

TOURISM'S ECONOMIC FOOTPRINTS IN INDIA: SYNCHRONIZING GOVERNMENT INITIATIVES TO ENCOURAGE INDUSTRY GROWTH

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Abstract

This study dives into the intricate interactions between tourism, economic development, and government activities, providing a thorough examination of the various dynamics that define the Indian tourism environment. The main goals are to identify the economic footprints that tourism leaves behind and to comprehend the complex role that the government plays as an essential enabler in guiding market-driven improvements in the sector. The research attempts to offer a detailed knowledge of the potential and problems inherent in the pursuit of sustainable and economically significant tourist expansion through the examination of case studies and regional analyses.

However, For regression analysis study period consists of 2013-2022. The study concludes that FEE and FTA is significantly affecting to GDP contribution of Tourism while FTA & FEE is not significantly affecting to total GDP of country. Economists and tourism companies can be benefited with this comparison and prediction. Policymakers, industry stakeholders, and researchers are expected to find great significance in the research findings, which provide a basis for well-informed decision-making and strategic planning in the dynamic environment of India's thriving tourist sector.

Keywords: Tourism Economics, Government Initiatives, Sustainable Tourism, Economic Impact, Tourism Development, Industry Growth, GDP.

INTRODUCTION

Human life depends on tourism, which is the temporary transnational movement of people from one nation or region to another. The tourism sector is very important, particularly in nations like India, which are well-known for their rich cultural legacy, historical sites like the Taj Mahal, numerous forts, and natural settings. India's tourist industry has grown throughout time and now provides the nation with several advantages. Due to an increase in foreign visitors, the industry has made a substantial contribution to India's foreign exchange revenues since 2000. This study looks at the performance and expansion of the Indian tourism sector and how it affects the country's economy as a whole. Examining the National Tourism Policy of 2002 and its effects on the future of the business is an essential aspect of this investigation.

The Central Government and individual States have enacted a variety of dynamic policies that define India's tourist scene. Important states like Delhi, Goa, Gujarat, Rajasthan, and Uttar Pradesh have seen tremendous growth in the tourism sector over time, demonstrating a dedication to sustainable practices, economic expansion, and the preservation of cultural legacy. Gaining an understanding of the distinct tourist policies of these states and how they fit into the overall national tourism policy framework will help one better understand the regional differences and cooperative efforts that make up India's tourism sector.

Delhi, the nation's capital, is a symbol of India's rich past and culture because it is home to famous sites like the India Gate, the Red Fort, and the vibrant Chandni Chowk markets. To give visitors a more fulfilling experience, the state administration has made improving transportation, cultural events, and hospitality infrastructure a top priority. Delhi is dedicated to providing tourists with a clean, safe, and easily accessible travel experience. This is in line with the National Tourism Policy's main indicators, which highlight the significance of multiple aspects that come together to create an unforgettable travel experience. Goa is a popular destination for leisure travelers due to its Portuguese heritage, lively nightlife, and immaculate beaches. The goal of the state's tourism policy is to promote eco-friendly tourism activities and preserve the rich biodiversity of the area through sustainable development. Goa prioritizes the creation of affordable rural tourism initiatives in an effort to provide visitors with genuine experiences while also assisting the local community. Its focus on hygiene, security, and convenience is further indication of its dedication to adhering to the National Tourism Policy's tenets. Gujarat, with its varied cultural legacy, magnificent buildings, and picturesque landscapes, has placed a great focus on the development of comprehensive infrastructure and the promotion of services to meet the demands of both domestic and foreign tourists. This is in line with the national policy's goal of boosting foreign revenue via the export of tourism services and promoting state economic expansion. In addition, Gujarat's

efforts to preserve its rich past—which includes the historic city of Dwarka and the stunning architecture of Rani Ki Vav—complement the National Tourism Policy's more general objectives of protecting the nation's cultural legacy and fostering regional stability. With its rich traditions and imperial beauty, Rajasthan is home to magnificent forts, lavish palaces, and exciting festivals. In order to assist the expansion of regional economies and communities, the state government's tourism policy places a strong emphasis on the creation of both forward- and backward-linking connections within the tourism industry. Rajasthan's focus on national unity, peace, and cultural exchange is in line with the goals outlined in the National tourist Policy, which helps to create a comprehensive strategy for sustainable tourist growth.

