Chapter 8
Indian Tourism Industry: 
Current Trends and Future Outlook

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ABSTRACT

The tourism industry certainly has been a formidable pillar as an unfailing and 
reliable source of revenue and capital for many nations. Many countries have been 
elevated from poor to appreciable economic statuses as a result of the invaluable 
contributions their tourism sectors have succeeded in adding to their overall economic 
growth. Tourism is a major engine of economic growth and an important source 
of foreign exchange earnings in India. Over the last decade, India has been the 
fastest growing tourism region in the world. This chapter primarily aims and seeks 
to identify and examine the paradigm shifts in the tourism industry over the seeming 
years and how the trends have behaved in India. It seeks to study the current trends 
in the tourism industry and evaluates the role of tourism in economic development. 
The future outlook is bright for the tourism sector, and the region is expected to 
maintain a high rate of growth well into the next century. The chapter contributes 
to an improved understanding of economic growth of a country because of tourism 
development.

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INTRODUCTION

Tourism is a phenomenon of great social importance in modern society, a fact that is directly linked to historical aspects such as increased free time, improved communications, modern transport, and urbanization. Tourism is also an important economic activity in almost every country of the world and has experienced continued expansion and diversification, to become one of the largest and fastest growing economic sectors in the world. This sector has a direct impact on an economy of a country, the sector has reflected significant indirect and induced impacts over the past six decades; As an engine for economic growth, tourism has been found to be resilient and offers scope for foreign exchange earnings, generating employment, revenue and stimulating domestic consumptions well (Gokovali & Bahar, 2006; Modeste, 1995; Steiner, 2006). Studies have demonstrated that tourism plays a significant role towards balanced sustainable development of an economy and that it can be effectively harnessed to generate net benefits for the poor (UNWTO, 2002). The potential of tourism as a tool for an economic growth and poverty reduction is derived from several unique characteristics of the tourism system (UNWTO, 2002). Tourism can play an important and effective role in achieving the growth with equity. Tourism has the potential to grow at a high rate and simultaneously ensure consequential development of the infrastructure of the destinations. It can help a nation to leverage upon its natural scenic resources and capitalize on the country’s success in the services sector as well as provide sustainable models of growth. Tourism sector stimulates forward linkages and cross-sectorial synergies. Expenditure on tourism induces a chain of transactions requiring supply of goods and services from the related sectors. The consumption demand, emanating from tourist expenditure also prompts more employment and generates a multiplier effect on the economy as well as on the other allied economic sectors like agriculture, horticulture, poultry, handicrafts, transport, construction, etc. through its backward and forward linkages.

According to the United Nations World Travel & Tourism Council (WTTC) 2015, the Travel & Tourism sector reported 2.8 per cent growth in 2015 and outpaced that of the global economy i.e. 2.3 per cent along with the number of other major economic sectors such as manufacturing and retail. In total, Travel & Tourism generated US $7.2 trillion (9.8 per cent of global GDP) and generated 284 million jobs, equivalent to 1 in 11 jobs in the global economy. While traditionally Europe and America have remained high among the tourism markets, new emerging markets are expected to witness high growth in international tourist visits over the next decade. The WTO forecast indicates an increasing tourism preference towards East Asia, the Pacific,
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