries without damaging much ecological balance. It play sustainable role in country's economic growth. It contribute larger share in employment generation along with associated sectors. Tourism augments country's foreign exchange reserve. It's accounting for 30% of the world's trade of services, and 6% of overall export of goods and services. There are positive ripple effects of tourism on its

allied service industries transportation services, hospitality services and entertainment venues. This is in addition to goods bought by tourists, especially memento.

The Travel & Tourism sector continued to show its resilience in 2016, instead of the ever-increasing chaos including terrorist attacks and political instability, pandemics diseases and natural disasters. It has contributes direct GDP growth of 3.1% and created 6 million net additional jobs in the sector. As a whole it generated US\$7.6 trillion (10.2% of global GDP) and 292

\*Corresponding author: **Manish Kumar Goswami**

Department of Economics, University of Allahabad, Allahabad, 211002

million jobs in 2016, equivalent to 1 in 10 jobs in the global economy. The travel and tourism sector contributed 6.6% of total global exports and almost 30% of total global service exports. The Travel and Tourism has immense potential to create huge jobs and contribute in world GDP in sustainable manner.

Which are requires enacting pro-growth travel policies and business friendly environment to ensure equitable and sustainable management of this sector in upcoming days. The WT&TC expects that sector will continue to grow further along with providing its protection to nature, habitats, and biodiversity.

