

## SMART AND INNOVATIVE IDEAS TO PROMOTE TOURISM FOR GLOBAL TRADE AND ECONOMIC GROWTH

**Dr. Sagar H Mohite Principal**

Atharva College of Hotel Management and Catering Technology,  
(Affiliated to University of Mumbai) Malad, Mumbai, Maharashtra

**Dr. Amitabh Mishra**

Assistant Professor, University of Technology and Applied Sciences, Oman

**Dr. Jai Kumar Sharma**

M.Com, MBA, M.Phil., Ph.D, PGDCA Professor, PCJ School of Management ,  
Maharaja Agrasen University Baddi, District Salon (HP) India

**Dr Mohd Aarif**

Assistant Professor, Department of Management, JJT University, Rajasthan

**Dr Mohd Arwab**

Teaching Facilitator, Delhi Skill and Entrepreneurship University, Dwarka, New Delhi

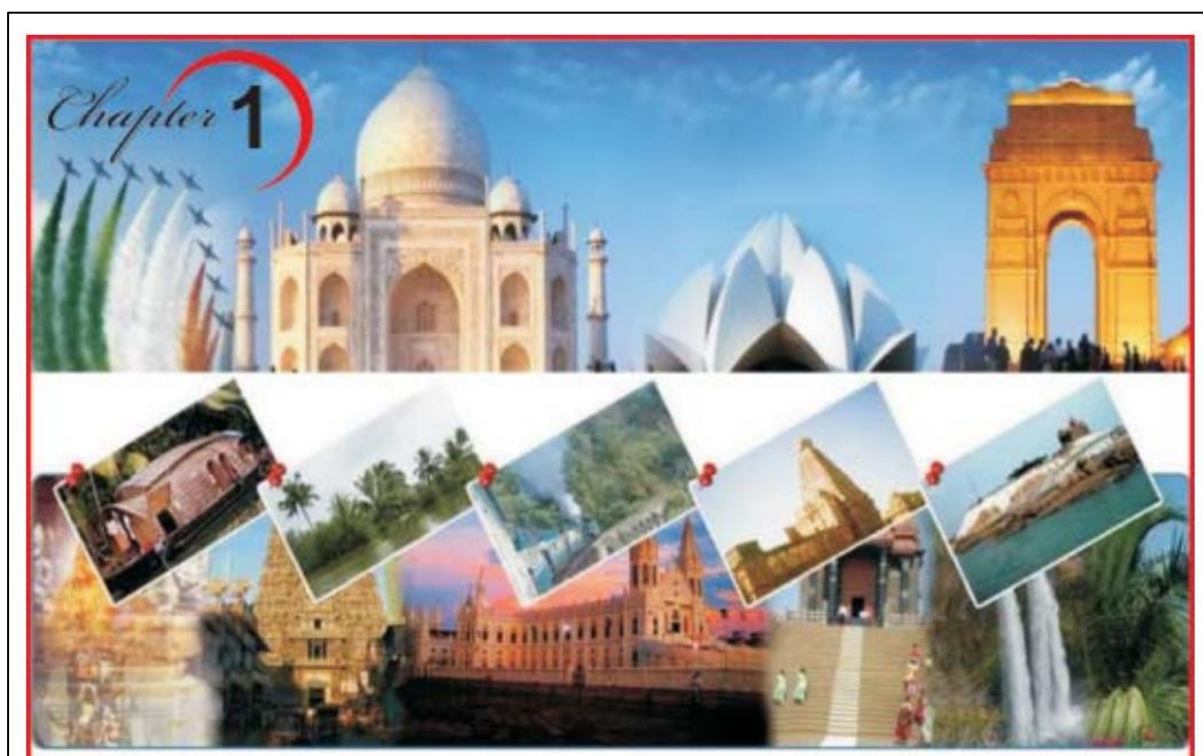
### ABSTRACT

Tourism is becoming more and more recognised as a way for the country to create jobs and grow. It is important to know what tourism is, what role it plays in the economy, and how it relates to other parts of the economy. Tourism is becoming more and more important around the world, and governments are putting in place policies to encourage it. This has sped up the growth of the tourism industry in a big way. India's tourism receipts are second only to manufacturing in terms of their share of total exports. This shows how important tourism is as an export-led growth strategy. In the last ten years, research on how to measure how much tourism helps the economy has grown quickly. The reasons are easy to understand: in many countries, tourism is seen as a magic bullet for economic growth, and governments need a reliable measurement tool to come up with national and local plans for boosting tourism development. The goal of this study is to come up with smart and creative ways to promote tourism in India in order to boost long-term economic growth and global trade.

