

# The Role of Tourism in Indian Economy: An Exploratory Research Analysis (2019-2025)

Ran Vijay Singh

Research Scholar, Mahakaushal University, Jabalpur (M.P.)

Dr. Mukesh Kumar Singh

Asst. Professor, Mahakaushal University, Jabalpur (M.P.)

## Abstract

Because it produces employment opportunities, revenue, foreign money, and links for regional development in the fields of travel and transportation, hospitality, trade, handicrafts, and heritage-based services, tourism has emerged as a key component of the Indian economy. This research employs secondary data from the World Travel & Tourism Council (WTTC), the Ministry of Tourism, Government of India, and appropriate official statistical releases to deliver an exploratory analysis of the role of tourism in the Indian economy from 2019 to 2025. The period of time frame comprises the 2019 pre-pandemic benchmark, the 2020–2021 collapse, the 2022–2024 recovery phase, and estimations for 2025. The findings demonstrate that tourism recovered significantly from the pandemic shock, with domestic tourism dominating direction at first, followed by rises in foreign exchange earnings, inbound tourism, and overall economic contribution. The analysis arrives at an understanding that tourism represents both a consumer sector and a multiplier-intensive development mechanism with substantial consequences for infrastructure, employment, cultural preservation, and balanced regional growth in India.

## Keywords:

tourism, Indian economy, domestic tourism, foreign tourist arrivals, employment, GDP contribution, secondary data analysis

## Introduction

Because it combines place-based development, service sector expansion, and demand creation, tourism maintains a distinctive position in the Indian economy. Tourism promotes economic activity among states, districts, heritage cities, pilgrimage venues, eco-destinations, and rural

areas, relative to many economic sectors that are concentrated in smaller industrial clusters. This makes it particularly important for nations like India, where local enterprise development, foreign exchange revenue generation, and employment diversification tend to be top policy objectives. An extremely pertinent analytical window is offered by the years 2019–2025. After a significant disruption in 2020 and 2021, tourism revived irregularly but considerably in the years that proceeded. In 2019, tourism had reached an enduring pre-pandemic level. India recorded 2,509.63 million domestic tourist visits, 9.52 million foreign arrivals of tourists, 18.89 million foreign tourist arrivals, and US\$28.077 billion in foreign exchange earnings from tourism by 2023. In accordance with WTTC-based estimates compiled by the Indian government, the sector created about 43 million employments and contributed over INR 19.13 trillion to GDP in 2023. Further growth is projected in 2024 and 2025.

Through a study of visitor flows, gross revenue, employment, and macroeconomic contribution, this paper evaluates how tourism affected the Indian economy during this time. The study only utilizes secondary data and is exploratory in nature.

## Objectives

The study is guided by the following objectives:

1. To make use of secondary data to study India's tourist trend between 2019 and 2025.
2. To investigate how tourism affects India's GDP, jobs, and foreign exchange income.
3. To compare tourism performance prior to, during, and following the pandemic.
4. To understand the expanding impact of domestic travel to tourism-led recovery.

5. To talk on how tourism impacts Indian policy and development in the economy.

### Research Methodology

An exploratory research design based on secondary data analysis is utilised in this study. Rather than assessing a strictly defined causal model, exploratory research is beneficial because the goal is to learn about patterns, relationships, and extensive economic implications of tourism.

The Ministry of Tourism, Government of India's India Tourism Data Compendium 2024, official PIB tourism factsheets, and WTTC monetary impact estimates and projections stated in official releases are a few of the data sources. The study's duration is 2019–2025. Official statistical publications are the main source of specified figures for 2019–2023; for cases where official final compilations are not yet available, forecasts and estimated values are employed for 2024 and 2025.

The analysis is also interpretative and descriptive. It shows the role of tourism in the Indian economy through a tabular format, percentage change, and trend comparison. Neither economic models nor basic surveys have been performed.

### Review of Literature

Tourism is a high-multiplier industry that has an effect on infrastructure, jobs, growth, and the cultural economy, as defined by recent official and sector-related literature. The Ministry of Tourism's annually statistical aggregation demonstrates the long-term growth of domestic, global, and inbound tourist traffic as well as the associations between tourism and state-level visitor flows and foreign exchange earnings.

In accordance with official government press releases, WTTC economic effect research studies highlight the robustness of domestic demand in India's post-pandemic recovery and the tourist sector's contribution to GDP and employment. Based to this body of research, tourism in India should be assessed with more extensive indicators which include domestic tourists' visits, tourism spending, job opportunities, and regional spillovers additional to foreign arrivals.