Last but not least, Uttar Pradesh, the state that is home to the famous Taj Mahal and a plethora of other historical monuments, has made a concerted effort to improve its tourist amenities, ease information access, and guarantee visitor safety. The state government's emphasis on creating a friendly and secure atmosphere is in line with the National Tourism Policy's tenets, enhancing the traveler experience in general. Uttar Pradesh's endeavors to foster national harmony and stability in the region are complemented by its dedication to advancing peace via tourism.

LITERATURE REVIEW

Modi & Shah(2024), analysed how India's GDP is affected by the performance of the tourism sector. The study is further expanded to include a comparison of variables using the percentage change approach. Regression analysis was used in the study to achieve the stated goals. Using the E-views program, the Ordinary Least Square (OLS) method is run through a number of diagnostic checks. Nonetheless, the study periods for regression analysis comprise 23 year observations from 2000 to 2022. The analysis concluded that while FTA has a negative impact on the nation's overall GDP, FEE and FTA have a good impact on the GDP contributions of trade, hotels, transportation, and communications.

Venkatesh & Raj(2016), worked and demonstrated that, with significant potential for future growth and diversification, the tourist sector is one of the fastest-growing service sectors in the nation. For a nation's economy to grow, the tourism sector is essential. It greatly aids in the nation's efforts to generate job possibilities for a sizable population. Additionally, the government's participation must be expanded in order to promote India as a major player in the international tourist industry. India offers a wealth of tourism resources for the development of a brand. Naturally, Incredible India was introduced in India to improve travel.

Banday & Aneja (2015), discovered from the analysis that, during the years 1991–2012, there was a substantial correlation between foreign visitors and foreign exchange earnings (a proxy for economic growth) in India. The study also reveals that international tourists have a major influence on India's environmental degradation. The research validates the existence of the EKS and the tourism-led growth hypothesis.

INVESTMENT:

Among the top 10 industries in India for foreign direct investment (FDI) are those in the tourism and hospitality sectors. According to data supplied by the Department of Industrial Policy and Promotion (DIPP), the hotel and tourist sector attracted over US\$ 10.14 billion in foreign direct investment (FDI) between April 2000 and March 2017.

Many companies have made investments in the tourism and hospitality sectors as a result of the increase of foreign travelers and their realization of India's potential. The following are a few recent investments made in this industry:

- In an attempt to survive competition in the ticketing market, Make My Trip raised US\$ 330 million from Ctrip.com International Ltd, Naspers Ltd, and a few unidentified investors. Make My Trip has agreed to purchase Ibibo Group's India travel business at a deal value of US\$ 720 million, making it the largest online travel company in India with an estimated US\$ 1.8 billion, according to Morgan Stanley.
- With a focus on food and beverage franchise management, Yellow Tie Hospitality Management Llp intends to spend up to \$15–20 million in five restaurant ventures spearheaded by celebrity chef Mr. Harpal Singh Sokhi. By 2020, the company hopes to have 250 locations operating under these brands.
- By 2020, Chaudhary Group (CG) Hotels & Resorts hopes to operate 200 hotels.
- In order to introduce their breakfast brand IHOP into the Indian market, Dine Equity Incorporation has entered into a franchisee partnership agreement with the food services company Kwal's Group.
- Industry experts predict that over the next five years, investments in the mid-hotel segment in India will amount to Rs 6,600 crore (US\$ 990 million), excluding land. Major hotel chains such as Marriott, Carlson Rezidor, and ITC plan to establish upscale and budget hotels in state capitals and tier-II cities.
- Over the next three years, Accor Hotels, a worldwide hotel operator based in France, intends to increase the number of rooms in its portfolio by 550, thereby increasing its presence in Guwahati and Kolkata.

