

## ROLE OF TOURISM IN ECONOMY

**Gayatri Rajput**

(Asst. Prof. Economics),  
Career College of Law, Bhopal  
9424476502 gaytrirajput18@gmail.com

### **Introduction**

The word tourist from the Latin word 'TORNUS' which means a tool for describing a circle or a turner's wheel. In this sense has been originated a tourist is a person who undertakes a circular trip ultimately come back to the place from where he sets out his journey Tourism happens only when people travel from their residence to the destinations to enjoy the beautiful landscapes or the historical interests. Tourism is one of the fastest growing industries in many countries It is expected to have generated around 9.45% of world GDP and 8.2% of total employment in 2009.

"TOURISM" is phenomenon of the post second world war period when the word Tour entered in to the common usage especially in the English language. Tourism denotes the temporary short term movement of people to destination outside the place where they normally live and work and their activities during their stay at these destinations. It is pleasure activity in which money earned in ones normal domicile is spent in the place visited. Tourism is an activity involving a complex mixture of material and psychological elements. The material are

1. Accommodation
2. Catering
3. Hospitality services
4. Transportation
5. Entertainments

### **Travel and tourism industry in India**

Indian tourism offers most diverse products globally. The country's rich history ,

cultural heritage , beauty ,diversity of religion and medicine fascinate budget and luxury travelers. Tourism in India has registered significant growth over the years. India's travel and tourism industry is expected to generate revenue of Rs. 1,970 bn in 2010. This would be around 3.1% of total GDP.

Travel and tourism touches all sectors of the economy its real impact is greater and the travel and tourism economy directly and indirectly accounts for 5,533bn equivalent to 8.6% of total GDP.

Personal travel and tourism is the most significant contributor accounting for 55% of the total market, while business travel forms only 9% . Capital investment is also significant with a share of 24% Hotels air transport, surface transport basic infrastructure and facilitation systems environment are some of the related sectors.

### **Economic Dimensions of Tourism**

Tourism plays a crucial part in a country as it provides opportunities for employment, contributes to the balance of payment and helps economic growth . It also takes into consideration environment and social issues. For tourism to succeed , it must be sustainable economically socially and environmentally. Unplanned growth of tourism may lead to serious economic and social consequences. In view of the major issues involved in the tourism development of a country governments take a direct interest in its development. There are a number of reasons why government need to be directly concerned about the tourism industry . Travel and tourism will be one of the world

highest growth sectors in the 21<sup>st</sup> century. Global experts in fact have predicted that in the 21<sup>st</sup> century the global economy will be driven by three major service industries. technology, telecommunicates and tourism. The world tourism organization statistics indicate that the tourism industry will only continue to grow from strength to strength. From 70 million. In the year 1960 the international tourist arrivals worldwide is estimated to be 710million in the year 2000. WTO has further estimated that international tourism arrivals worldwide would be 1.5 billion by the year 2020.

According to the latest report from the world travel and tourism council in the year 1999 is expected to generate about 305 trillion US dollars of GDP and almost 200 million jobs across the world economy. Approximately one third of this comes from the industry itself and the reminder from its very strong catalytic flow through effect in other sectors such as retail and construction. World travel and tourism GDP IS forecast to increase in real terms at 3% per annum in the decade 2010. In the same period employment in travel and tourism is expected to grow at 2.3% per annum. Tourism has major economic significance for a country. Thw receipts from international tourism can provide a valuable source of earnings for many countries both developed as well as developing. Visitor spending generates income for both public and private sector besides affecting wages and employment opportunities. Although tourism is sensitive to the level of economic activity in the tourist generating countries it provides more fixed earning than primary products. The income from tourism has tended to increase at a higher rate than merchandise export in a number of countries specially in countries having a low industrial base. The balance of payment show the relationship between a country total payment to all other countries and its total receipts from them. In other words it may be defined as a statement of income and expenditure on international account. Payment and receipts on international account are of three kinds

(I) The visible balance of trade relating to the

import and export of good.

(II) Invisible items (III) Capital transfer

The receipt from foreign tourism from an invisible export similar to other invisibles which come from transportation and shipping banking and insurance income on investments etc Because most countries at times have serious problems with their international payments, much attention comes to be focused on tourism because of its potentially important contribution to and also effect upon the balance of payments. Here we show some data for foreign tourist arrivals. The year of 1998, 2001, 2002, is decreasing year for tourism and all year show positive indicator of tourism growth

#### Foreign tourist arrivals and foreign exchange earnings

Year	Number(In USS millions)	% Change
1997	2.37	3.8
1998	2.36	-2.36
1999	2.48	5.2
2000	2.65	6.7
2001	2.54	-4.2
2002	2.38	-6.0
2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.8
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	9.2
2010	5.78	11.8
2011	6.31	9.2
2012	6.58	4.3
2013	6.97	5.9
2014	7.68	10.2
2015	8.03	4.5
2016	8.89	10.7

#### Tourism Multiplier

It is evident from the above paragraphs that earning from tourism occupies an important place in the national income of a country. Without taking into account receipts from

domestic tourism, The international tourism receipts alone contribute a great deal. The flow of money generated by tourist spending multiplies as it passes through various section of the economy. In addition to an important source of income tourism provides a number of other economic benefits which vary in importance from one country to another depending upon the nature and scale of tourism. The benefits of infrastructure investments justified primarily for tourism such as airports roads water supply and other public utilities may be widely shared by the other sectors of the economy. Tourist facilities such as hotel restaurants museums club sports complex public transport national park are used also by domestic tourists and visitors. Tourists also contribute to tax revenue both directly through sales tax and indirectly through property profits and income taxes. Tourism provides employment bring infrastructural improvements and may help regional development. Each of these economic aspects can be dealt with separately but they are all closely related and are considered together. Hear we show foreign exchange earn by tourism since 1997-2016. Year of 2003 is very healthy for tourism 43.8% growth is very good symbol for tourism industry.

**Foreign exchange earnings from tourism in India (1997-2016)**

Year	Amount in US\$ Dollar	Change
1997	2889	2.0
1998	2948	2.0
1999	3009	2.1
2000	3460	15
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9

2010	14193	27.5
2011	16564	16.7
2012	17737	7.1
2013	18445	4.0
2014	20236	9.7
2015	21071	4.1
2016	23146	9.8

**Hear we show the sources country where tourist arrivals in India Foreign tourist arrivals by source country in 2015**

Rank	Country	Number	Share in %
1	United States	213,624	15.12
	Bangladesh	1,133,879	14.13
	United kingdom	867,601	10.81
	Sri Lanka	299,513	3.73
	Canada	281,306	3.50
	Malaysia	272,941	3.40
	Australia	263,101	3.28
	Germany	248,314	3.09
	France	230,854	2.88
	Japan	207,415	2.58

**Conclusion**

Tourism represents one of worlds largest industries with nearly 700 million estimated international visitor arrivals in the year 2000. This phenomenon today has become a very complex activity encompassing a wide range of relationships. As the global economy surges resulting in improvements in standard of living and disposable income coupled with more leisure time, the overall number of tourists are expected togrow further. Tourism plays a crucial part in a country economy as it provides opportunities for employment contributes to the balance of payment and help economic growth. Socio economic factors like income mobility age , education and cost are thus crucial in the evolution of demand.

**Reference**

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