### Tourism trends

**Table 1. Inbound tourism in India, 2019-2023**

Year	FTAs in India (million)	NRI arrivals (million)	International Tourist Arrivals (million)
2019	10.93	6.98	17.91
2020	2.74	3.59	6.33
2021	1.52	5.48	7.00
2022	6.44	7.89	14.33
2023	9.52	9.38	18.89

Table 1 illustrates a significant drop in tourism during an epidemic years and a strong recovery by 2023. Because of a significant rise in NRI travellers, total international tourist arrivals

matched the pre-pandemic level in 2023 while FTAs remained below the 2019 peak.

**Table 2. Domestic tourism in India, 2022-2023**

Year	Domestic Tourist Visits (million)	Foreign Tourist Visits (million)
2022	1,731.01	8.59
2023	2,509.63	19.25

The primary driver influencing the revival was domestic tourism. Domestic tourist visits grown by 44.98 percent between 2022 and 2023, indicating the relevance of internal

mobility and pilgrimage, leisure, and short-haul travel in stabilizing the tourism sector.

**Table 3. Foreign exchange earnings from tourism in India, 2022-2023**

Year	FEEs (US\$ billion)	Growth over previous year
2022	21.360	—
2023	28.077	31.5%

Tourism is a significant invisible export for the Indian economy, as reflected by rising foreign exchange earnings. Stronger that spending

recovery and rising demand for foreign travel are reflected by the 2023 growth.

**Table 4. India's share and rank in world tourism receipts, 2019-2023**

Year	India tourism receipts (US\$ billion)	India's share in world receipts	Rank
2019	30.7	2.1%	14th
2020	13.0	2.3%	13th
2021	8.7	1.4%	23rd
2022	21.4	1.6%	16th
2023	32.2	2.1%	14th

India's rebound to the 14th ranking across the world in regard to tourism receipts by 2023 shows that it is yet again competitive in world tourism markets. This is essential because tourist-related foreign exchange earnings strengthen the balance of payments and support exports from the service sector.

and boosted expenditure, tourism helps the economy. The sector contributed above INR 19.13 trillion to India's GDP in 2023, 10% more in comparison to 2019, based on official data quoted by WTTC predictions. On the basis of the same source, the contribution is forecast to reach INR 21.15 trillion in 2024 and would keep on growing until 2025.

#### Tourism and GDP

Through accommodation food services, travel, modes of transport, and recreation, in addition to indirectly through service provider chains

**Table 5. Tourism contribution to GDP in India, 2023-2025**

Year	Indicator	Value
2023	Tourism contribution to GDP	INR 19.13 trillion
2024	Projected tourism contribution to GDP	INR 21.15 trillion
2025	Forecast economic contribution	Over INR 22 trillion

These data illustrate that tourism is re-establishing itself as a substantial macroeconomic sector rather than just recovery. The industry's equilibrium and significant dependence on domestic spending, business

travel, and expanding foreign demand is further shown by the growth rate.

**Table 6. Tourism share in GDP and employment-related indicators**

Indicator	Year	Value
Tourism contributed to GDP (direct + indirect)	2022-23	5.00%
Sector share of total employment	2024 estimate referenced by WTTC release	9.1%

Direct and indirect favours are measured in a nationally supervised accounting framework by the 5% GDP contribution reported through the Tourism Satellite Account framework for 2022–2023.

The more frequently comprehensive WTTC employment share estimate illustrates that tourism's revenue contribution goes beyond output and includes labour absorption.

**Employment effects**

One of the most essential means that tourism improves the Indian economy is by developing jobs. Both lawful and informal workers, like hoteliers, tour guides, drivers, artisans, street

vendors, tour operators, and event service providers, earn from the labour-intensive aspects of tourism.

**Table 7. Tourism employment in India, selected years**

Year	Employment indicator	Value
2021-22	Direct and indirect jobs due to tourism	70.04 million
2022-23	Direct and indirect jobs due to tourism	76.17 million
2023	Jobs created / supported by sector	Nearly 43 million
2024	Estimated jobs supported	Almost 46.5 million
2025	Forecast employment	More than 48 million

Because different sources employ different assessment frameworks, like sector-supported jobs, direct jobs, and direct-plus-indirect jobs, the employment evidence must be thoroughly investigated. But all the information that is nowadays obtainable suggests that tourism is an important means of earnings and has recovered following the epidemic.

The expansion of Indian tourism is now mainly fuelled by local travel. Transportation, hotel, food and beverage services, pilgrimage destinations, cultural attractions, local retail, and weekend travel ecosystems all remain in high demand thanks to its scale, and this is far more than the same for inbound tourism.