INITIATIVES IMPLEMENTED TO ENHANCE TOURISM PROMOTION:

The following are a few of the significant steps the Indian government has made to support the country's tourist and hospitality industries:

- [1] Development of tourism related infrastructure is done through projects sanctioned under the ‘Swadesh Darshan’, ‘National Mission on Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD)’ and ‘Assistance to Central Agencies for Tourism Infrastructure Development’ Schemes.
- [2] The Ministry of Tourism has revamped its Swadesh Darshan Scheme as Swadesh Darshan 2.0 (SD2.0) with the objective to develop sustainable and responsible destinations following a tourist & destination centric approach.
- [3] Financial assistance has been provided to the State Governments/UTs for organizing fairs/festivals & tourism related events under Domestic Promotion & Publicity including Hospitality (DPPH) Scheme.
- [4] Dekho Apna Desh initiative launched with the objective to encourage citizens to travel within the country.
- [5] Thematic tourism like wellness tourism, culinary tourism, rural, eco-tourism etc., amongst other niche subjects are vigorously promoted so as to expand the scope of tourism into other sectors as well.
- [6] Providing facility of e-Visa for 7 sub-categories i.e. e-Tourist Visa, e-Business Visa, e-Medical Visa, e-Medical Attendant Visa, e-Conference Visa, e-Ayush Visa and e-Ayush Attendant Visa for the nationals of 167 countries.
- [7] E-Visa has been further liberalized and the visa fee has been substantially reduced.
- [8] Ministry of Tourism is running Pan-India Incredible India Tourist Facilitator (IITF) Certification Program, a digital initiative that aims at creating an Online learning platform with the objective of creating a pool of well trained and professional Tourist Facilitators/Guides across the country and generating employment opportunities at local level.
- [9] Conducting Programmes under the ‘Capacity Building for Service Providers’ (CBSP) Scheme to train and up-grade manpower to provide better service standards.
- [10] The National Integrated Database of Hospitality Industry (NIDHI) is a technology driven system, which is to facilitate digitalization and promote ease of doing business for hospitality & tourism sector. This initiative has been upgraded as NIDHI+ to have more inclusivity, that is, of not only Accommodation Units, but also Travel Agents, Tour Operators, Tourist Transport Operators, Food & Beverage Units, Online Travel Aggregators, Convention Centres and Tourist Facilitators.

RESERACH METHODOLOGY

3.1 PROBLEM STATEMENT:

The data used in the study comes from the official Travel, Tourism & Hospitality website and includes the years 2013–2022. However, in order to come to a recommendation and conclusion for the regression analysis study, we conducted analysis from reputable literature. The large body of literature has been used to select the criteria. Both institutional and retail investors who want to buy stocks in the travel industry may find the study interesting. Regression analysis is a valuable tool for forecasting and assessing the degree of dependence between independent and dependent variables.

3.2 OBJECTIVES OF STUDY:

1. To research how the tourism sector affects GDP.
2. To be knowledgeable of what influences the tourism sector.
3. Determining issues with the tourism sector.
4. To provide insightful recommendations.

3.3 SCOPE OF STUDY:

The main goal of the current study is to calculate how the performance of the tourism sector affects India's GDP. The study used regression analysis and the basic percentage change method to achieve the stated goals.

