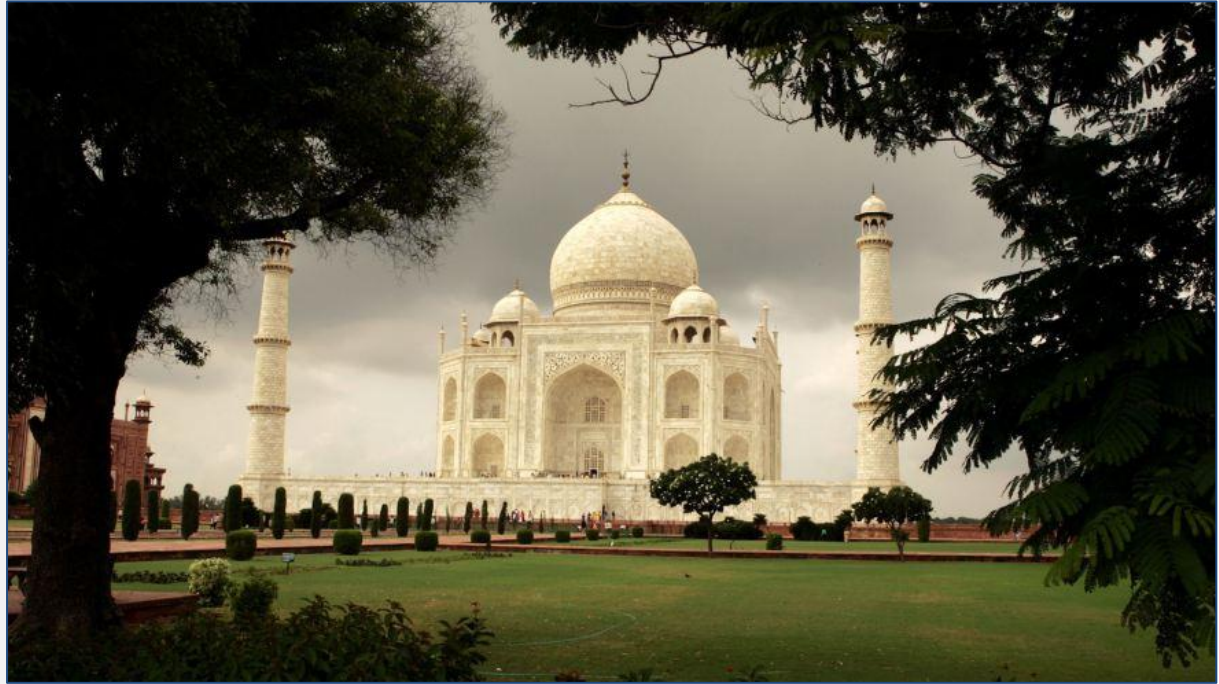


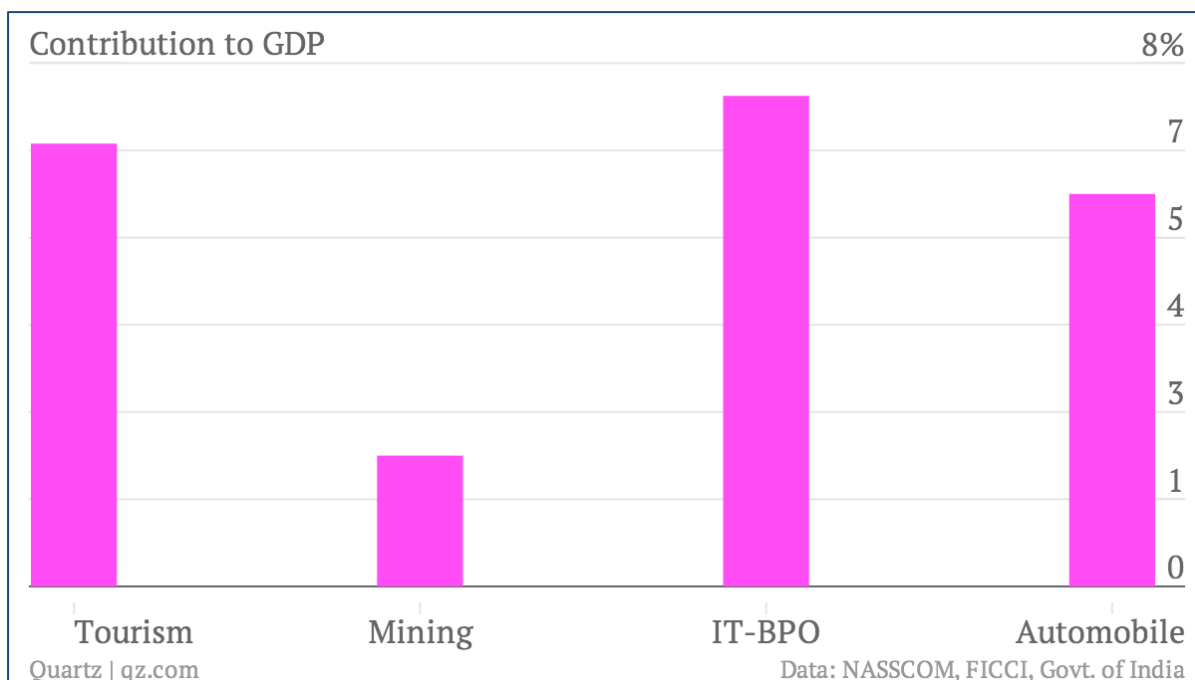
### **Tourism contributes about as much to India's economy as the entire IT sector**

By Rohan Venkataramakrishnan



India might not have much to write home about when it comes to tourist arrivals when compared to the rest of the world, but the industry is nevertheless tremendously important for the country. Despite its size and the wealth of sites to visit, India counted as only the 38th-most visited nation according the United Nations. Despite this, data from the Ministry of Tourism suggests that the sector has a significant impact on the country's economy.

