

Impact Of Tourism Industry On Indian Economy

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Abstract

Tourism industry is one of the largest industries in the world. It generates wealth and employment. It is one of the important foreign exchange earnings industries in India. It is also plays an important role in the contribution of GDP in Indian economy. Tourism refers to the process of travelling to different places internationally or domestically. The present paper discusses the impact of tourism industry on Indian economy and the study is based on fully secondary data. The variables are assessed with the help of correlation.

Keywords- *Foreign Tourist Arrivals (FTAs), Domestic Tourist Arrivals(DTAs), GDP, Foreign Exchange Earnings(FEEs).*

Introduction

Tourism in one of the sunrise sectors in India. India has a different status in the world from the point of view of cultural and religious heritage. Tourism refers to the process of travelling to different places internationally or domestically. There can be many reasons behind this visit such as business events, sports, medical treatment, adventure etc. A different civilization and culture is seen in every corner of the country. In India 2.93 million foreign tourists arrived on e-tourist visa registering a growth of 23.6%. To promote tourism the government of India launched a mobile application 'Incredible India' on 27th September 2018. This paper is based on secondary data and highlights the importance of tourism.

Different types of tourism

1. Health tourism- Health tourism is also known as medical tourism. Under this tourism, travellers come to get their treatment. In India the treatment is cheaper than other countries, so many international travellers come to India for treatment. Many treatment such as cosmetic surgeries, joint replacement extra.
2. Adventure tourism- Adventure tourism refers to performance of acts, which require significant efforts and some degree of risk or physical danger such as rock climbing,

mountain biking, river rafting, skating, trekking extra. In recent times it is very prevalent among the youth.

3. Wellness tourism- It is a sub part of health tourism. The government always promotes this form of tourism. The primary purpose of this tourism is to improve health through ayurveda, yoga, naturopathy extra.
4. Heritage tourism- It means “Travel undertaken to explore and experience places, activities and artifacts that authentically represent the stories and people of the past and present.” India is a very rich country in terms of heritage tourism.
5. Eco tourism- It is also known as ecological tourism. Natural areas are travelled in this tourism. In this information about their history and importance is taken without disturbing the ecological system. It provides economic opportunities to local people. This tourism promotes protection and awareness of natural resources.
6. Film tourism- In this era it is emerging tourism. It refers to the growing interest among people for the places which became popular owing their presence in certain scenes of movies.
7. Rural tourism- It gets an opportunity to know the life, art, culture, civilization, heritage etc of the village. It helps the development of rural areas. There is immense scope for this tourism in India as most of the population of India resides in rural areas.
8. Wildlife tourism- It means interacting with wild animals in their natural habits. It includes wildlife photography, bird watching, jeep safari, camping, jungle safari etc.
9. MICE tourism- The full form of MICE is Meetings, Incentives, Conference and Exhibitions. Today this type of tourism has become very popular. Especially this type of tourism is done by corporate people.

Objectives

1. To know the tourism industry.
2. To analysis the impact of tourism on GDP.

Hypothesis

H0- There is a positive relationship between foreign tourist arrivals and GDP.

H1- There is a negative relationship between foreign tourist arrivals and GDP.

H0- There is a positive relationship between foreign exchange earnings and GDP.

H1-There is a negative relationship between foreign exchange earnings and GDP.

Review of Literature

1. Shiji, O. concluded in their research article on the “Economic impact of tourism in India” had found his article Indian tourism has vast potential for generating employment and foreign exchange earnings. The government of India is also giving attention both on the development of the tourism and linked almost all the known tourist spots.

2. Venkatesh, M. and Michalraj, J.S.P., concluded in their research article “Impact of Tourism in India” had found his article in India tourism industry are substantial and vibrant and the country is fast becoming a major global destination. All the improvement and facilities are done and created by government, in order to bring a sea change in the tourism industry in general and specifically for Tiruchirappalli district in particular.

Research methodology

This research paper is fully based on secondary data which is collected from various annual reports, journal, newspaper, books etc. This study covers only five years of period such as 2014 to 2018.

Table- 1 Foreign Tourist Arrivals

Year	No. of Tourists (in cr.)	Increase in%
2014	.78	10.2
2015	.803	4.5
2016	.880	9.7
2017	1.004	14.0
2018	1.056	5.2
Mean	4.523	8.72

Source- secondary data

The above table shows foreign tourist arrivals in India. The arrival of foreign tourists has been increasing year after year in the last few years but there are lot of fluctuation in percentage increase. The highest percentage increase in 2017 i.e. 14% and the lowest percentage increase in 2015 which is 4.5%. Here the mean is 8.72.

Table-2 Domestic Tourist Arrivals

Year	No. of Tourists (in cr.)	Increase in%
2014	1282.80	12.3
2015	1431.97	11.6
2016	1615.34	12.8
2017	1657.55	2.6
2018	1854.93	11.9
Mean	1568.518	10.24

Source- secondary data

The above table shows the domestic tourist arrivals in India during the last five year. In 2017 the increase rate of percentage was suddenly fallen which was 2.6 compared to 2016 i.e. 12.8 then in 2018 this percentage increased again to 11.9. When the number of domestic tourist arrivals decreased in 2017 the government adopted a variety of remedies to increase their percentage. The mean of our study period was 10.24.

Table- 3 Foreign Exchange Earnings

Year	No. of Tourists (in cr.)	Increase in%
2014	120367	11.9
2015	134844	12.0
2016	154146	14.3
2017	177874	15.4
2018	194882	9.6
Mean	156422.6	12.64

Source- secondary data

It is clear from above table that their percentage has increased for four consecutive years, which is from 2014 to 2017. Percentage increase in 2014 is 11.9, in 2015 is 12, in 2016 is 14.3 and in 2017 is 15.4 but in 2018 its percentage increase rate has declined such as 9.60. During this period the mean is 12.64.

Table-4 GDP

Year	Annual growth (in %)
2014	7.4
2015	7.6
2016	8.2
2017	7.2
2018	6.8
Mean	7.44

Source- secondary data

The full form of GDP is gross domestic product. The above table present the annual growth rate of India's GDP. The highest growth is 8.2% in 2016 and lowest growth rate is 6.8% in 2018. The mean is 7.44.

Table-5

	FTA	DTA	FEE	GDP
MEAN	8.72	10.24	12.64	7.44
SD	3.50	3.84	2.03	0.46
CV	0.40	37.5	16.06	6.22

The table 5 shows the mean, standard deviation and co variance of the observations. Highest mean of 12.64 is observed foreign exchange earnings and lowest mean of 7.44 is observed GDP. The highest standard deviation is 3.84 i.e domestic tourist arrivals and lowest SD is 0.46 which is GDP. Highest covariance is 37.5 in Domestic tourist arrivals while lowest is 0.40 in foreign tourist arrivals.

Analysis of Correlation and Student t-Test

Particulars	FTA & GDP	FEE & GDP
Correlation(r)	0.122	0.526
Calculated value of t	0.214	1.073
Tabulated value of t	3.182	3.182
Significant	Yes	Yes
Level	5%	5 %

Conclusion

Analysis of above table we know all hypothesis are accepted at five percent of significant level. Our first hypothesis is accepted which means the calculated value is less than the tabulated value so, the null hypothesis is accepted. Hence it is conclude that there is a positive relationship between foreign tourist arrival and gdp. Our second hypothesis is also accepted it means there is a positive relationship between foreign exchange earnings and gdp.

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