**Keywords:** Innovation, Tourism, Global Trade, Economic Growth

## INTRODUCTION

Since the end of World War II, many more people in developed countries now travel for tourism. Even though the importance of tourism to national economies was known by the middle of the 20th century, it was often overlooked in global studies of growth and development until the 1950s (Crouch and Ritchie, 1999: 138). Tourism started to be talked about in growth and development literature in the 1950s, when it became part of the growth-oriented economic policies of different countries. Because tourism is becoming more and more important, many countries are putting in place specific incentives to help the tourism sector grow. Based on the results of these incentive policies, which were meant to support economic growth through the tourism sector, it is clear that some countries have been successful while others have not been able to reach their goals in this way.



At the moment, tourism is the practise of millions of people travelling temporarily to another country for the sake of fun, having relaxation, for sightseeing & learning, or to meet their social as well as cultural & psychological needs. Even though tourism is a social and cultural phenomenon, it is mostly an economic activity that deserves attention because of how it affects people's lives.

Tourism movements that are still growing, the tourism industry helps keep the balance of payments in check, creates jobs, raises incomes, reduces debt, and makes the country as a whole wealthier. Tourism brings in and sends out foreign currency, which affects the balance of payments by increasing the demand for foreign currency in the country where the tourists

come from and the supply of foreign currency in the country where the tourists are staying. Because of this, tourism income is a source of foreign currency for countries that don't have enough foreign currency and have a balance of payments deficit. In the same way, countries with a foreign exchange surplus try to get their people to travel abroad so that inflationary pressures caused by the surplus don't get too bad.

### **Impact of Tourism on employment**

Tourism has an effect on employment in three ways: directly, indirectly, and by creating new jobs. Included in the direct employment effect are businesses that provide lodging, food, transportation, travel agencies as well as tour operators. Similarly, indirect employment affects businesses that supply goods and services that the tourism industry needs, as well as businesses that profit from the money tourists spend. The term "stimulated employment effect" refers to the extra jobs that are created when the money from direct & indirect employment effects is spent. When you think about how little capital is needed to make tourism products and how labour-intensive the sector is by nature, you realise how important the employment effect of tourism is.

### **Tourism & Economic Development**

Tourism brings in a lot of money in the form of "invisible exports," which is another main reason why do many countries, especially developing economies, use tourism as a way to grow their economies. Because the tourism industry works closely with other industries (i.e., it has a lot of back-and-forth interaction), the money it brings in can be used to buy and sell many goods and services. Because any money that tourists spend helps not only the people who work in the economy but also the other businesses from which tourists buy things. Additionally, investments in tourism that are made to meet the ever-growing demand for tourism to increase good revenues from tourists. These increases can be attributed to the fact that investments in tourism are made to meet the ever-growing demand for tourism.

More and more developing countries are turning to tourism as a way to jumpstart their social and economic growth, and for more than half of the world's poorest countries, tourism is a top tool for reducing poverty. Even though tourism has been shown to have a lot of value, it still needs to be used better in the development agenda. Even though tourism plays a clear role in economic and social growth, there are still many problems to solve, not the least of which is making sure that the world's poorest countries benefit from the money and social opportunities the sector offers.

The tourism industry is said to have some of the negative effects on the economy, which is the opposite of the many positive effects it has. Honey and Gilpin (2009) point out that tourism is a way for diseases and terrorist attacks to spread. Another possible negative effect of tourism is seen from time to time in many countries where tourism income makes up a large portion of export income. Akama and Kieti (2007) say that tourism resources in places

where tourism income is too high. This could hurt the economy at home in ways like making it harder for people to get their hands on the resources they need and making corruption worse.