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According to estimates prepared by the National Council for Applied Economic Research, tourism contributes as much as 6.77% to India’s total Gross Domestic Product through direct and indirect impact. To put this in context, this is nearly as much as India’s much touted Information Technology-Business Process Outsourcing industry, which contributes around 7.5% to the economy according to industry body NASSCOM.

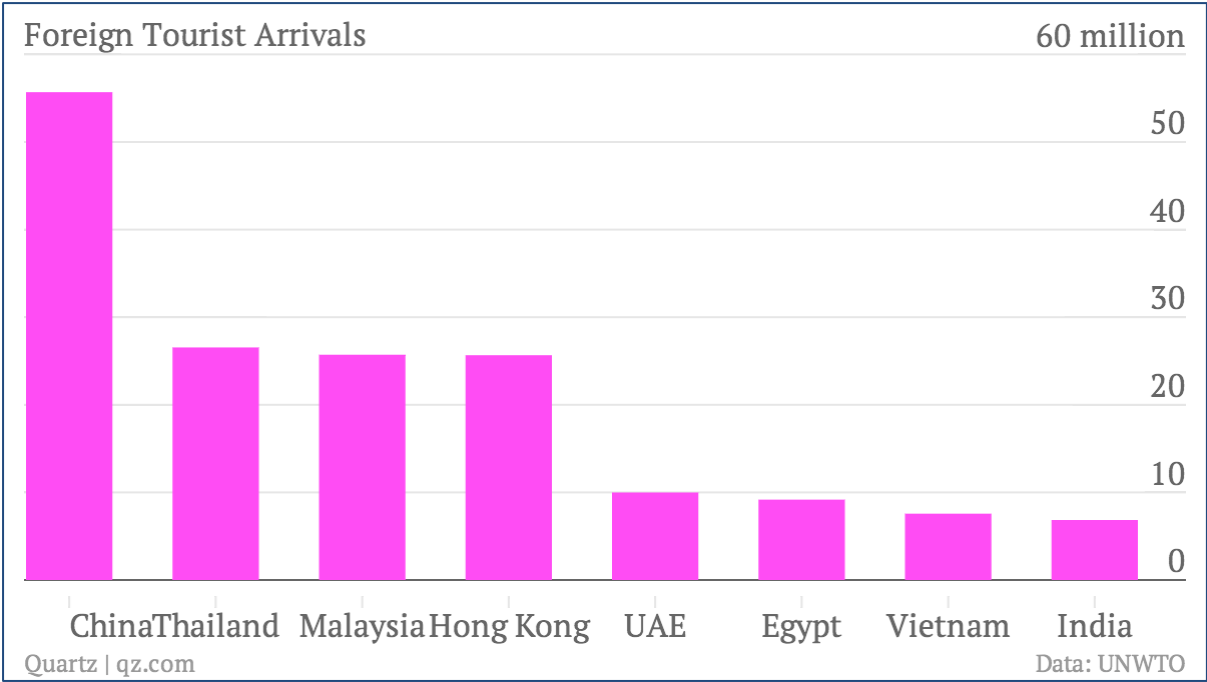
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Even if you discount the indirect impact, the numbers are impressive. [The NCAER study](#) estimated a direct impact of 3.8% towards the overall GDP, as compared to just 2% for India’s mining sector, according to industry body FICCI.

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The sector is no slacker when it comes to employment either, according to the study, entitled the Tourism Satellite Account. “In terms of employment, this TSA showed that direct share of employment in tourism service industries is 4.4% and if indirect share is also included, this goes up to 10.2%,” the study reported. “This implies almost every 4th to 5th person employed in non-agricultural activities is directly or indirectly engaged in tourism activities.”

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But simply because tourism is having a big impact on the economy shouldn't be a reason to rejoice. The tourism ministry's data also shows another, much more problematic trend. Although foreign tourist arrivals in India have continued to grow for the last few years, reaching nearly 6.9 million people in 2013, the relative growth has dipped sharply.

From 26% in 2004 to just 5.9% in 2013, growth of foreign tourist arrivals is a serious cause of concern. Although some of this is due to an international slowdown in tourism in the aftermath of the economic crisis of 2008, which meant India actually received 2.2% fewer tourists in 2009 as compared to the year before, there are plenty of homegrown factors to blame for the plateauing.

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Visa and paperwork problems as well as inadequate infrastructure are among the most serious problems that foreigners often complain about, while concerns about safety have risen in the last few years.

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This is made evident by a comparison with a few other smaller nations that receive far more tourists than India does. Thailand, for example, got four times the number of visitors in 2013 that India did — a clear suggestion that even in a bad economy, India’s tourism sector is still badly underperforming.