

## ROLE OF TOURISM INDUSTRY IN EMPLOYMENT GENERATION IN INDIA: A STUDY

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### ABSTRACT

*Employment generation is one of the biggest challenges, which India faces these days. On the other hand, Tourism is one of the sun-rising sector with tremendous opportunities to create jobs in India. It contribute larger share in employment generation. It also creates income without damaging ecological balance. Tourism augments country's foreign exchange reserve. It play sustainable role in country's economic growth. Tourism industry play crucial role in India's economic development. Rich cultural and natural heritage, historical and religious places attracts international tourist arrivals (ITAs) towards India. Tourism industry in any country flourishes on the competitive availability of infrastructure, accommodation, transportation, hospitality, governance, visa policy and other facilities which provided by government instead of rich tourism endowment of a country. However, Tourism sector in India is underutilized. In this context, the present paper makes an attempt to study the different forms of tourism and tourism employment in India, to assess the share of tourism employment in the overall employment in India, to know the present and future scenarios of Indian tourism and to suggest suitable measures for operational effectiveness of Indian tourism.*

**KEYWORDS:** FTAs = Foreign Tourist Arrivals, Tourism, Employment.

### INTRODUCTION

Indian tourism sector is one of the most important service sectors of the Indian economy. Its contribution to employment generation, Gross Domestic Product, Foreign Exchange earnings is tremendous and significant. Tourism sector is also considered as the back bone for allied sectors like hospitality, civil aviation, travel and transportation, hotel, resort, home stays, street vendors, spice shops, tour operators etc. Every year both Central and State government have been investing huge amount for the development of tourism sector. This enhanced tourism sector is one of the important drivers of growth, employment creation, increase of national as well as individual income, improving the balance of payment position and foreign exchange earnings, improving people's standard of living, level of consumption etc. India's wide variety of all season attraction provides huge opportunities for tourists. These attractions get developed for the socio-economic benefit of the local communities, especially to achieve more inclusive economic growth. The use of existing resource has to be under taken economically for well-being of the present generation

but not at the cost of depriving future generations of any part of our inheritance. In this paper an attempt is made to know the present and future scenarios of Indian tourism.

Employment is an important macroeconomic variable, which reflects the nature and growth of the economy. Several empirical studies in the recent year reveal that, how growth has become jobless and employment elasticity of growth are declining gradually. However, the growth of service sector is contributing significantly to employment generation; especially the tourism component of this sector. Therefore an attempt is made here to study contribution of Travel and Tourism to employment generation. Tourism sector has a tremendous potential to create direct, indirect jobs and also induces additional job creation through various linkages and supply side management.

### Conceptual Understanding:

The word 'tour' is derived from the Latin word 'tornaro' and the Greek word 'tornos', meaning a 'lathe' or 'circle', the movement around a central point or axis. The Macmillan Dictionary defines tourism as "the business of providing services for people who are travelling for their holiday".

The World Tourism Organization define tourist as “people travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purpose”. Tourism is a travel for recreational, leisure, business and education purposes. According to Webster dictionary tour means “a journey at which one returned to the starting point a circular trip usually for business, pleasure or education during which various places are visited and for which usually planned”.

### Home Stays

Home stays are very important means to earn income and to generate employment in rural areas. Home stays is a form of tourism that allows the visitor to rent a room from local family to better learn and live. Home stays can occur in any destination of worldwide, some countries do more to encourage home stays than other as means of developing their tourism industry. Hosting a home stays allows the local family to earn some additional needed income. Home stay has linkage effect. It generates large scale employment opportunities in different ways.

Home stays is a form of tourism that allows the visitor to rent a room a local family to learn the local lifestyle as well as to improve their language ability. While home stays can occur in any destination worldwide, some countries do more to encourage home stays than others as a means of developing their tourism industry. Hosting a home stay allows the local family to earn some additional, needed income. Home stay cannot be regarded as strictly commercial activity, but more of cross cultural exchange.

### Employment concept

Employment is an important macroeconomic variable which explains both the Physiology and Anatomy of economic development. It is a means to achieve development and hence full employment is the goal of both the developed and developing economies. Employment is an opportunity to earn income, a means of self-respect and provides an entitlement and command over goods and services. Employment engages not only to people but also employs all other factors of production to produce goods and services.