### **Tourism & Global Trade**

International commerce is responsible for one in eleven employment, ten percent of the world's gross domestic product, more than one and a half trillion dollars in trade income, and thirty percent of the world's services exports. One of the most important sources of both investment and foreign currency is the tourism industry. Additionally, it generates employment prospects as well as business possibilities, both of which are greatly required. Because of tourism's remarkable capacity to link together disparate aspects of the economy and the numerous ways in which it is intertwined with other economic subfields, it can serve as a useful instrument in the implementation of globalisation policies. Every tourist means more prospects for employment and business in tourism and industries associated to tourism, more money for families, more investment, and more potential for growth at the local level. In the developing world, it is now common knowledge that tourist growth rates are above average. Tourism is the common denominator that connects the country's image overseas, which in turn draws foreign money and helps boost exports.

### **Global Value Chain**

The idea behind the “Global value chain, which looks at how products or services that companies buy from other companies in different regions comes from microeconomics (Chen 2013). As globalisation has continued, the global value chain has become most important than ever to national economies. According to a report published by the “OECD, the World Trade Organization (WTO), and the World Bank in 2014 (OECD-WTO-WB 2014)”, global value chains are important for long-term global economic growth through production specialisation, technology and knowledge spillovers, and strategies for saving money. So, if global value chains are summed up at the national level, they can be added to national accounting & used to measure how the economy is linked and how much money is leaking out of it (Sun 2019)”.

Song, Liu, and Chen (2013) did a review of the tourism literature and found that most Global value chain studies only look at the tourism industry and leave out the effects on the economy as a whole. Judd (2006) discusses the global commodities chain, illustrating its composition as a trinity of marketers and image makers, tourism infrastructure builders and service industry employees. Dutch scholar Terhorst and Turkish researcher Erkuş-Oztürk examine the tourist industry's supply chain from origin to destination. Using the Global value chain, Mitchell (2012) comes up with a way to think about how tourism affects low-income households in developing economies. Studies of small parts of the Global value chain show

how important it is to the growth of the tourism industry. However, a bigger picture of how tourism Global value chains affect the visitor economy has been missed.

### **Smart & Innovative Ideas to promote Tourism**

Creating new processes & products, marketing new services, and coming up with new ways to organise and run businesses is now one of the most studied topics in tourism science, research, and practise. Tourism destinations and businesses have to come up with new ideas because the number of tourists and the amount of competition are both growing. Because advancement is a serious factor that helps businesses gain and keep a competitive edge, especially in environments that change quickly. Innovations happen because there is more national & international competition and the market is full. Because of the way the market works, new products and services have to be made and sold all the time. This is important for everyone involved in tourism destinations. So, the goal of researchers and managers should be to come up with and use an effective innovation process in tourist spots.

Today, it's getting harder to position your tourism business, so marketing groups are putting more effort into advertising. The most important thing for the growth of a tourism business is an effective advertising campaign. The keys to success are careful planning and new ideas-

- ✓ Collaborating with the business sector & other cities to share best practises for innovation and to develop distinctive tourism offerings.
- ✓ Increasing the adoption rate of forward-thinking concepts developed by business owners in the areas of health as well as hygiene, such as contactless ticketing facility, reception & kiosks; contact-tracing apps; ultraviolet illumination to clean interior surfaces; and wearable gadgets that can detect viruses.
- ✓ Increasing the speed with which high safety and health regulations are implemented at tourism destinations as well as business and technology events (for example, by utilising WTTC methods).
- ✓ Improving the use of interactive based signage, popular augmented reality, and navigation systems so that travellers can easily locate attractions and local services, and so that cities can more easily accommodate large numbers of tourists and traffic.
- ✓ The purpose of this project is to make it simpler and more convenient to use new virtual & digital solutions for event services and facilities with the end objective of enhancing the overall experience of hybrid and online events as well as the value they provide.