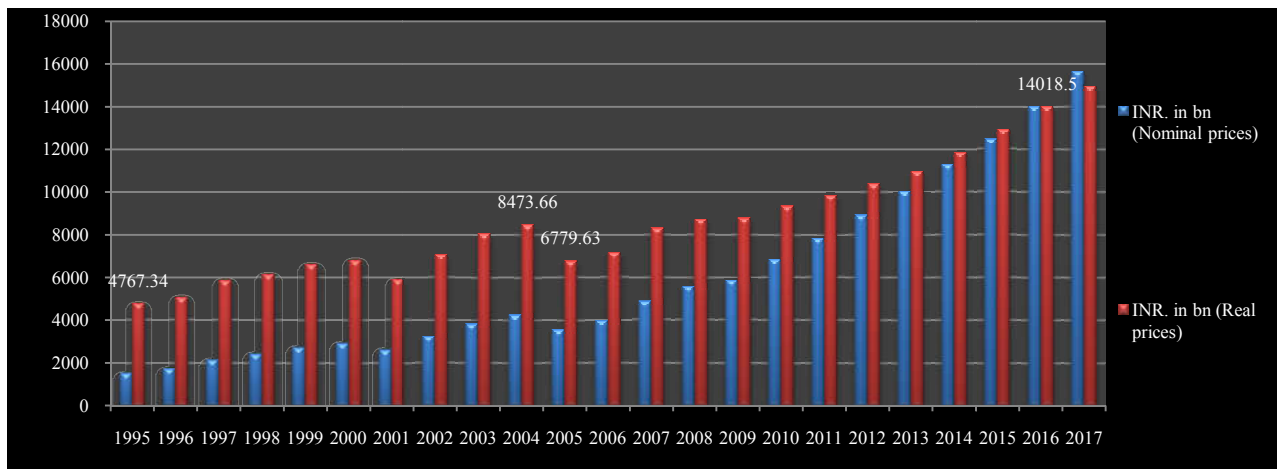


Figure 1 Total contribution of tourism sector in GDP

Source: WT & TC



Figure 2 Percentage growth of Tourism sector during 1995 to 2017

Source: WT & TC

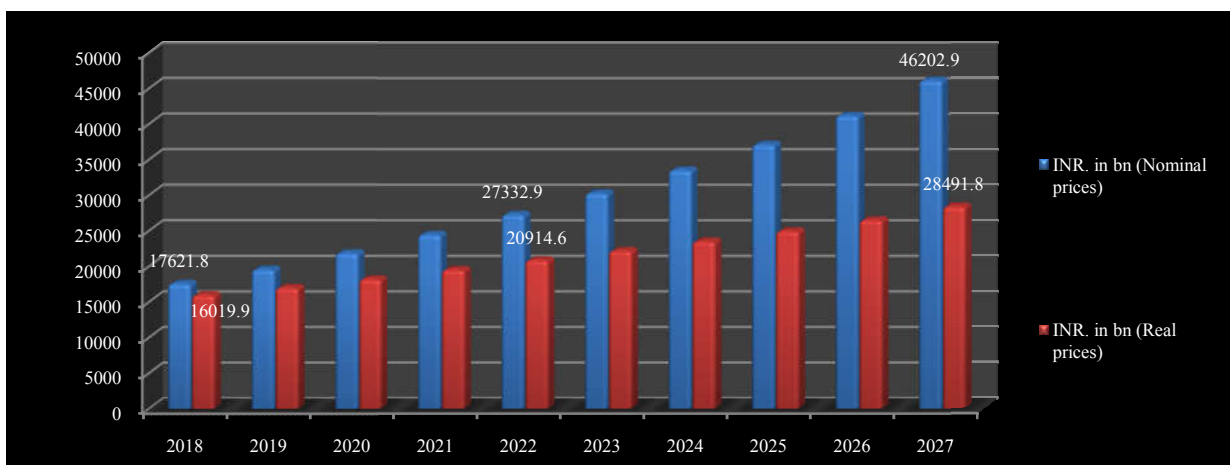


Figure 3 future prospects of tourism sector contribution in GDP

Source: WT & TC

It is anticipated that tourism sector will generate over 380 million jobs by 2027.

Kakkar and Sapna (2012) have explored that India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class growth in high spending foreign tourist and coordinated government campaigns to promote 'incredible India'.

They suggested tourism is the right vehicle for a modern economic growth through structural transformation of the economy. Mir (2014) has found that there is a significant relationship between tourist inflow and time. According to him tourist inflow is important indicator in demand forecasting with the passage of time remaining other things constant.

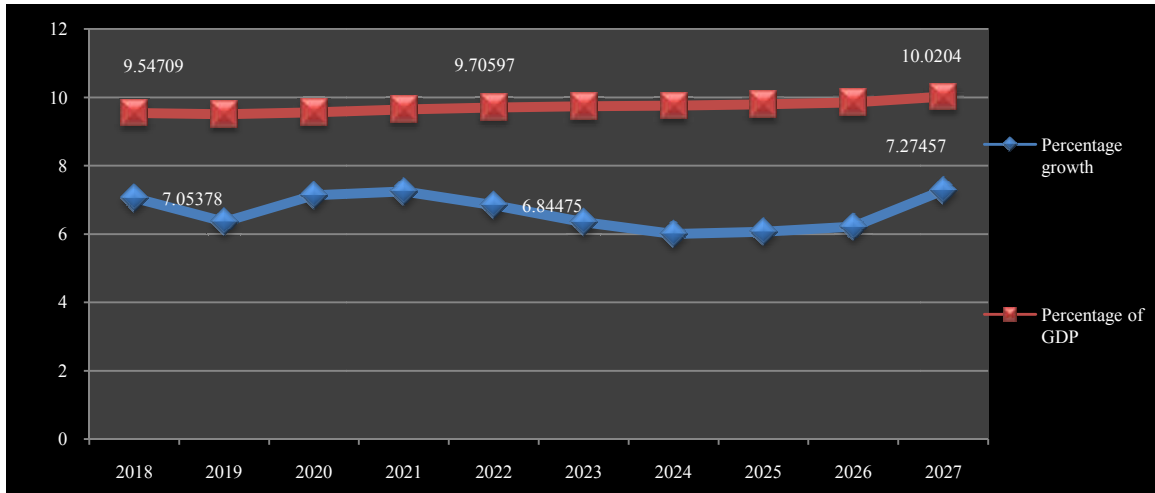


Figure 4 future prospects of tourism sector growth

Source: WT & TC

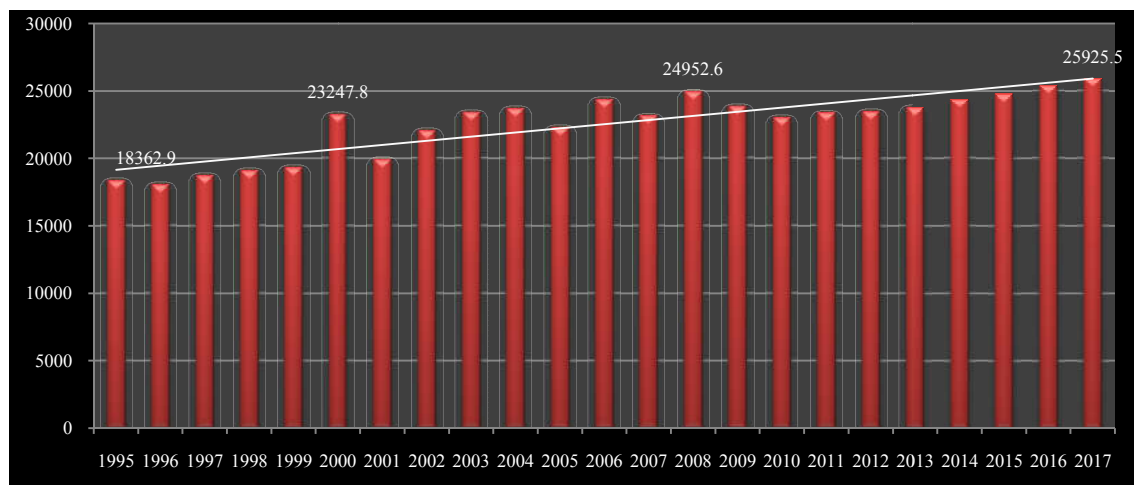


Figure 5 tourism sector contribution in job creation (in thousands)