### NEED FOR THE STUDY

Tourism accounts for one third of the Foreign Exchange Earnings of India. According to the World Tourism Organisation, by the year 2020, it is expected that India will become the leader in the tourism industry in South Asia, with about 8.9 million arrivals. According to the World Travel & Tourism, the Indian Tourism economy has been deemed as the second most rapidly increasing tourism economy in the world. This sector has a key role to play in the eradication of poverty and underdevelopment by way of creating employment and income opportunities for millions of the marginal and less empowered sections across the country. It is in this context, the study is undertaken with the objectives given below.

### OBJECTIVES OF THE STUDY

1. To study the different forms of tourism and tourism employment in India.
2. To assess the share of tourism employment in the overall employment in India.
3. To know the present and future scenarios of Indian tourism.
4. To suggest suitable measures for operational effectiveness of Indian tourism.

## DIFFERENT FORMS OF TOURISM

**Medical tourism** Medical tourism also known as health tourism has emerged as one of the important segments of the tourism industry. The term has been coined by travel agencies and the mass media to describe the rapidly-growing practice of travelling across international borders to for healthcare. Travelers typically seek services such as elective procedures as well as complex specialised surgeries such as joint replacement (knee/hip), cardiac, dental, and cosmetic surgeries. Psychiatry, alternative treatments, and convalescent care are also available.

**Adventure tourism:** Travel for the aim of exploration or travel to remote, exotic and possibly hostile areas is known as adventure tourism. With tourists looking for different options, adventure tourism is recording healthy growth. Adventure tourism refers to performance of acts, which require significant efforts and some degree of risk or physical danger. The activities include mountaineering, trekking, bungee jumping, mountain biking, river rafting, and rock climbing. India with its diverse topography and climate offers tremendous scope for adventure tourism.

**Heritage tourism:** Heritage tourism is defined as “travel undertaken to explore and experience places, activities, and artifacts that authentically represent the stories and people of the past and present”. It is oriented toward cultural heritage of the tourist location. It involves visiting historical or industrial sites, religious travel or pilgrimages. India is well known for its rich heritage and ancient culture.

**Eco tourism:** Eco tourism, also known as ecological tourism, is travel to natural areas to appreciate the cultural and natural history of the environment, while not disturbing the integrity of the ecosystem and creating economic opportunities that make conservation and protection of natural resources advantageous to local people. Ecotourism also minimizes wastage and the environmental impact through sensitized tourists.

**Rural tourism:** Rural tourism encourages rural life, art, culture and heritage of rural locations, benefitting the local community economically and socially as well as enabling interaction between the tourists and locals for a more enriching tourism experience. India’s rural, geographical and cultural diversity enables to offer a wide range of tourism products and experiences.

**Wildlife tourism:** Wildlife tourism, one of the fastest segments of tourism, involves travel to different locations to experience wild life in natural settings. India is endowed with various forms of flora and fauna and it has numerous species of birds, mammals, reptiles, amphibians and plants and animals.

**MICE tourism:** MICE (Meetings, Incentives, Conferences and Exhibitions) tourism is also one of the fastest growing in the global tourism industry. It largely caters to business travelers, mostly corporate

## TOURISM EMPLOYMENT IN INDIA

Tourism is an important factor in combating unemployment. It represents a high percentage use of labour force per invested capital where labour is plentiful and unemployed and provides a solution. It also provides employment several times more than several types of normal manufacturing industries.

Tourism is a labour intensive industry. The provision of tourist’s services generates employment opportunities. It is highly labour oriented industry. It increases the employment

level by creating new employment in the sector and by stimulating the creation of others, such as construction, transport etc. It indirectly increases productivity by other sectors, particularly of the agriculture sector as it draws manpower resulting from hidden employment or seasonal under employment. Tourism is widely considered to be a high user of labour and its impact on job creation can be considered in areas with limited potential for other economic activities.

Tourism is responsible for creation of employment outside the tourist industry. The range of jobs created by tourism extends from unskilled through to management tasks. The industry provides direct and indirect employment to a large segment of population compared to other industries. The beneficiaries of tourism are the people who work in hotels, travel agencies, airlines, taxi drivers, flower sellers, souvenir dealers, vegetable sellers, butchers and farmers etc. There are a large number of specialist personnel required such as accountants, housekeepers, cooks, waiters and entertainers who in turn need even large numbers of semi skilled and unskilled workers such as front house personnel, chambermaids, porters, kitchen staff, gardeners etc.