### **Review Literature**

Brau et al. (2007) use a data set from 1980 to 2003 to look at the relationship among growth, country size, as well as specialisation in tourism. According to the findings of their research, countries that rely heavily on tourism are developing at a rate that is far faster than that of any of the other subgroups. Another thing that they discovered in their research was that in order

for smaller states to have rapid population growth, they needed to excel in the tourism industry. Fayissa et al. (2007) conducted study on the ways in which tourism influences the growth and development of Africa's economy.

Samimi et al. (2011) used the P-VAR model to study the cause-and-effect relationship and long-term link between tourism growth and economic expansion in developing countries from 1995 to 2009. The study's results show that tourism development and economic growth both cause each other and have a positive relationship over the long term. On the other hand, most of the real-world research in this field, like what Vici (2010) found, shows that tourism specialisation is not the answer to development and growth problems. Their real-world data showed that, on average, a country based on tourism grows the same as any other type of country. Also, the fact that statistical data is shown in a time series for more than one country makes it possible to find a long-term causal link between tourism as well as in economic growth in more than one country, not just one. This is done by combining panel data analysis with cointegration and the Granger causality test (Prasad, 2010).

In general, tourism researchers (Blake 2018) think that the tourism developments can help a destination's economy grow and raise the incomes of people who live there. But the tourism industry imports a lot of things from other economies, such as wine & drink facilities for hotels & restaurants as well. And a lot of things, like food ingredients, are exported as part of the process of making tourist goods. Previous studies of the economic effects of tourism only looked at how it affected the economy of the destination. They didn't look at how it affected the main suppliers to and from the destination. Given that globalisation isn't going away and that organisations like the Association of Southeast Asian Nations (ASEAN) are making it easier for countries in the region to work together, it's important for academics, the tourism industry, and policymakers to look at how tourism affects the economy of different countries and industries.

### **Research Methodology**

This research is based on secondary data extracted mainly from government website, published research articles, websites, blogs & other published material. The research design is descriptive in nature. All table data extracted from Bureau of Immigration, government of India reports & manuals.

### **Objective of the research**

- To find the development of tourism in India with the help of data
- To showcase theoretical framework for findings & conclusion on tourism & economic development.

### Data Analysis & Interpretation

The Ministry of Tourism publishes information about foreign visitors to India based