DATA ANALYSIS

Table:1 Foreign Tourist Arrivals

Year	Foreign Tourist Arrival (In Million)	% Changes over Previous year
2013	6.97	5.9
2014	7.68	10.2
2015	8.03	4.5
2016	8.8	9.7
2017	10.04	14
2018	10.56	5.2
2019	10.93	3.5

2020	2.74	-74.9
2021	1.53	-44.5
2022	6.44	320.9

- From 2013 to 2019, there was a consistently upward trend in the number of international visitors, while there were variations in percentage changes.
- 2020 and 2021 had a large decline in arrivals, with percentage declines of 74.9% and 44.5%, respectively.
- There was a huge rise in arrivals in 2022—a change in percentage of 320.9%. This can be a sign of recovery following the two years of severe decline.
- Overall, the research points to the COVID-19 pandemic and related travel restrictions as probable causes of the tourism industry's collapse in 2020 and 2021. The significant increase in 2022 may represent a recovery as limitations have been relaxed or altered to permit more travel.
- It's crucial to remember, though, that the incredibly high percentage increase in 2022 can be the result of a low base of comparison brought on by the years' severe declines.

TABLE:2
FOREIGN EXCHANGE EARNINGS

Year	Foreign Exchange Earnings	% Changes over Previous year
2013	18397	2.4
2014	19700	7.1
2015	21013	6.7
2016	22923	9.1
2017	27310	19.1
2018	28586	4.7
2019	30058	5.1
2020	6958	-76.9
2021	8797	26.4
2022	17610	50.04

- Foreign exchange profits showed a steady increase trend between 2013 and 2019, suggesting that the tourism industry as a whole developed during this time.
- However, in 2020, there was a notable decline in earnings, upsetting this pattern. The COVID-19 epidemic, which resulted in travel restrictions and a sharp decrease in foreign tourists, is probably to blame for this decline.
- The following two years, 2021 and 2022, witnessed a noteworthy recovery with significant gains in foreign exchange profits. This indicates that as travel restrictions loosened and consumer confidence increased, the tourism sector recovered quite well.
- It's possible that business activities and government legislation contribute to the tourism sector's resurgence. To create confidence in travelers, they could include financial support, marketing initiatives, and health and safety measures.

TABLE:3
TOTAL CONTRIBUTION OF TRAVEL AND TOURISM TO GDP IN INDIA FROM 2013 TO 2022 (USD \$ BILLION)

Year	Total Contribution Of Travel And Tourism To Gdp In India From 2013 To 2022
2013	172.91
2014	185.63
2015	201.43
2016	219.72
2017	232.01
2018	247.37
2019	191.3
2020	121.9
2021	178
2022	190

The contribution of travel and tourism to India's GDP has generally increased between 2013 and 2019. This shows the growing importance of the sector in the economy. In 2018, the largest contribution of USD 247.37 billion represents a substantial increase in this sector over that period. In 2020, there was a significant decline noted, largely attributed to the widespread effects of the global COVID-19 pandemic on the travel and tourism sector across the globe. In 2021 and 2022, there is a slight improvement compared to 2020, however, the

sector's contribution still lags behind pre-pandemic levels, indicating persistent challenges post-pandemic. The travel and tourism industry in India's economy has shown remarkable resilience and growth, despite facing setbacks such as the pandemic. The data clearly emphasizes the sector's importance, while also acknowledging its susceptibility to external shocks like pandemics or economic downturns.

TABLE:4
VARIATION IN GDP CONTRIBUTION BY TOURISM EXPLAINED BY FOREIGN TOURIST ARRIVAL & FOREIGN EXCHANGE EARNINGS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833	.694	.606	21.93585

a. Predictors: (Constant), FEE, FTA

➤ In the table shows regression analysis between variables is shown. 0.833 is the value of R square. The disparity in GDP observed of 83.3% can be related to the foreign tourist arrival & Foreign exchange earnings.

➤ The remaining 16.7% of the GDP, then, is impacted by other factors, according to this statement.