Direct jobs are generated as hotel entrepreneurs, workers at resorts, guides in transport and handicraft industries. In addition to the things the tourist buys, mostly handicraft produce, embroideries and brocades, pottery and brassware, ornaments and artistic things etc. have a much greater appeal to the tourists. The expenditure of those directly employed in the tourists industry creates indirect jobs in hotels. These jobs are also attributed to the tourist industry which mainly reflects increased employment opportunities in the construction industry resulting from an expansion of tourism. Those indirectly employed in tourist industry create employment in other sectors of the industry through demand for goods and services. To sustain this additional demand, more people are employed in production of those goods and services.

## **TOURISM & EMPLOYMENT RELATIONSHIP**

Tourism, being a service industry, it has a significant effect on those areas which has surplus labour, because for this sector the skilled & efficient human resources are extremely important. It has a great effect on local population employment. There is a positive relationship between the growth of tourism and increasing employment advantages. This also helps in minimize the extremities of poverty. In the field of construction, advertisement & management (of infrastructural facilities) of tourist centers, a large number of professional & unprofessional (skilled, semi skilled and unskilled) are required. The proper utilization of these available human resources could be an asset for tourism development & side by side further prediction of employment.

## **TOURISM IN INDIA**

The first conscious and organized initiative to promote tourism in India was undertaken in 1945, when a committee was formed by Govt. under the chairmanship of Sir John Sergent, the then educational advisor to the govt. of India. Therefore, the tourism in India was accorded a privileged place in 1956 with the formulation of 2nd and 3rd five year plan. The 6th plan marked the beginning of new era when tourism began to be considered a major instrument for social integration and economic development.

After 1980 that tourism activity gained monument. Government took several significant steps to develop tourism sector. A national policy on tourism was announced in 1982. Later 1988 the National committee on tourism formulated a comprehensive plan for achieving sustainable growth in tourism. In 1992 a National action plan was prepared and in 1996 the National strategy for promotion of tourism was drafted. In 1997 the new tourism policy recognizes the role of central and state government, public and the private sector in development of tourism and also the need for involvement of Panchayath Raj institution, local bodies, nongovernmental organizations(NGOs) and the local youth in the creation of tourism facilities has also been recognized.

Tourism has become a popular Global Leisure activity. After 1990s tourism sector has been boost up all over the World. The General Agreement on trade in services (GATS) is the first Multilateral trade agreement it covers trade in services. Its creation was one of the major achievements of the Uruguay round trade negotiation from 1980 to 1993.

General Agreement on Trade in Services (GATS) is a treaty of World Trade Organization (WTO) that entered into force in January, 1995 as a result of Uruguay Round of Negotiation. The treaty was created to extend the Multilateral Trading system to service sector. Main Goal of GATS is to remove barriers of trade in services and members are free to choose which sectors are to be progressively liberalized, market zed and privatized. Trade in services refers to the sale and delivery of intangible product. 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.

- ❖ The number of Foreign Tourist Arrivals (FTAs) in India during 2016 increased to 8.8 million as compared to 8.03 million in 2015. The growth rate in FTAs during 2016 over 2015 was 9.7% as compared to 4.5% during 2015 over 2014.
- ❖ The share of India in international tourist arrivals in 2016 was 1.18%. India accounted for 4.72% of international tourist arrivals in Asia Pacific Region in 2016, with rank 8<sup>th</sup>.
- ❖ About 84.1% of the FTAs entered India through air routes followed by 15.0% by land routes and 0.9% by sea routes. Delhi and Mumbai airports accounted for about 46.9% of the total FTAs in India.
- ❖ The top 15 source markets for FTAs in India in 2016 were Bangladesh followed by United States, United Kingdom, Canada, Malaysia, Sri Lanka, Australia, Germany, China, France, Russia Federation, Japan, Singapore, Nepal and Afghanistan. The top 15 countries accounted for about 73.49% of total FTAs in India in 2016.
- ❖ Tourism countries to play an important role as a foreign exchange earner for the country. In 2016, foreign exchange earnings (FEEs) from tourism were US \$22.92 billion as compared to US \$21.07 billion in 2015, registering a growth of 8.8%.
- ❖ Number of domestic tourist visits in India during 2016 was 1614 million (P) as compared to 1432 million in 2015, with a growth rate of 12.68%.
- ❖ Number of Indian national departures from India during 2016 was 21.87 million as compared to 20.38 million in 2015, registering a growth rate of 7.3%.

