



## Tapping Tourism Industry for Sustainable Economic Growth

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**ABSTRACT:** Sustainability is a long term assurance to life. It comes through, in the form of employment, living, working, manufacturing etc. Sustainable development of economy is all about growth without depleting our natural resources. Tourism industry is one such sector which has huge potential to transform Indian economy and sustain it for long time. It is an industry which doesn't use a concept of burning smoke for growth indeed it attracts people from all over the world with its great heritage and sight, resulting in the economic development. India is one of the most ancient countries and has a huge potential of sustainable economic development through tourism industry. The UNDP Sustainable development goals (2030) also mandates countries to aim sustainable economic development models making it mandatory on the part of economies across the world to focus on sectors which are eco-friendly and has huge potential in terms of employment generation and economic growth. This paper examines the historical aspects of Indian tourism industry. It tries to examine the potential vis a vis contribution of tourism industry in Indian economy. This paper also highlights the impact of tourism industry in sustainable economic development of select countries in the world.

**Key Words:-** Tourism, Infrastructure, Development, Sustainability, eco-friendly, Foreign exchange,

### 1.0 Introduction

Tourism can be a game changer in the economic development of India, The infrastructure is created and maintained for its tourism and sustainability purpose to contribute for its local needs, Jobs are created and maintained to help offset industrial and rural decline , which can be huge support to rural as well urban middle class. Sustainable tourism involves with a huge protection and development of cultural and natural heritage, from art to science to heritage, gastronomy to environment protection well as biodiversity protection.

Today Tourism is playing a major role in sustainable economic

development, global jobs creations and contributing approximately 10 percent to world's gross domestic product. Due to its dynamic nature and high foreign currency inflow, tourism industry improves and impacts other economic market activities in different sectors i.e. education service industry, etc. Countries such as Iceland, Norway, Singapore and Hong Kong, tapping tourism for its sustainable economic development is a shining examples and a model which can be emulated and applied by all the countries.

### 2.0 Objectives of the Studies:

1. To study the history, growth and development of tourism industry in India



2. To study the contribution of tourism industry in Indian economy

3. To study the opportunities and scope of Indian Tourism Industry in sustainable economic development

4. To study the global tourism industry approach to sustainable economic development.

### 3.0 Methodology

This is a qualitative study based on the secondary data. The various published sources such as industry report, tourism magazine, journals, newspapers, web sources were used to collect the secondary data.

**4.0 Literature Review:** Tourism defined by different authors as:

**(1941 Hunziker and Krapf,)** "The sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far do not lead to permanent residence and not connected with any earning activity."

**(1976 Tourism Society of England,)** "Tourism is the temporary, short term movement of people to destination outside the places where they normally live and work and their activities during the stay at each destination. It includes movements for all purposes."

**(1981, International Association of Scientific Experts in tourism,)** defined "tourism in terms of particular activities selected by choice and undertaken outside the home environment."

### 5.0 Tourism in India:

India is a land of history and biodiversity and has always been for its great natural

beauty. From Kanyakumari to Kashmir , rolling from western Ghats to eastern Ghats , driving through the beautiful states of 7 sisters to the land of great Rajputana , India has always been a fascinating destination. It has great potential in tourism since it a mixture of different languages , great history and heritage, varieties of food , different traditions and what more ! it's the land of beauty which imbibes every treasure behind it. The land of Himalayas, Thar and peninsula, it has always been the fascinating area of exploration with potential to generate employment and impact the economy in a big way.

Tourism facilitates economic development in an optimal manner. Indian Tourism Corporation (ITC) was formed in 1966 to promote India as a preferred tourist destination for global tourists. Government had taken measures for the development of tourism sector. Few of the initiatives i.e. '**Hunar se Rozgar**' Programme and visa on arrival has made an impact in creating awareness and bringing the focus on this sector.



