



Swami Vivekananda Advanced Journal for Research and Studies
Online Copy of Document Available on: www.svajrs.com

ISSN:2584-105X

Impact factor :6.2

Pg. 160-163



TOURIST INDUSTRY IN INDIA: CHALLENGES AND OPPORTUNITIES

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Accepted: 28/04/2024

Published: 29/04/2024

DOI: <http://doi.org/10.5281/zenodo.19690567>

Abstract

Indian tourist industry has been growing at a rapid pace and it has vast potential for generating employment and earning large amount of foreign exchange. So, it is imperative to study the growth and development of Indian tourism industry. In the present paper the growth and development of Indian tourism industry have been studied.

Keywords: *development, economy, tourist, business, national, resources, government*

Introduction

Tourism is a social, cultural and economic phenomenon which entails the movement of people to one place to another place or places outside their environment. It is one of the India's most popular sectors which is increasing day by day and different opportunities and challenges are overcome just because of tourism. Tourism yields tremendous economic positive outcomes. It is one of the world's most important source of economic outcome and employment. There are different categories are found in the tourism industry with different qualities. The advantages of tourism more than our imagination. Tourism is beneficial for not only tourists but also for the country where tourism opportunities are created. The business of providing services to tourist and known as tourism. It is travelling for leisure, recreational and business purpose. Tourist can be defined as people who travel to and stay in place outside their usual surroundings than one consecutive year more than 24 hours and not more than one consecutive year for leisure business and other purpose by the world tourism organisation. Tourism is a known affair in human life.

India being a vast and diverse country has always something to offer, and its glorious tradition and rich cultural heritage are linked with the development of tourism. Its magnificent monuments attract large numbers of visitors from all over the world. Tourism largest service industry in India, with a contribution of 5.68% of the national GDP and 8.78% of the total employment of India. The Tourism industry in India generated about US dollar 100 billion in 2008 and in expected to increase to US dollar 275.5 billion 2018 at a 9.4%.

Tourism and growth:

The happiness approach is not based on expectations. It is understood that expectation can change and be ambiguous and that tourist may inflate their expectations. The methods from the happiness approach could also be used to evaluate satisfaction based on immediate conscious process as well as post hoc satisfaction. This approach further allows for an examination of meaningful travel experiences. Both cognitive and emotional dimension of the satisfaction can be assessed via the happiness methods.

The happiness model for tourist satisfaction also neatly linked to the quality of the life concept. A clear link therefore emerged between tourist happiness and satisfaction. Pearce argues that tourism is arguably the largest self-initiated commercial interventions for creating happiness on the planet additionally, the

tourism industry is currently talking about the happiness. As a generator of tourism could be viewed as an important tool for advancing tourist.

Key 10-Year Growth Trends:

1. Pre-COVID peak: 2019 had 17.75m overnight tourists with \$30.7B receipts
2. COVID impact: 2020-2021 arrivals fell 85% vs 2019, FEE dropped 70%
3. Recovery: 2024 ITAs at 205.69 lakh exceeded 2019's 179.14 lakh by 15%
4. Revenue: FEE grew from ₹95,738 Cr in 2020 to ₹2,93,033 Cr in 2024 — 3x in 4 years
5. GDP share: Jumped from 1.50% in 2020-21 to 5.22% in 2023-24
6. Jobs: Tourism jobs rose from 68.07M in 2020-21 to 84.63M in 2023-24

Functions of the Ministry of Tourism:

The Ministry of Tourism as the nodal agency for the development of tourism in the country. It plays a crucial role in coordinating the supplementary efforts of the State/ Public Union Territory Governments, catalysing private investment, strengthening promotional and marketing efforts and in providing trained manpower resources. The functions of the ministry in this regard mainly consist of the following.

Tourism in India:

Indian Tourist industry is ranked 11th in the Asia Pacific region and 62n overall, moving up three places on the list of the world's attractive destinations. As per the Travel and Tourism competitiveness report 2009 by the World Economic Forum it had been ranked the 14th for best tourist destinations and for its natural resources, 24th for its cultural resources, as it has most of the World Heritage sites, both natural and cultural, rich with fauna and flora and strong creative industries in the country. In air transport network India has bagged 37th rank for itself. Indian tourism industry is ranked 5th in the long-term (10 year) growth and it is expected to be the second largest employer in the world by 2019.

Tourism industry of India

Opportunities of Tourism:

The industry provides huge recruitment opportunity as well. Indian Tourism Industry is attaining great heights in this market. Tour manager customer sale executive, are some job profiles are available as an opportunity. These are opportunities in travel agency business as well. According to research, there are many unconventional opportunities in this sector, including handling passport and visa's some are the employment opportunity in Tourism Development are airlines tour operators Department etc.

Features of Tourism Industry in India:

Today tourism is the largest service industry in India with a contribution of 6.23% to the national GDP and providing 8.78% of the total employment. India witnesses more than 5 million annual foreign tourist arrivals and 50062 million domestic tourism visitors. The tourist Industry in India generated about US dollar hundred billion in 2008 and that is expected to increase to US dollar 275.5 billion by 2018 at a 9.4% annual growth rate. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the incredible India campaign.

1. Contribution to GDP

Tourism is a major contributor to India's Gross Domestic Product (GDP). In 2022–23, tourism contributed around 5–6% of India's GDP (directly) and even more when indirect effects are included. Growth in domestic tourism (religious, cultural, and leisure travel) boosted economic activity across states.