## TRAVEL & TOURISM SHARE IN THE TOTAL CONTRIBUTION TO EMPLOYMENT IN INDIA

The Tourism industry in India is a very promising Industry and has power to become one of the leading employers of Indians. Tourism industry has emerged as an important instrument in the economic development of Indian economy, particularly in remote backward rural areas.

Due to its strong backward and forward linkages it generates employment in different profiles and thus increases living standard of people who are directly or indirectly linked with this economically immense profitable activity. Visitor expenditure on accommodation, food & drink, local transport, entertainment and shopping is an important contributor to the economy of every tourist destination creating much needed employment and opportunities for development.

**Table 1: Overall Employment in India: % Share of Travel & Tourism**

Year	Value
2004	13.4%
2005	11.4%
2006	11.3%
2007	12.0%
2008	9.8%
2009	10.17%
2010	10.78%
2011	11.49%
2012	12.3%
2013	8.9%
2014	8.5%
2015	8.7%
2016	9.3%

*Source: Ministry of Tourism*

The above table shows that there is a decline in employment percentage in tourism to the overall employment from 13.4% in the year 2004 to 9.3% in the year 2016. It is because of decrease in indirect employment in tourism the reasons for the decline in the employment is lack of political will, rising crime against women, lack of infrastructure and tourist safety.

## CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT IN INDIA

In India tourism sector has very strong linkage with socio-economic prosperity. The employment potential of

tourism sector in India is higher than any other Sector. UNWTO studies shows that tourism volumes and related receipts like GDP, employment and export earnings are expected to move away from the developed countries and towards the less developed countries as a result of favorable economic, motivational, technological and policy factors. The following table shows number of employment in travel and tourism sector and share in total employment from 2000 to 2015 in India.

**Table 2: Travel and Tourism Contribution to Employment**

Year	Number in thousand	Real Growth (%)	Share in Employment (%)
2000	48313.3	0.5	11.8
2001	40300.3	-16.5	9.6
2002	45272.6	12.3	10.6
2003	48163.3	6.3	11
2004	48874.2	1.4	11
2005	42439.0	-13.1	9.3
2006	43256.7	1.9	9.3
2007	47770.9	10.4	10.1
2008	39928.5	-16.4	8.3
2009	38145.8	-4.4	7.8
2010	33931	-0.8	7.8
2011	34854	3.8	7.8
2012	35255	0.5	7.9
2013	35736	-0.2	7.6
2014	36693	1.3	9.4
2015	37315	1.7	8.7

*Source: World Travel & Tourism report.*

Above table shows that in the year 2000 around 48313.3 thousands of people were employed due to travel and tourism. The real growth rate was 0.5 percent and percentage share in total employment was 11.8 percent. There was an increase in the employment growth up to the year 2004. But in the year 2005 employment growth decreased to 42439 thousand with

a rate of real growth of -13.1 percent and percentage share in employment being 9.3 percent. In the year 2000, 2009 and 2010 the decrease in employment rate due to travel and tourism was noticed. Steady increase in the employment growth was registered since 2011. In the year 2015, the number of people employed in travel and tourism industry was found to be

37315 thousand and real growth rate was 1.7 percent. Percentage share in total employment was 8.7 percent. The Fast growing tourism sector highly influences the employment opportunities.

### PRESENT SCENARIO

The United Nations had designated 2017 the International Year of Sustainable Tourism for Development. As one of the world's largest economic sectors, Travel & Tourism creates jobs, drives exports, and generates prosperity across the world. The International Year provides an enormous opportunity to further showcase the tremendous economic, social, cultural, environmental, and heritage value that the sector can bring. The right policy and investment decisions are only made with empirical evidence. For over 25 years, the World Travel & Tourism Council (WTTC) has been providing this evidence, quantifying the economic and employment impact of Travel & Tourism. This year, the 2017 Annual Economic Reports cover 185 countries and 26 regions of the world, providing the necessary data on 2016 performance as well as unique 10-

year forecasts on the sectors potential. Despite the ever-increasing and unpredictable shocks from terrorist attacks and political instability, to health pandemics and natural disasters, Travel & Tourism continued to show its resilience in 2016, contributing direct GDP growth of 3.1% and supporting 6 million net additional jobs in the sector. In total, Travel & Tourism generated US\$7.6 trillion (10.2% of global GDP) and 292 million jobs in 2016, equivalent to 1 in 10 jobs in the global economy. The sector accounted for 6.6% of total global exports and almost 30% of total global service exports. For the sixth successive year, growth in Travel & Tourism outpaced that of the global economy (2.5%). Additionally in 2016, direct Travel & Tourism GDP growth not only outperformed the economy-wide growth recorded in 116 of the 185 countries covered by the annual economic impact research (including in major Travel & Tourism economies such as Australia, Canada, China, India, Mexico and South Africa), but it also was stronger than the growth recorded in the financial and business services, manufacturing, public services, retail and distribution, and transport sectors.