Source: Ministry of Tourism, GoI

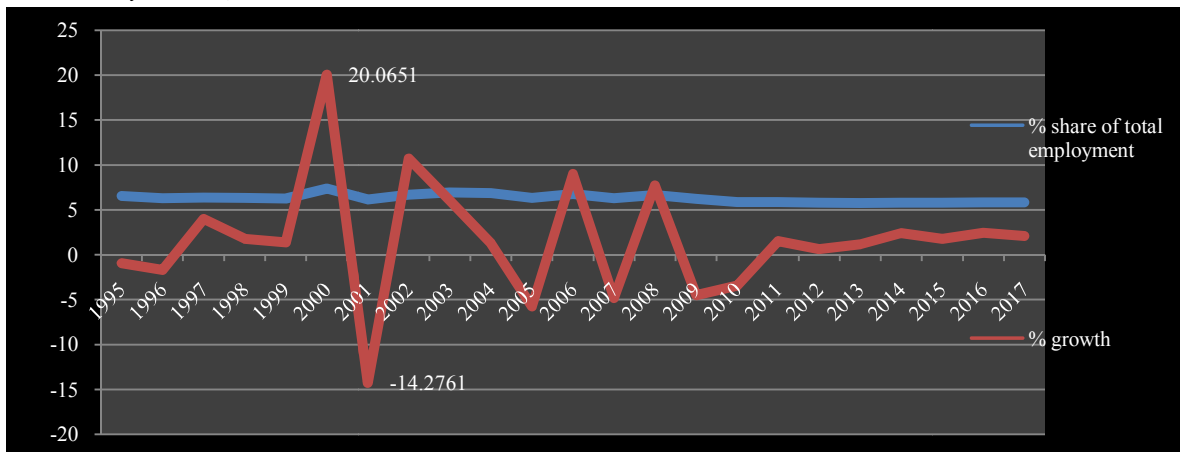


Figure 6 percentage share of employment in total employment

Source: Ministry of Tourism, GoI

Further he said that tourism has an inbuilt capacity that it could contribute remarkably and in minimum time duration in poverty alleviation through job creation and productive employment by offering labour-intensive jobs and small-scale business opportunities that generally employ a high proportion of women and unskilled youth. Tourism remains the world’s largest industry and one of the fastest growing sectors, accounting for over one-third of the value of total worldwide services trade (WTO, 2006). Pioneering studies from Lea (1988) and Sinclair (1998) have highlighted the potential of the tourism sector in promoting growth, creating jobs and generating revenue for the government. In fact the tourism-led growth hypothesis postulates that international tourism is considered as a potential strategic factor for economic growth.

**Objectives of Study**

- To study the trends, opportunities and future prospects of tourism in India.
- To study the impact of tourism on employment generation in India.

**METHODOLOGY AND DATA SOURCES**

This paper has been analyzed the trends, opportunities, challenges and future prospects of tourism in India. It has studied the impact of GDP on tourism and tourism contribution in GDP of India and also examined the impact of tourism on employment generation in India. The study is based on secondary data and it has been collected from various authentic sources viz., Ministry of Tourism, GoI, indiastat.com, the WT & TC, and World Tourism Organisation (UNWTO). This paper has used explorative method to draw inferences on the basis of previous literatures and also done trends analysis, to show the short term as well as long term variations exists in the variables taken for the study purpose. The time period for the study has been taken from 1991 to 2017.

**Analysis**

Tourism sector has significant growth over period. Its total contribute in GDP was Indian rupees in billion (INRBN) 4767.34 in 1995 at real prices.

