Role of ICT And Tourism in Economic Growth of India

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ABSTRACT

Tourism is being seen as an opportunity for the economic growth of developing economies as its demand is still growing. Over the years, tourism mediation has experienced major changes, including the arrival of the Internet and the application of Information and Communication Technologies (ICTs). This paper will investigates the relationship of ICT, tourism and growth of India by employing the cointegration, error correction models and Granger causality tests using annual data for last two decades. Major focus is to test the existence of long-term equilibrium relationship between international tourism, ICT and economic growth. In the Indian economy, it seems that tourism is led by economic growth and we are not able transform our strength in ICT to the expected level. In this study, we have made our efforts to highlight the ability of tourism, which can be made as leading factor to influence GDP through optimum use of ICT.

KEYWORDS

Co-Integration, Economic Growth, Granger Causality, ICT, Tourism

INTRODUCTION

These days tourism is one of the growing and important contributors to the economy of any country whether developing or developed. This industry has become key driver to attain sustainable socio-economic development as well as source of revenue and employment for many developing countries. During last couple of decades, tourism industry has seen considerable improvement. It has turned into a really worldwide monetary movement. It is one of the world’s biggest commercial ventures, or financial segments, contributing trillions of dollars every year to the worldwide economy, creating jobs and wealth, generating exports, boosting taxes and stimulating capital investment. Yet at the same time have far to go to convey the desired information obviously to all stakeholders. Tourism is one of the biggest and fast developing areas in the world. The role of tourism to the financial development and to the advancement of cutting edge social orders has turned into a typical mindfulness in political powers around the world. Tourism has become monetary action of essential worth and is being acknowledged in the same way. Tourism utilization straightforwardly fortifies the advancement of such customary commercial enterprises as civil aviation, railway, highway, commerce, food and accommodation. A general agreement has developed that it increments remote trade pay, as well as makes business opportunities, fortifies the development of the tourism business and by temperance of this, triggers general financial development. In that capacity, tourism advancement has turned into a vital focus for most governments. The advancement of tourism industry will add to a nation’s financial development. It is presently considered as an effective apparatus for advancing monetary development of the host nation.

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Tourism and Economic Growth

At the point when tourism’s ecological, social, and monetary and different requirements are tended to, tourism stimulates economies. Travel and Tourism’s dedication to world GDP created for the sixth progressive year in 2015, rising to a total of 9.8% of world GDP (US$7.2 trillion) as per the WTTC’s latest yearly research. The part now supports Around 284 million people in employment are being supported by this segment i.e. one in eleven jobs on this globe. Travel and Tourism figures all through the accompanying ten years similarly look amazingly extraordinary with expected advancement rates of 4% consistently. The Oxford Economics worldwide industry model activities Travel and Tourism GDP to grow 4.7% for every annum (compound yearly development) throughout the following decade. This is more noteworthy development than gauge for each part concentrated on in this exploration with the exception of the managing an account industry. At 4.7%, Travel and Tourism is estimate to outpace the development of the aggregate Asian economy (3.8%).

For some areas of the world, tourism has gotten to be a standout amongst the most critical monetary exercises as far as financial development and job. Demand of tourism is as yet developing and new locations might be identified or stretched out keeping in mind the end goal to fulfill such development. Tourism might be seen as an open door for the economic development. Tourism demand and supply is developing in the same design and rivalry among destinations increments. Destinations may manage rivalry from a smaller scale level perspective, the neighborliness area may change costs and quality and adapt the services offered to the inclinations of their potential guests and from a large scale level perspective, nearby, local or national powers may put resources into the improvement of vacationer resorts and advance them. Keeping in mind the end goal to be proficiently connected, any of these arrangements requires a profound learning of the qualities of potential guests, their necessities and the interrelationship with other aggressive destinations. Despite the fact that traveler visits can occur for different reasons, most experimental studies are worried with occasion trips and particularly with global tourism.

Most commonly used measure of tourism demand is international tourist arrivals (Song et al., 2009). Measurement of tourism demand by international tourist arrivals in od the study by Sheldon (1993) identified as a great purpose server of suppliers of products and services. Supply capacity get adjusted according to the size of recorded arrivals. In some of studies researchers used tourist participation rate which ultimately can be derived as ratio of number of total tourism arrivals to population of the host country of tourism’s (Song et al., 2010).

In large number of studies tourism demand has been broadly explored in the writing for various nations (see Crouch, 1994; Lim, 1997; Li et al., 2005, for a study). Salary and relative costs are the much of the time utilized variables. Tourism costs are when all is said in done not accessible. Trade rates have been utilized as an intermediary variable for cost. Different exogenous variables are likewise viewed as, for example, expense of transportation, and a few qualities of the destination, for example, and so on (see Crouch, 1994; Lim, 1997; Li et al., 2005, for the utilization of extra exogenous variables).

Balaguer and Manuel (2002) in his research found important role of tourism in the economic development of Spanish in long-run. Dritsakis (2004) looks at experimentally the tourism sway on the long-run economic development of Greece by utilizing the causality examination among real GDP, genuine compelling conversion standard and universal tourism income. Brida and Risso (2009) research conceivable causal connections among tourism consumption, genuine conversion scale and monetary development utilizing quarterly information from 1986 to 2007. The experimental results bolster a tourism-drove economic development. Brida, Barquet and Risso (2010) research the causal relations between tourism development, relative costs and financial extension for the Trentino-Alto Adige, a locale of upper east Italy verging on Switzerland and Austria. Johansen co-integration analysis examination demonstrates the presence of one co-incorporated vector among genuine GDP, tourism and relative costs where the comparing flexibilities are sure. Tourism and relative costs are feebly exogenous to real GDP. Kreishan (2010) inspects the causality relations between tourism income and financial development (GDP) for Jordan, utilizing yearly information covering the period 1970-2009.
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