Table: 01: Indian Tourism Industry

| No of World Heritage Sites | World Ranking in Natural Resources | World Ranking in Cultural Resources | World Ranking on Air Transportation | World Ranking on Ground Transportation Network |
|----------------------------|------------------------------------|-------------------------------------|-------------------------------------|--|
| 30                         | 08                                 | 24                                  | 39                                  | 43   |

**Source:** World Travel and Tourism Council (WTTC), India

Major organizations and department involved in promoting tourism are

1. Department of tourism
2. India Tourism Development Corporation (ITDC)
3. India Institute of Travel and Tourism Management(IITM)
4. National Council for Hotel Management and Catering Technology
5. Tourism finance corporation of India limited(TFCI)

### 5.1 Indian Tourism Options

India offers a variety of options to international and national visitors. They are

1. Beautiful culture and heritage site
2. Sun bathing beaches
3. Colourful fairs and festivals
4. Forests and wild life
5. Attractive fauna and flora
6. Different kinds of architectural marbles, Science and Historical Museums
7. Yoga and Ayurveda

### 5.2 Classification of Indian Tourism in India:-

1. Medical/Health tourism
2. Spiritual tourism
3. MICE tourism
4. Adventure & Wild life Tourism
5. Heritage and culture tourism
6. Cruise tourism
7. Polo tourism
8. Eco tourism
9. Film tourism
10. Growth of tourism in India

### 6.0 Contribution Towards Indian Economy:

Tourism relates to the activity of travelers on trips outside their usual environment with duration of less than 1 year or more. Tourism plays an important part in economic activity in every country internally as well as externally. There has been positive contribution of Indian tourism industry on Indian Economy, and it has been



on a growth path. Table 2 provides the information on the total GDP contribution of the sector on Indian Economy.

Table 02: **Total contribution of travel and tourism to GDP**

| Year   | Contribution of tourism industry in GDP (USD bn) | Contribution of tourism industry to GDP (%) |
|--------|--|---|
| 2016   | 208  | 9.6   |
| 2017   | 223  | 9.6   |
| 2027 E | 424  | 10  |

Source: WTTC, Economic Impact 2017, India

The total contribution of T&T to GDP was USD 208 bn in 2016 (9.6% of GDP) and is forecast to rise by 6.7% pa to USD 424 bn by 2027 (10.0% of GDP).

Table 03: **Total Employment generation**

| Year   | Total Employment Million | Contribution (%) in total employment |
|--------|--------------------------|--------------------------------------|
| 2016   | 40.3                     | 9.3                                  |
| 2017   | 41                       | 9.2                                  |
| 2027 E | 49.8                     | 9.6                                  |

Source: WTTC, Economic Impact 2017, India

The total contribution of Travel & Tourism to employment was 40.3 million jobs in 2016 (9.3% of total employment). By 2027, Travel & Tourism is forecast to support 49.8 million jobs (9.6% of total employment), an increase of 2.0% pa over the period.

**Table 04: Top three countries on travel and tourism competitiveness index and their performance:**

| Top three countries | Year  | GDP EUR bn | % of total GDP | Employment Million | % of total Employment |
|---------------------|-------|------------|----------------|--------------------|-----------------------|
| Spain               | 2016  | 158.9      | 14.2           | 2.6                | 14.5                  |
|                     | 2017  | 164.9      | 14.4           | 2.7                | 14.6                  |
|                     | 2027E | 196.5.2    | 15             | 2.9                | 15.3                  |
| France              | 2016  | 198.3      | 8.9            | 2.7                | 9.9                   |
|                     | 2017  | 201        | 8.9            | 2.8                | 10                    |
|                     | 2027E | 240        | 9.4            | 3.2                | 11                    |
| Germany             | 2016  | 337        | 10.8           | 6.0                | 14                    |
|                     | 2017  | 341        | 10.8           | 6.1                | 14                    |
|                     | 2027E | 429        | 12.4           | 6.6                | 15.6                  |

Source: Source: WTTC, Economic Impact 2017



**Spain:** The total contribution of Travel & Tourism to GDP was EUR158.9bn (USD177.2bn), 14.2% of GDP in 2016, and is forecast to rise by 3.8% in 2017, and to rise by 1.8% pa to EUR196.5bn (USD219.2bn), 15.0% of GDP in 2027. In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 14.5% of total employment (2,652,500 jobs). This is expected to rise by 3.0% in 2017 to 2,733,000 jobs and rise by 0.9% pa to 2,981,000 jobs in 2027 (15.3% of total).