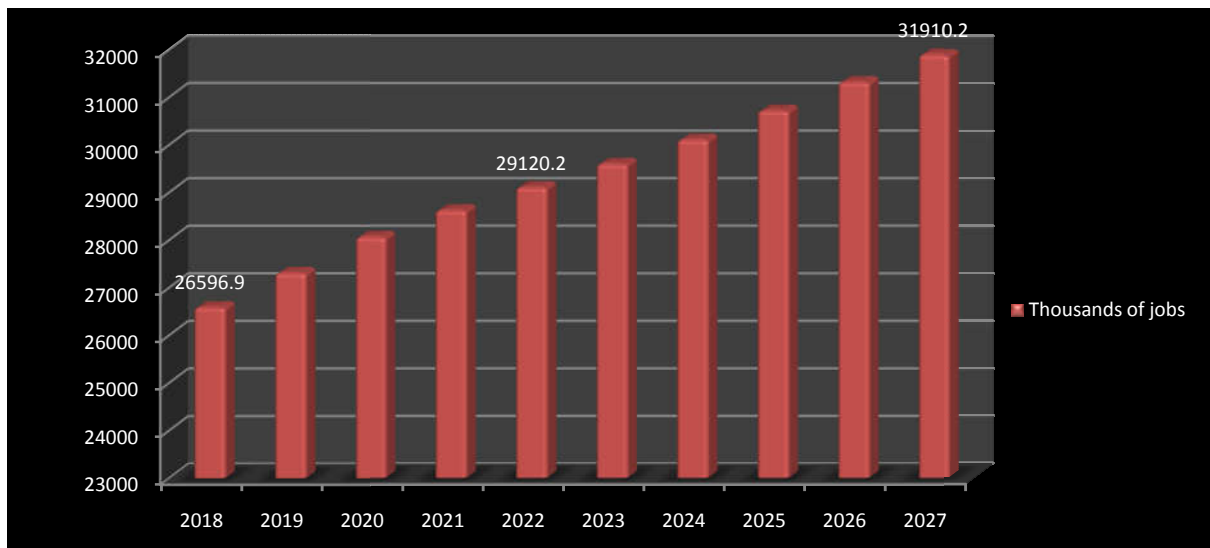


Figure 7 Future prospects of job creation in tourism sector (in thousands)

Source: WT & TC

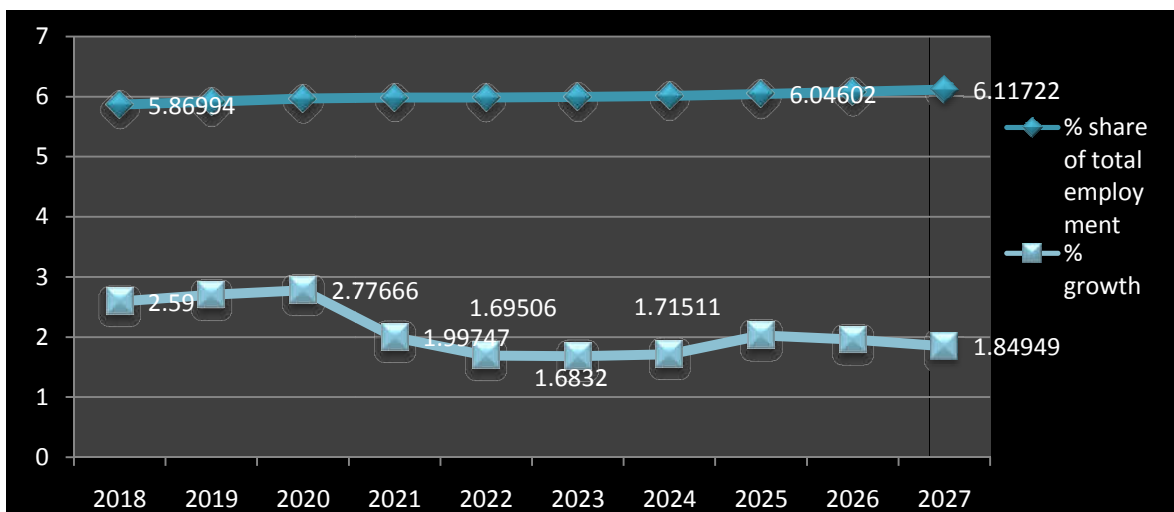


Figure 8 future prospects of job growth and share in total employment

Source: WT & TC

Which increase to INRBN 8473.66 in 2004 reaches at peak after -13.57% falls in growth of tourism in 2001. It further decreases at INRBN 6779.63 (-19.99 %) in before achieved its culmination in 2017 due to world financial crisis started with Turkish crisis. It was INRBN 14964.3 in 2017.