**Table-3: Worldwide India's Relative Ranking in Travel & Tourism's**

TRAVEL & TOURISM'S	RELATIVE CONTRIBUTION IN 2016		% OF GROWTH IN 2017	
	Relative Contribution	Rank	% Growth	Rank
Direct Contribution To GDP	71.7 (US\$bn)	9	6.9	42
	3.3%	105		
Total Contribution To GDP	208.9 (US\$bn)	7	6.7	30
	9.6%	97		
Direct Contribution To Employment	5.8%	51	2.1	123
Total Contribution To Employment	9.3%	94	1.8	122
Investment	34.0 (US\$bn)	5	4.5	88
Contribution To Total Capital Investment	5.7%	85	-	-
Visitor Exports Contribution To Exports	5.4	125	5.4	101

*Source: World Travel and Tourism Council- WTTC*

### FUTURE SCENARIO

The outlook for the Travel & Tourism sector in 2017 remains robust and will continue to be at the forefront of wealth and employment creation in the global economy, despite the emergence of a number of challenging headwinds. Direct Travel & Tourism GDP growth is expected to accelerate to 3.8%, up from 3.1% in 2016. As nations seem to be looking increasingly inward, putting in place barriers to trade and movement of people, the role of Travel & Tourism becomes even more significant, as an engine of economic development and as a vehicle for sharing cultures, creating peace, and building mutual understanding. Over the longer term, growth

of the Travel & Tourism sector will continue to be strong so long as the investment and development takes place in an open and sustainable manner. Enacting pro-growth travel policies that share benefits more equitably can foster a talent and business environment necessary to enable Travel & Tourism to realise its potential. In doing so, not only can we expect the sector to support over 380 million jobs by 2027, but it will continue to grow its economic contribution, providing the rationale for the further protection of nature, habitats, and biodiversity. WTTC is proud to continue to provide the evidence base required in order to help both public and private bodies make the right decisions for the future growth of a sustainable Travel & Tourism sector.

**Table-4: Worldwide India's Ranking in Travel & Tourism's for Long Term Growth, 2017 -2027**

TRAVEL & TOURISM'S	2017 - 2027	
	% Growth per annum	Rank
Direct Contribution To GDP	6.8	8
Total Contribution To GDP	6.7	8
Direct Contribution To Employment	2.1	105
Total Contribution To Employment	2.0	109
Contribution To Total Capital Investment	5.7	41
Visitor Exports Contribution To Exports	6.1	44

Source: World Travel and Tourism Council- WTTC

**Table No. 5 Country Ranking (Out of 185 Countries) Relative importance of Travel & Tourism total contribution to GDP**

7	97	30	8
ABSOLUTE	RELATIVE SIZE	GROWTH	LONG-TERM GROWTH
Ranking in 2016	Contribution to GDP in 2016	2017 Forecast	Forecast 2017-2027

Source: World Travel and Tourism Council- WTTC

## SUGGESTIONS

1. Supply of Tourism Products and Services must regularly be upgraded to meet the changing needs of the market.
2. Professional Management and additional infrastructure is required so that the Indians can enjoy their heritage to fullest extent.
3. Improved tourist infrastructure, enhanced air connectivity, improved road infrastructure increases the tourist's visits and thereby increase the employment.

## CONCLUSION

Tourism sector is one of the fast growing service sectors in the World. It acts as a powerful instrument for economic growth. India is a unique and perfect destination for both domestic and foreign visitors. India's wide variety of flora, fauna, tourist destinations, health and wellness centers, eco-tourism spots, adventure activities, culture, heritage, educational institution etc attract both domestic as well as foreign tourists towards it. The increase in the tourist arrivals have resulted in the rapid growth of tourism sector in India. The growth of tourism sector has resulted in employment generation, foreign exchange earnings, expansion of infrastructure facilities, capital investment, socio-economic growth, increasing in the contribution to GDP and so on. India has evidenced sustainable and inclusive economic growth due to the wide expansion of tourism sector.

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