TABLE: 5
GOODNESS OF FIT OF REGRESSION

An ANOVA test has been developed to determine whether the regression model can be fit. The results of the test are presented in the following table:

ANOVA						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7634.107	2	3817.054	7.933	.016 ^b
	Residual	3368.271	7	481.182		
	Total	11002.378	9			

a. Dependent Variable: GDP BY TOURISM

b. Predictors: (Constant), FEE, FTA

➤ The preceding table indicates that the null hypothesis is rejected due to a significant p-value of 0.016.

➤ This suggests that the GDP Contribution by tourism is affected by the foreign tourist arrivals & Foreign exchange earnings.

TABLE: 6
REGRESSION ANALYSIS OF FOREIGN TOURIST ARRIVAL & FOREIGN EXCHANGE ARRIVALS WITH GDP CONTRIBUTION BY TOURISM:

COEFFICIENTS						
	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	112.01	21.945		5.104	.001
	FTA	-13.99	12.929	-1.259	-1.082	.315
	FEE	.009	.005	2.040	1.753	.123

a. Dependent Variable: GDPBYTOURISM

As above table, indicates that the Y intercept, or constant value, is 112.01. The foreign tourist arrivals and foreign exchange earnings regression lines has slopes of -13.99 and-0.009, respectively. This suggests that, if foreign tourist arrivals is increase by 1%, GDP would decline by 13.99%. In a similar way, foreign exchange earnings would grow by 0.009% for every 1% increase in Foreign Exchange earnings and vice versa.

Thus, the regression equation of GDP on FTA and FEE in line with the equation

$Y = a + b_1X_1 + b_2X_2$ is given by:

$$\text{GDP} = 112.01 - (13.99) \text{FTA} - (0.09) \text{FEE}$$

Were,

Y = Dependent Variable = GDP Contributed By tourism

X1=Independent Variable =FTA

X2=Independent Variable =FEE

a = Constant =112.01

B1 = Slope of the regression line.

B2 = Slope of the regression line.

TABLE:7
VARIATION IN TOTAL GDP EXPLAINED BY FOREIGN TOURIST ARRIVAL & FOREIGN EXCHANGE EARNINGS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609 ^a	.370	.191	444.60042

a. Predictors: (Constant), FEE, FTA

- In the table shows regression analysis between variables is shown. 0.370 is the value of R square. The disparity in total GDP observed of 37.7% can be related to the foreign tourist arrival & Foreign exchange earnings.
- The remaining 62.3% of the GDP, then, is impacted by other factors, according to this statement.

TABLE :8

ANOVA						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	814006.57	2	407003.28	2.059	.198 ^b
	Residual	1383686.7	7	197669.53		
	Total	2197693.2	9			

a. Dependent Variable: GDP
b. Predictors: (Constant), FEE, FTA

The preceding table indicates that the null hypothesis is rejected due to a significant p-value of 0.198. This suggests that the Total GDP is not affected by the foreign tourist arrivals & Foreign exchange earnings.

CONCLUSION

The paper examines the impact of tourism performance in terms of Foreign Tourists Arrivals to India and Foreign Exchange Earnings on Indian Total GDP as well as Indian GDP contributed by tourism. It was found that FTA & FEE is significantly affecting to GDP contributed by tourism of the country while it is not significantly affecting to Total GDP. Additionally, FEE and FTA have a significant positive impact on dependent variables.

While FEE & FTA have a insignificant impact on total GDP .Regarding India's tourist sector, it not only creates jobs but also brings in money for the country, which boosts GDP. The gross value of all finished products and services generated in an economy over a specific time period is measured by the GDP, which unmistakably demonstrates the tourism industry's upward trajectory.

SUGGESTION

1. Provide tourists with travel experiences instead of limiting them to just attractions.
2. Increase the lodging industry's current capacity.
3. Increase the amount of support given to destination marketing.
4. Promote international lodging and hospitality entrepreneurs.
5. One way that tourism can help India's GDP increase over the next ten years is by increasing awareness of the industry's role in creating jobs and stimulating the economy, improving infrastructure, concentrating marketing and promotion efforts, and liberalizing air travel.

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