**France:** The total contribution of Travel & Tourism to GDP was EUR198.3bn (USD221.3bn), 8.9% of GDP in 2016, and is forecast to rise by 1.8% in 2017, and to rise by 1.8% pa to EUR240.5bn (USD268.3bn), 9.4% of GDP in 2027. In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 9.9% of total employment (2,791,000 jobs). This is expected to rise by 1.4% in 2017 to 2,830,000 jobs and rise by 1.4% pa to 3,238,000 jobs in 2027 (11.0% of total).

**Germany:** The total contribution of Travel & Tourism to GDP was EUR337.7bn (USD376.7bn), 10.8% of GDP in 2016, and is forecast to rise by 1.2% in 2017, and to rise by 2.3% pa to EUR429.6bn (USD479.3bn), 12.4% of GDP in 2027. In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 14.0% of total employment (6,086,000 jobs). This is expected to rise by 0.7% in 2017 to 6,128,000 jobs and rise by 0.8% pa to 6,664,000 jobs in 2027 (15.6% of total).

## 7.0 Tourism for sustainability Through Management Practices:

UN has classified three forms of Tourism in its Recommendations on Tourism Statistics:

1. Domestic tourism, which involves Residents of the given country traveling only within the country.
2. Inbound Tourism, involving non-residents traveling in the given country; and
3. Outbound Tourism, involving residents traveling in another country. The UN also derived different categories of Tourism by combining the three Basic forms of tourism:
4. Internal tourism, which comprises domestic tourism and inbound Tourism;
5. National tourism, which comprises domestic tourism and outbound Tourism; and
6. International tourism, which consists of inbound tourism and outbound Tourism

## 7.1 United Nation Development Program (UNDP) Sustainable Development Goal (SDG):

UNDP wide its agenda 2030 devised its (Sustainable developmental goals) SDG which had a 15 point agenda and its replaced the Millennium Development Goals MDG 2000. The focus of the SDG has been to remove poverty and the objective was to produce a set of universally applicable goals that balances the three dimensions of sustainable development: environmental, social, and economic.

Tourism with its vast potential has the scope and possibility to achieve the SDG Goals in its stipulate time frame of 15 Years i.e. by 2030.



**7.2 Organization for Economic Co-operation and Development (OECD)**

The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental economic organisation with 35 member countries, founded in 1961 to stimulate economic progress and world trade. Founded by USA, France, Germany, Turkey, etc the mission of the Organization for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. Tourism has been the major contributor in OECD Economies. The table below reflect the impact of tourism in the economies of OECD Countries

Table: 05 **Impact of Tourism on OECD Economies**

| Total Average GDP | Total average employment | Total average service Exports |
|-------------------|--------------------------|-------------------------------|
| 4.1%              | 5.9%                     | 21.3%                         |

Source: - <http://www.oecd.org>

**8.0 Ministry of Tourism: Initiatives**

To propel growth the industry has invested in new technology like CRM tools and state of the art security systems. The scope of travel and tourism is truly immense: in the last six years, it has created 11 million jobs and has the potential to create another 37 million jobs

(estimated by the NSSO, Ministry of Tourism) of the 120 million projected requirement by 2020.

**8.1 Sustainability a long term and must have goals:**

1. Increasing numbers of globetrotters and the consequent growth of the travel and tourism industry have significant implications on passenger air transport traffic. Since the 1980s, air traffic has doubled every 15 years, a trend which is expected to continue. Nearly 4 billion people travelled by plane in 2016, a number which is expected to reach 7.2 billion by 2035.
2. The industry has made significant progress over the past decade in monitoring the impact of the industry and has developed solutions to counteract the negative environmental effects of the industry. Given widespread targets to decrease carbon emissions, the industry is working to find solutions to reduce oil dependency.
3. These include improving aircraft and airport operations, as well as aircraft design and material use, and considering alternative sources of energy. While implementation of global climate agreements are still a work in progress, the travel and tourism industry has taken active steps to reduce its impact on the environment, and plans to continue to do so while implementing better measurement tools.