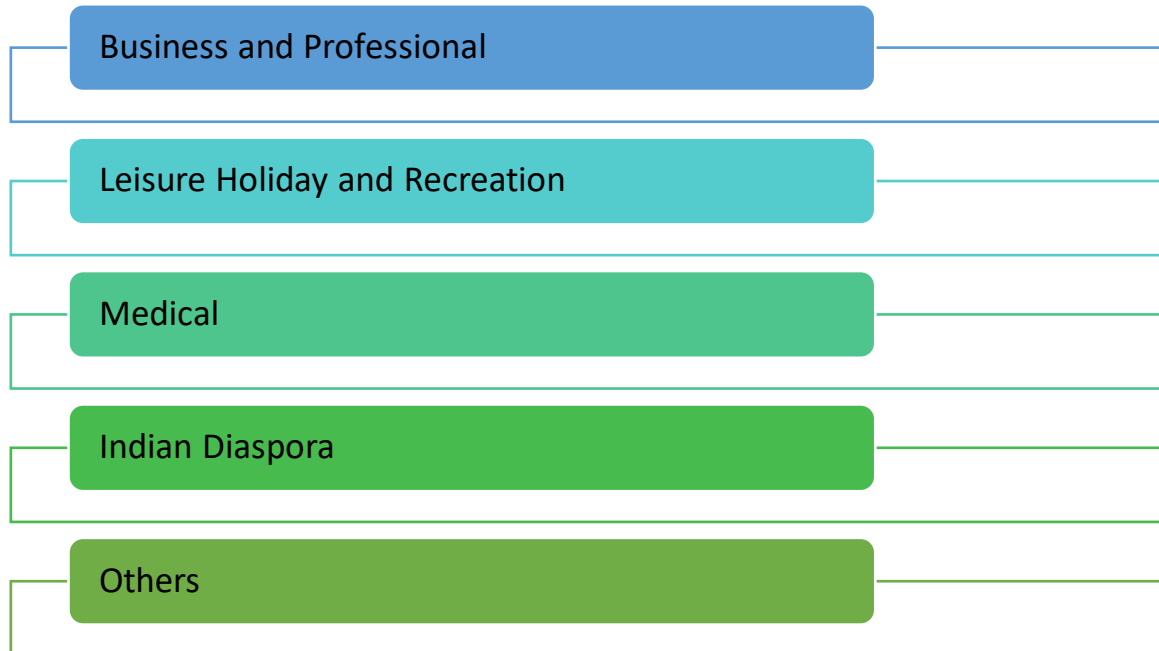


Figure 1 : FTAs Purpose to Visit India

**Table 1 : FTAs, ITAs & NRIs Till 2021****INBOUND TOURISM: FOREIGN TOURIST ARRIVALS (FTAs), ARRIVALS OF NON-RESIDENT INDIANS (NRIs) AND INTERNATIONAL TOURIST ARRIVALS (ITAs) 1981, 1991, 2001 & 2011-2021**

Year	FTAs in India (in Million)	Percentage (%) Change over Previous year	NRIs arrivals in India (in Million)	Percentage (%) Change over Previous year	International Tourist Arrivals in India (in Million)	Percentage (%) Change over Previous year
1981	1.28	2.0	-	-	-	-
1991	1.68	-1.7	-	-	-	-
2001	2.54	-4.2	-	-	-	-
2011	6.31	9.2	-	-	-	-
2012	6.58	4.3	-	-	-	-
2013	6.97	5.9	-	-	-	-
2014	7.68	10.2	5.43	-	13.11	-
2015	8.03	4.6	5.74	5.7	13.76	5.0
2016	8.80	9.6	6.22	8.4	15.03	9.2
2017	10.04	14.1	6.77	8.8	16.81	11.8
2018	10.56	5.2	6.87	1.5	17.42	3.6
2019	10.93	3.5	6.98	1.6	17.91	2.8
2020	2.74	-74.9	3.59	-48.6	6.33	-64.7
2021	1.52	-44.5	5.48	52.6	7.00	10.6

Source: Bureau of Immigration, Govt. of India

The above table shows information about different parts of inbound tourism. “Foreign Tourist Arrivals (FTAs) in India went from 1.28 million in 1981 to 1.68 million in 1991, 2.54 million in 2001, 6.31 million in 2011, and 1.52 million in 2021. The number of FTAs in India went down by 44.5% in 2021 compared to 2020. Since 2014, the Ministry has also begun collecting and sharing information about the arrivals of Non-Resident Indians (NRIs) as well as International Tourist Arrivals (ITAs). The table above shows the number of FTAs, NRI arrivals, and ITAs in India, as well as their growth rates compared to the previous year”. Because of the Covid-19 pandemic around the world and the lockdown that was announced for India in 2020, data about tourism parameters dropped by a lot in 2020.