2. Employment Generation

The tourism sector is highly labour-intensive. It provides jobs in hotels, transport, travel agencies, handicrafts, and local services. In 2022–23, millions of people were employed directly and indirectly, especially in rural and semi-urban areas. It supports both skilled and unskilled labour, helping reduce unemployment.

3. Foreign Exchange Earnings

Tourism is an important source of foreign exchange. With the return of international tourists in 2022–23, India earned billions in foreign exchange. Medical tourism, cultural tourism, and eco-tourism contributed significantly.

4. Development of Infrastructure

Tourism encourages the development of infrastructure such as:

Roads, airports, railways

Hotels and hospitality services

Communication and digital services

Government initiatives like Swadesh Darshan and PRASHAD schemes improved tourist destinations.

5. Promotion of Local Culture and Heritage

India's rich heritage—temples, monuments, festivals—attracts both domestic and foreign tourists. Tourism helps preserve historical sites and traditions. It promotes handicrafts, local art, and cuisine, boosting local economies.

6. Regional Development

Tourism helps develop less-developed regions. Hill stations, rural tourism, and eco-tourism bring income to remote areas. States like Rajasthan, Kerala, Goa, and Uttarakhand benefited significantly in 2022–23.

7. Boost to Allied Industries

Tourism supports many other industries:

Transport (airlines, railways, taxis)

Hospitality (hotels, restaurants)

Retail and handicrafts

Entertainment and events

8. Post-COVID Recovery Driver (2022–23)

After the pandemic:

Domestic tourism surged due to “revenge travel.” Government campaigns like “Dekho Apna Desh” encouraged internal tourism. The sector became a key driver of economic recovery.

9. Major Growth Initiatives Announced in Budget 2026

- Thematic tourism push: Trekking trails in Himalayas & Ghats, Buddhist sites in Northeast, archaeological sites like Lothal, Dholavira, Sarnath, Rakhigarhi, Leh Palace
- 15 heritage sites to be developed into “experiential cultural destinations” with curated walkways, interpretation centres, storytelling tech
- Skilling: Pilot to upskill 10,000 guides at 20 iconic destinations via 12-week hybrid course with IIM
- National Institute of Hospitality: Upgrading National Council for Hotel Management & Catering Technology to bridge academia-industry-govt
- National Destination Digital Knowledge Grid: To digitally document cultural, spiritual, heritage sites — creating jobs for researchers, content creators
- Adventure & eco-tourism: New sustainable mountain trails in HP, Uttarakhand, J&K; Araku Valley, Podhigai Malai; turtle trails in Odisha, Karnataka, Kerala; birdwatching trails at Pulicat Lake
- Connectivity boost: 20 new national waterways, 7 high-speed rail corridors, seaplane VGF scheme, 5 new regional medical hubs for medical tourism
- East Coast plan: Integrated corridor with tourism node at Durgapur + 5 destinations across Purvodaya states + 4,000 e-buses

- TCS relief: Tax on overseas tour packages cut from 5%/20% to 2% to boost outbound & inbound travel

10. Long-term Growth Strategy: 2026-2030 Action Plan

- Five-Year Action Plan 2026-30: Being developed with states, UTs, ministries, overseas missions, industry, diaspora, citizens
- Target: USD 3 trillion tourism economy by 2047
- Country-specific strategies: Moving away from “one-size-fits-all” to attract foreign tourists
- Brand overhaul: ‘Incredible India’ to be revamped for better tourist experience

11. MICE Tourism Push

- City-level Convention Promotion Bureaus launching in 2026 to organize India’s MICE sector and compete globally

12. Current Growth Drivers

- Strong domestic travel via religious pilgrimages & spiritual tourism. Govt now treating tourism as “long-term economic infrastructure” combining heritage, skilling, healthcare & digital systems

Future prospects:

WTTC projects India’s travel & tourism sector to double from \$256B to \$523B in 10 years, with jobs growing from 45M to 63M. Govt targets \$3 trillion tourism economy by 2047.

According to the latest tourism satellite accounting TSA research released by the world travel and tourism council (WTTC) and its strategic partner Oxford economic in March 2009.

- The demand for travel and tourism in India is expected to grow by 8.2% between 2010 and 2019 and will place India at the third position in the world. India's travel and tourism sector is expected to be the second largest employer in the world, employing 40,037,000 by 2019.
- Capital investment in India's travel and tourism sector is expected to grow at 8.8% between 2010 and 2019.
- The report forecast India to get capital investment worth US dollar 94.5 billion in the travel and tourism sector in 2019.
- India is projected to become the fifth fastest growing business travel destination from 2010 to 2019 with an estimated real growth rate of 7.6% percent.

India and China have immense possibility of cooperation in tourist and industrial sectors and efforts should be made to enhance visit of tourist and investors for growth in these two sectors Chinese ambassador to India Le Yucheng said here.

"There are immense possibilities of cooperation between India and China in tourism and industries sectors. Maximum efforts would be made to ensure that large number of Chinese in tourists visit in India".

The objectives of National Action Plan for Tourism:

- Increase in the opportunities for employment
- Develop meant of the domestic tourist for the middle-class segment of the society.
- Preservation and restoration of the national heritage and environment.
- Increasing the Indian share in global tourism
- Promotion app tourism-based product diversification

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