**Table 8. Leading states in domestic and foreign tourist visits, 2023**

**Domestic tourism and regional economy**

Category	State	Visits
Highest domestic tourist visits	Uttar Pradesh	478.53 million
Second highest domestic tourist visits	Tamil Nadu	286.01 million
Highest foreign tourist visits	Maharashtra	3.39 million
Second highest foreign tourist visits	Gujarat	2.81 million

This pattern signifies that the influence of tourism differs by state. While domestic travel functions as a mass-market growth engine in certain regions, particularly Uttar Pradesh and Tamil Nadu, foreign tourism provides a more

significant impact on earnings and branding in other states.

**Table 9. Selected popular monuments and visitor economy, FY 2023-24**

Monument	Domestic visitors (million)	Foreign visitors (million)
Taj Mahal	6.10	0.68
Qutub Minar	3.12	0.22
Agra Fort	3.12	0.22
Sun Temple, Konark	3.20	0.003

The visitor profile of prominent monuments highlights how the heritage economy is directly influenced by tourism. In alongside bringing in money, high foot traffic at monuments benefits nearby businesses like handicrafts, modes of transportation, eating establishments, photography services, and hotels.

**Global position and competitiveness**

India's involvement in tourism should be regarded globally as well. India positioned 39th in the Travel and Tourism Development Index 2024, contributing to 2.1 percent of world tourism receipts and 1.5 percent of international tourist arrivals in 2023.

**Table 10. India in the global tourism context**

Indicator	Year	Value
Share in world international tourist arrivals	2023	1.5%
Share in world tourism receipts	2023	2.1%
Rank in TTDI	2024	39th
Natural resources pillar rank	2024	6th
Cultural resources pillar rank	2024	9th
Non-leisure resources pillar rank	2024	9th

These parameters demonstrate that both market size and resource advantage are essential components of India's tourist industry market. India possesses significant long-term tourism potential from its cultural traditions, spiritual sites, biodiversity, and affordably priced pricing. But infrastructure, service quality, connectivity, and destination management remain deemed necessary to turn these promises into significant foreign arrivals.

### Discussion

The outcomes reflect the multidimensional relevance of tourism in the Indian economy. First, through all direct and indirect linkages, it yields production and drives GDP growth. Second, it is especially valuable in inclusive development plans since it delivers large-scale job opportunities, including for semi-skilled and locally established persons. Third, tourism strengthens India's reputation as a global standardized service exporter and makes foreign cash.

The significance of domestic transportation is a remarkable finding derived from the 2019–2025 period. The recovery trajectory causes it to be extremely evident that domestic travel maintained the industry during the post-pandemic era and formed a basis for an upsurge prior to the standardization of foreign travel. Because reinforcing domestic circuits, pilgrimage tourism, historic tourism, medical tourism, and rural tourism can improve resilience against global shocks; this has a major impact on policy.

The time framework further demonstrates how much public policy is related to tourism. Tourism demand and experience are influenced by e-visa facilitation, destination development plans, transportation infrastructure, monument conservation, promotions, and regional links. This positive atmosphere is maintained by government initiatives, including UDAN, PRASHAD, Dekho Apna Desh, and Swadesh Darshan.

### Conclusion

Between 2019 and 2025, tourism had an ongoing and growing effect on the Indian economy. From a solid pre-pandemic basis, the industry had a rapid but severe fall before observing a significant recovery, consisting of more domestic tourism, superior foreign exchange earnings, a rise of new job openings, and an increase in GDP contribution.

On the basis of the paper, tourism in India is a critically important economic sector with considerable multiplier effects on economic output, jobs, trade, infrastructure, and regional development, meaning it is more than just a pleasurable pastime. India needs to keep the internal demand engine that was fundamental to the recovery while seeking improving a destination infrastructure, tourist services, sustainability standards, and international competitiveness for future rewards.

### Suggestions

1. To stabilise demand all through the year, strengthen domestic tourism circuits, specifically pilgrimage, heritage, wellness, rural, and ecotourism locations.
2. At essential locations, expand the quality of standard lodging, digital services, sanitation, and travel connectivity.
3. To boost skill development for tourists in order for enhanced employability and service quality.
4. Stimulate environmentally friendly travel solutions to uphold cultural and biodiversity while ensuring economic advantages.
5. Strengthen marketing and backing for high-value segments like international long-distance leisure and medical tourism, and MICE.

### Limitations

The study depends the scope, rapidity, and definitions of official and institutional sources and relies entirely on secondary data. Employment estimates are not totally

consistent across reporting frameworks, and some indicators for 2024 and 2025 are predicted rather than final observed statistics.

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