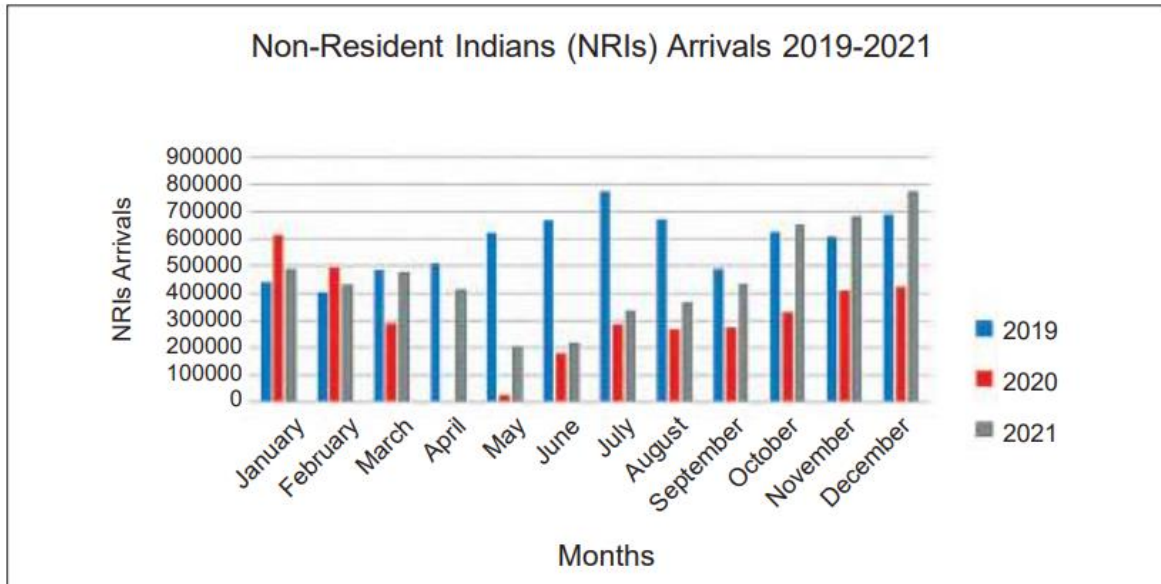
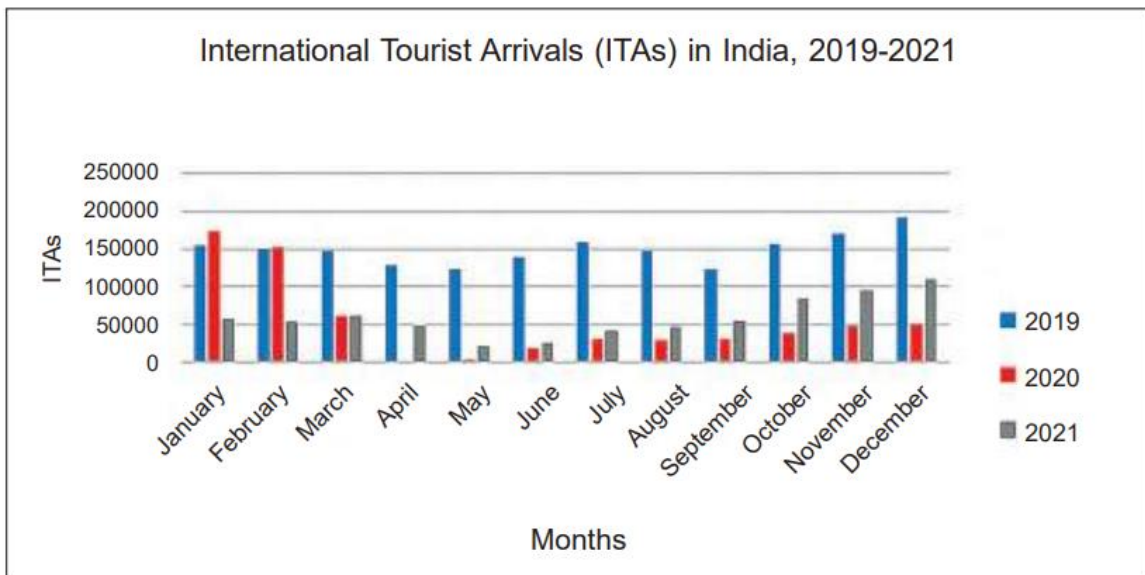


