

Our Views

Tourism can be an additive to exports amidst changing world dynamics

As we target a USD 30 trillion Indian economy by the year 2047, exports will have a crucial role to perform in this journey. Increased export addresses two very important needs of our economy. First, it brings in the much required foreign exchange to pay for our imports and to maintain a stable rupee. Second, export of both goods and services creates very large employment opportunities in the domestic economy.

In the face of a global recession, with the decreasing purchasing power of many economies and the changing global dynamics export is likely to only become difficult. Particularly, with world moving away from the formula of globalization which had emerged over the last several decades to the new phenomenon of localization, most certainly export is unlikely to grow at the same pace as it has been. It therefore becomes crucial for India to explore alternatives which would mitigate its reliance on export.

Inbound foreign tourism, a robust sector which is not yet fully tapped in India, offers a viable solution to help generate foreign exchange earnings and create enormous employment opportunities.

Globally tourism sector contributes significantly to the global GDP and employment. In 2022, the tourism industry directly contributed around 10.4% to global GDP, amounting to approximately USD 9.2 trillion. Further, considering indirect and induced impacts, its total contribution reached around 14.9% of global GDP, equivalent to USD 13.2 trillion. Tourism also generates employment opportunities, accounting for 1 in every 4 new jobs worldwide. Extrapolating these numbers to projected global nominal GDP of USD 200 trillion by 2050, the global kitty of tourism could go upto USD 30 trillion with a reinforced employment potential of creating every fourth job. These numbers are so significant that they cannot and should not be ignored.

Directly, tourism creates jobs in areas such as travel, accommodation, transportation, and tour guiding. Indirectly, it supports employment in industries like food and beverage, hospitality, retail, and entertainment. Additionally, tourism stimulates the growth of local businesses and handicrafts industry, encouraging entrepreneurship and job creation in communities heavily reliant on tourism activities.

India, with its rich cultural heritage and diverse tourist destinations, has significant potential for growth in its tourism sector. In 2022, India welcomed around 13 million foreign tourists compared to a much smaller countries like Spain which attracted more than 71 million tourists and Turkey that attracted 50 million plus tourists. While the tourism industry contributed approximately 6.8% to India's GDP in 2022 and employed around 87 million people, India still does not have a place in the top 10 tourist destination countries globally.

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To maximize the potential of tourism and to reduce reliance on exports for our foreign currency needs and for employment generation, the governments at the central and state level along with other stakeholders should collaborate to form comprehensive strategies. This includes investing in infrastructure development, improving destination marketing efforts, ensuring tourist safety and security, and providing training programs for the tourism workforce. We are blessed to have literally every possible natural assets for tourism - sea beaches, lake and river waterfronts, snow-capped to small mountains, deserts, forests, heritage monuments, spiritual establishments, yoga and ayurveda facilities, farming and vegetation. Added to that is the attraction of full four seasons, variety of festivals and the rich culture. All of these are assets unmatched by any other country. Further, many countries are going out of favour for global tourism due to the geo political dynamics.

Additionally, medical tourism and education tourism are two growing segments within the tourism industry that contribute to economic growth and reduce dependence on product exports. India, for instance, has become a prominent destination for medical tourism. This is projected to grow at a CAGR of 12.3% from 2022 to 2032. Today, almost 2 million patients visit India each year from Middle East and African countries, generating USD 4 billion in annual forex each year. The government has undertaken commendable initiatives to make India the medical tourism hub of the world and tripling the industry to USD 12 billion in the next 5 years. Education tourism, attracting international students, also significantly contributes to local economies through tuition fees and daily expenditures. To harness the potential of medical and education tourism, we should invest in infrastructure, promote specialized facilities and expertise, and streamline visa procedures. By capitalizing on these segments, countries can diversify its tourism offerings, boost foreign exchange earnings, create employment opportunities, and drive economic growth.

In conclusion, tourism presents a significant opportunity to reduce dependence on exports, bolster foreign exchange earnings, and generate employment. With the global tourism industry's impressive growth and India's vast tourism potential, investing in tourism development becomes an imperative. Governments and stakeholders must prioritize this sector by implementing targeted policies, strengthening infrastructure, and undertaking aggressive marketing campaigns to tap into the economic benefits of tourism.

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