The US subprime crisis also reduced it dramatically from 4.81% in 2008 to only 0.72% in 2009. After that, it picked up her pace and now it is expected to account at INRBN. 14964.30 (6.74% less than 8.33 in last year) in 2017, while in nominal terms it will Account 15660.80; it was INRBN 1525.43 in 1995 in nominal terms. The total contribution of Travel & Tourism to GDP was INRBN. 14,018.5 (USD208.9bn), 9.6% of GDP in 2016, and is forecast to rise by 6.7% in 2017. It is clear from figure 1 and 2.

According to the World Travel & Tourism Council tourism sector contribution will rise 9.54% per annum to INRBN 16019.9 in 2018 in terms of real prices. While in terms of nominal prices, it will account 17621.8 INRBN. Further, it has accounted to rise by 9.7 & 10.02 percent growth. Tourism sector will expected to contribute in GDP by INRBN 20914.6 & 28491.8 respectively in 2022 and 2027 in real prices. However, in terms of nominal prices it will contribute INRBN 27,332.9 & 46202.9 in 2022 and 2027 respectively, more than in comparison to real prices. See the figure 3 and 4.

Unemployment is one of the major socio-economic problems of India, responsible for vicious circle of poverty and youth's misadventure. So tackle this problem is important. For this, tourism sector is one of the foundation sectors to generate huge employment for educated as well as uneducated young. There is a linear upward trend in employment generation by tourism sector in India; although it is more flat i.e. employment generation is less responsive with respect to time.

Tourism sector has created 18362.9 thousands of jobs in 1995, but growth rate was negative. Growth rate reduced steeply by -14.27% in 2001, immediately it was recovered but not forever it has seen negative in 2005 once again even though employment increases to 22328.7 thousands as a whole. Growth rate were also negative in 2007 by -4.82%, followed by 2009 (-4.512), consequently in 2010 (-3.424). Share of tourism sector in total employment generation was constant about 6.3 percent during the period of 1995 to 2017. For more see figure-5&6.

In 2016, the Travel & Tourism has directly supported to create 25,394,500 jobs that was 5.8% of total employment. This is expected to rise by 2.1% in 2017 and will create 31,910,000 jobs that account 6.1% of total employment. In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 9.3% of total employment that created 40,343,000 jobs.

It is anticipated that tourism sector's share in total job creation will remain as it is, as it was during 1991 to 2017. It will account near about 6 percent share in total employment during 2018 to 2027. Growth prospect of employment generation is worrisome in tourism sector. Although, it will increase in whole number from 26,596.9 thousand jobs in 2018 to 29,120.2 thousand in 2022 that will further induce to 31,910.2 thousand jobs in 2027. However, growth of employment in the segment will put grey picture as **figure-8** display.

Percentage growth of job creation will be 2.59% in 2018, slightly above to 2017 that will remain to 2022 but after that it will decrease to 1.99 in 2021 and will continue till 2025. It is expected that it will increase by 1.84 % in 2027.

## CONCLUSION

Tourism is front seat driver to lead world economic growth in 21<sup>st</sup> century. It is the largest segment of world economy, generating wealth and employment instead of leisure, business, learning and experience across the world. Now tourism is one of the best instruments of economic development. It is boon for naturally beautiful islands and developing country by providing employment opportunities, foreign exchange earnings, and income for locals, and dissemination of soft power. It helped in preservation of natural and historical heritage of country, developing world class infrastructure, promoting peace and stability.

Its role in Indian economy is very impressive. It accounted to contribute in FOREX by USD 22.92bn. The travel and tourism contribution to GDP is INR 14, 019bn (8.2%) in and forecasted to INR 28, 492bn (6.7%) in 2027. Employment increases by 40,343 thousands (2.3%) and forecasted to grow 49868 thousands (2%) in 2027. It is good we have achieved satisfied result from the Travel & Tourism but future prospect is worrisome. However, our rich cultural and natural heritage, historical and religious places attracts world tourist towards India. But tourism industry in any country flourishes on the competitive availability of infrastructure, accommodation, transportation, hospitality, governance, visa policy and other facilities which provided by government instead of rich tourism endowment of a country.

To attract the foreign tourists in India, liberal policies and reduction in taxes along with a comprehensive package including single window for visa clearance, easy visa on arrivals for attracting tourist and foreign investment. There should be tourist police thana comprising smart and tourist friendly police for safeguarding the tourists safety. There should mega exhibition of Indian soft power- various melas in different parts of India. There are also needs to increase the government's role, better coordination between central ministry of tourism and ministry of state, and between states, establishment of brands to make global hub of tourism.

Year 2017 is the International Year of Sustainable Tourism for Development announced by the UN. The International Year provides an enormous opportunity to further showcase the tremendous economic, social, cultural, environmental, and heritage value that the sector can bring.

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