Figure 2: NRIs in India During 2019-2021



India Tourism Statistics, 2022

Figure 3 : ITAs during 2019-2021 in India

**Table 2: FTAs from Different Other Regions of the World during 2019-2021**

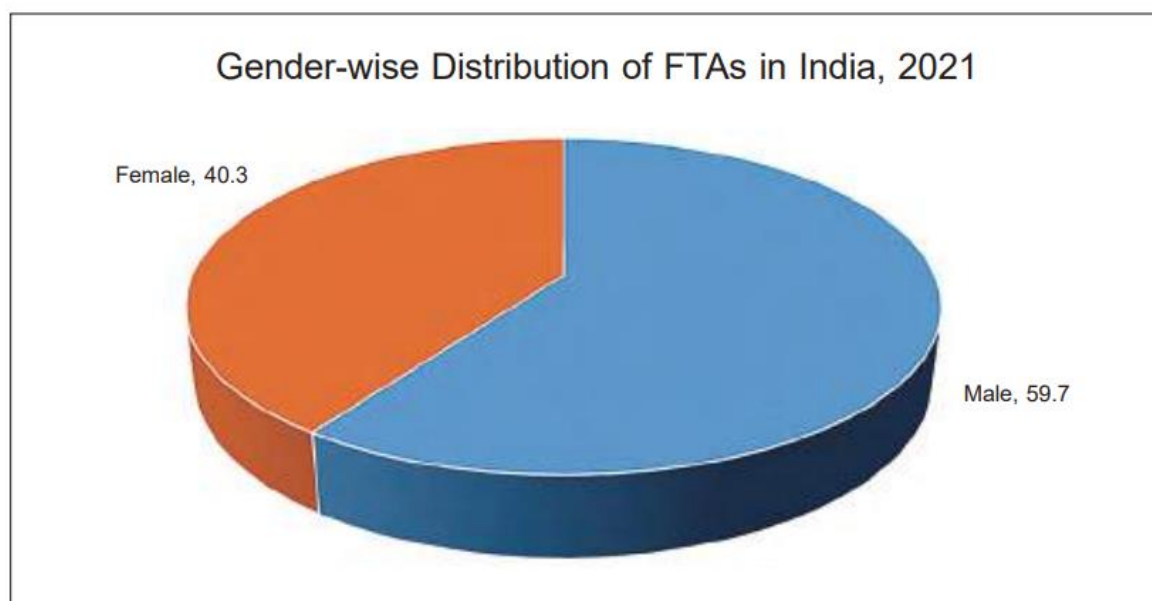
**FTAs IN INDIA FROM DIFFERENT REGIONS OF THE WORLD, 2019-2021**

Region/Country	Numbers of Arrivals			Percentage Share			Percentage Change	
	2019	2020	2021	2019	2020	2021	2020/2019	2021/2020
South Asia	3375819	750061	398722	30.88	27.33	26.11	-77.8	-46.8
Western Europe	2178441	624615	334850	19.93	22.76	21.93	-71.3	-46.4
North America	1863892	516960	510299	17.05	18.83	33.42	-72.3	-1.3
South East Asia	930540	231622	38474	8.51	8.44	2.52	-75.1	-83.4
East Asia	782225	130383	33762	7.16	4.75	2.21	-83.3	-74.1
Eastern Europe	456481	168145	43114	4.18	6.13	2.82	-63.2	-74.4
Australasia	438939	105047	38865	4.02	3.83	2.54	-76.1	-63.0
West Asia	431943	97651	52174	3.95	3.56	3.42	-77.4	-46.6
Africa	362308	90296	68914	3.31	3.29	4.51	-75.1	-23.7
C&S America	98926	26968	6798	0.91	0.98	0.45	-72.7	-74.8
Not classified elsewhere	10841	3018	1142	0.10	0.11	0.07	-72.2	-62.2
<b>Grand Total</b>	<b>10930355</b>	<b>2744766</b>	<b>1527114</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-74.9</b>	<b>-44.4</b>

Source: Bureau of Immigration, India

In 2021, 59.7% of FTAs were men and 40.3% were women. In 2020, 57.8% of FTAs were signed by men and 42.2% were signed by women.