**9.0 World depends on Sustainable Tourism:**

The rise of globalization ,liberalization and privatization has taken world economy to miles , which increased the standard of living , high expenditure ,more



investments ,maximizing the revenue ,adapting new laws and policies etc. sustainability is the backbone of all the globalization factors , Globalization and the growing trend of traveling have increased the number of people traveling to foreign countries each year. This growing trend has brought with it increased GDP growth due to tourism spending. While some countries receive more visitors than others, not all countries rely on their tourism industries to the same extent.

India is the 7<sup>th</sup> largest country, still it don't stand with competing countries on tourism. It needs lot of improvement when it come to sustainability as many of its green corridor is vanishing because of poor management.

Most of the countries that are most reliant on tourism industry are poor or have a relatively small population and therefore economy. i.e.

Table: 6.0

**Top 10 Countries with the Largest Tourism Industries (GDP)**

| Sl No | Country | GDP USD bn |
|-------|---------|------------|
| 1     | USA     | 488        |
| 2     | China   | 224        |
| 3     | Germany | 130.8      |
| 4     | Japan   | 106        |
| 5     | UK      | 103        |
| 6     | France  | 89.2       |
| 7     | Mexico  | 79.7       |
| 8     | Italy   | 76.3       |
| 9     | Spain   | 68.8       |
| 10    | Brazil  | 56.3       |

**Source:** T&T Competitiveness Report 2017

Table 7.0

**Top Five Countries Most Reliant on Tourism (GDP)**

| Sl No | Country  | Most Reliant % |
|-------|----------|----------------|
| 1     | Malta    | 15             |
| 2     | Croatia  | 15             |
| 3     | Thailand | 9.3            |
| 4     | Jamaica  | 8.9            |
| 5     | Iceland  | 8.2            |

**Source:** T&T Competitiveness Report 2017

a. Hong Kong and Iceland have a large percentage of GDP coming from tourism, but both countries are very small in both population and GDP.

b. Iceland is one of the smallest countries by population in the world at 332,529. It is very reliant on tourism because it receives more visitors in one year than the entire population of the country.

**10.0 Findings:**

1. Tourism industry is a vibrant and promising industry with huge potential for a country like India. India can double its income to 424 billion USD i.e. a contribution of 10% of its GDP from its tourism industry in next 10 Years.

2. India can help itself in mitigating the burgeoning unemployment by adding close to 10 Million more jobs in next 10 Years.

3. Comparing smaller countries i.e. Thailand and Iceland, India boost of great opportunity as it is a land with civilization, culture and heritage. The potential in tourism can be leveraged which can bring sustainable development without impacting the environment.

4. The fourth revolution (Digital Connectivity) is bringing countries closer



providing greater visibility and connectivity. Tourism Industry is poised to benefit from it.

5. The tourism industry contributed US\$7.6 trillion to the global economy (10.2% of global GDP) and generated 292 million jobs (1 in 10 jobs on the planet) in 2016.

6. The number of people on the move today is unprecedented, with international arrivals increasing from just 25 million in the 1950s to 1.2 billion in 2016. A Huge shift is being witnessed.

7. India has jumped 12 point to occupy 40<sup>th</sup> position on global competitiveness index, a great performance.

8. As per (WTTC) research, which forecasts that between 2016 and 2026, the 10 fastest growing destinations for leisure-travel spending will be India, followed by Angola, Uganda, Brunei, Thailand, China, Myanmar, Oman, Mozambique and Vietnam.

9. Tourist expenditures from developing nations have grown faster than that of expenditures from advanced economies- a trend on track to continue in the coming years.

10. In 2016, destinations worldwide required 58% of the world's population to obtain a visa prior to departure.6 This is a significant improvement from 2008, when 77% of the world's population was made to apply for a traditional visa.

### 11.0 Conclusion

Travel and tourism industry is witnessing a revolution. The focus on opening borders, reducing visa norms and enabling travel for leisure by countries across the world, is fuelling growth. With improved, security situation, enhanced infrastructure and professional touch to this industry, it is likely to bring exponential benefit to the economy which

would be sustainable and long lasting. The economic benefit generated has minimal negative effect on ecology and environment. The UNDP Sustainable Development Goal can be a reality if tourism can be tapped successfully.

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