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**Figure 4: Gender-Wise FTA Distribution in India**

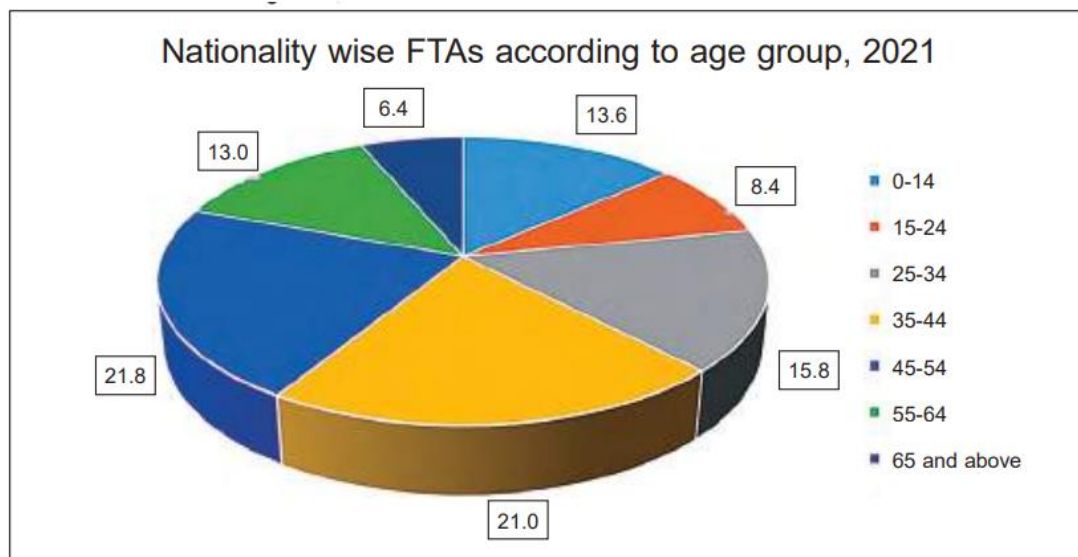


Figure 5: Age-wise FTAs in India

#### FOREIGN EXCHANGE EARNINGS (FEEs) FROM TOURISM IN INDIA

According to monthly estimates made "by the Ministry of Tourism, India's FEEs from tourism in 2021 were 65070 crore, up from 50136 crore in 2020. This was an increase of 29.8% from 2020. In US dollars, FEEs from tourism were worth \$8.7970 billion in 2021, up from \$6.9580 billion in 2020, a 26.4% increase. The above table shows the FEEs from tourism in India", both in terms of and US\$.

**Table: Foreign Exchange Earnings during 2021 from Tourism**

Year	FEE in ₹ terms		FEE in US\$ terms	
	₹ Crore	% Change over previous year	US \$ Million	% Change over previous year
1991	4318	-	1861	-
2001	15083	-3.5	3198	-7.6
2011	83036	25.5	17707	22.2
2012	95607	15.1	17971	1.5
2013	107563	12.5	18397	2.4
2014	120367	11.9	19700	7.1
2015	134844	12.0	21013	6.7
2016	154146	14.3	22923	9.1
2017	177874	15.4	27310	19.1
2018	194881	9.6	28586	4.7
2019	211661	8.6	30058	5.1
2020	50136	-76.3	6958	-76.9
2021	65070	29.8	8797	26.4

### Findings of the study

- Findings of the study suggest FTAs plays a significant role in tourism.
- Due to increase in tourism, household income grows up automatically.
- Tourism promotion also supports in growing transportation possibilities, extended duration of paid vacations in developed countries,
- Innovation in tourism can only be possible by improvement in communication technologies.
- There are number of ways available to boost tourism & global trade.

### CONCLUSION

Tourism is one of the most important parts of our society and economy right now. Only a few decades ago, tourism was something only a few wealthy people could do. Now, more than a billion people across international borders every year because of tourism. Tourism has become one of the world's main growth engines because of the globalisation of goods and services, more free time, the technological and transportation revolutions, and the growth of the middle class. Most opinions about how tourism affects the economy say that the tourism sector drives economic growth by bringing in foreign currency and creating new jobs. So, many countries, especially those with economies that are still growing, see

increasing tourism as an important goal. Even though some of the tourism industry's effects on the economy may be less important than others, most people agree on the following: Tourism helps the economy grow because it brings in more foreign currency, creates economies of scale, improves the balance of international trade, creates jobs, and raises the national income as a whole. Lastly, tourism gets back on its feet faster and stronger than most other parts of the economy. This helps to build resilience. This is especially important for economies that are more vulnerable to shocks from the outside.

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