International Journal of Innovations & Research Analysis (IJIRA)
(An International Quarterly Multidisciplinary Peer Reviewed Refereed Journal)
ISSN: 2583-0295 (Online), Impact Factor: (Cosmos 7.662 & I2OR 5.105), Volume 06, No. 04(I), October-December, 2026, pp 87-91

Sustainable Tourism and Inclusive Economic Development in India: A Statistical Assessment of Tourism's Economic Contribution

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Citation: Choudhary, S. & Manotiya, R. (2026). Sustainable Tourism and Inclusive Economic Development in India: A Statistical Assessment of Tourism's Economic Contribution. International Journal of Innovations & Research Analysis, 06(04(I)), 87–91.

Abstract

Tourism has arisen as a leading sector in the world and an important component of India's economic development, employment generation, regional development and cultural exchange. However, rapid tourism growth can also create environmental pressure, resource depletion, cultural co modification and unequal distribution of economic benefits. Sustainable tourism seeks to balance economic growth with environmental conservation, social inclusion and the welfare of host communities. The tourism industry has helped growth in other sectors as diverse as horticulture, handicraft, agriculture and construction. Tourism is the second largest foreign exchange earner in India. The tourism industry employs a large number of people, both skilled and unskilled. In this context, this research paper is an effort to examine the potential of sustainable tourism and inclusive economic development in India. The analysis focuses on tourism's contribution in growth of Gross Domestic Product, foreign tourist's arrival in India, revenue generated as Foreign exchange earnings and prospects of employment in the country.

***Keywords**: Sustainable Tourism, Foreign Exchange, Economic Development, FTA and GDP.*

Introduction

"Sustainable tourism is defined by UNWTO (United Nations World Tourism Organization) as "Tourism which benefits its current economics, future economic, social impacts and environmental impacts, and also addresses the needs of tourists, tourism industry, and the environment and host communities".

Tourism is one of the major service-sector activities contributing to economic growth, employment generation and regional development. India possesses considerable tourism potential because of its diverse natural landscapes, cultural heritage, historical monuments, religious destinations, wildlife, beaches, mountains, traditional crafts and rich cultural traditions. Tourism therefore has the capacity to connect local economies with national and international markets. The scale of tourism in India has expanded considerably. According to the Ministry of Tourism, India recorded 2,948.19 million domestic tourist visits in 2024**,** compared with 2,508.82 million in 2023, while foreign tourist visits increased from 19.24 million to 20.94 million. These figures demonstrate the enormous domestic market as well as India's continuing importance as an international tourism destination. Tourism is also significant from the perspective of employment. The Ministry of Tourism's data indicate that in 2023–24, the tourism sector generated approximately 84.63 million direct and indirect jobs, while its contribution to GDP was approximately 5.22%**.** However, tourism-led economic growth does not automatically produce inclusive development. Large tourism projects may concentrate income among investors and established businesses while local communities receive relatively limited benefits. Similarly, uncontrolled tourism can place pressure on water, land, biodiversity, waste-management systems and cultural resources.

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Sustainable tourism therefore seeks to ensure that tourism growth creates long-term economic opportunities while protecting the environmental and cultural resources on which tourism itself depends. The Government of India has recognized this relationship. The National Strategy for Sustainable Tourism 2022 emphasizes economic, socio-cultural and environmental sustainability and seeks tourism that is resilient, inclusive, resource-efficient and protective of natural and cultural resources.

Review of Literature

Meena (2025) has examined that tourism has emerged as a pivotal economic engine, with states like Tamil Nadu whereas Arunachal Pradesh found challenges regarding sustainability of tourism for different factors. Minimizing the regional imbalances can increase tourism which ultimately helps India for its growth in competitive world. Singh & Chhering (2024) have analyzed that the problem of over tourism may create problem in the places like Venice, Barcelona, and Maldives. The economies of this country greatly influenced by tourism and have a great impact on the environment, local communities, and cultural heritage. Ota & Roy (2024) have identified that increasing tourism greatly affects GDP. Tourism encourages corporate growth, cultural interchange, and the well-being of local communities. To make a powerful accelerator for national development, tourism plays an important role in India. Ghosh & Mitra (2021) have emphasized that the crucial industry like tourism in the recent decade both in the highly developed, developed and developing nations. Tourism has great opportunity to create employment, earn foreign revenue and leads to an economic growth.

Objectives of the Study

- To study the trend of foreign tourist arrival in India.
- To study the growth and performance of tourism industry in India.
- To analyze the contribution of tourism to employment generation.
- To suggest policy measures for promoting sustainable and inclusive tourism in India.

Data and Methods

This study relies primarily on secondary data sources. The necessary data were gathered from official report India Tourism Data Compendium 2025 published by the Ministry of Tourism, Government of India**,** the India Tourism Statistics at a Glance (2023) report, and the Statistical Handbook of India**.** Additionally, relevant information was sourced from various policy documents and research papers.

Analysis & discussion on development of tourism industry in India

Table 1: Arrival of Foreign Tourists (FTAs) in India from 2001 to 2024

Year	FTAs in India (In Million)	% Change over the previous year	% Share of India in World Tourism	Rank of India in World Tourism
2001	2.54	-4.2	0.37	51
2002	2.38	-4	0.34	54
2003	2.73	12.5	0.39	51
2004	3.45	29.63	0.46	44
2005	3.92	11.43	0.49	43
2006	4.45	15.38	0.53	44
2007	5.08	13.33	0.57	41
2008	5.28	3.92	0.58	41
2009	5.17	-1.89	0.59	41
2010	5.78	11.54	0.61	42
2011	6.31	8.62	0.63	38
2012	6.58	4.76	0.64	41
2013	6.96	6.06	0.64	41
2014	13.11	*	1.15	24
2015	13.76	4.96	1.15	24
2016	15.03	9.23	1.21	26
2017	16.81	11.84	1.26	26
2018	17.42	3.63	1.23	23
2019	17.91	2.81	1.22	24
2020	6.33	-64.66	1.55	19

2021	7	10.58	1.52	18
2022	14.33	104.71	1.47	17
2023	18.89	31.82	1.45	20
2024	20.57	8.89	1.4	20

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium -2025

Table 1 show that Foreign Tourist Arrivals (FTAs) in India increased substantially from 2.54 million in 2001 to 20.57 million in 2024**.** The trend was generally upward, although temporary declines occurred in 2001–2002, 2009, and particularly 2020. India's share in world tourism increased from 0.37% in 2001 to 1.40% in 2024, while its global tourism rank improved from 51st to 20th**.** The most significant growth occurred after 2014, while the sharpest decline was recorded in 2020 (-64.66%) due to the disruption of international travel during the COVID-19 pandemic. Thereafter, tourism recovered rapidly, with FTAs increasing by 104.71% in 2022 and reaching a record 20.57 million in 2024**.** Overall, the table reflects the long-term expansion and growing international significance of India's tourism sector.

Table 2: Year-wise Foreign Exchange Earnings (Fees) from Tourism in India during 1991, 2001, 2011-24

Year	Fees from Tourism in India (In Crore)	% Change over the Previous Year
1991	4,318	-
2001	15,083	-3.5
2011	83,037	25.49
2012	95,060	15.14
2013	107,563	12.51
2014	120,366	11.9
2015	134,843	12.03
2016	150,750	11.8
2017	178,189	18.2
2018	195,312	9.61
2019	216,467	10.83
2020	95,738	-55.77
2021	63,978	-33.17
2022	169,917	165.59
2023	266,045	56.57
2024	293,033	10.14

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium -2025

Figure 1: Year-wise Trend of Fees from Tourism in India, 1991–2024

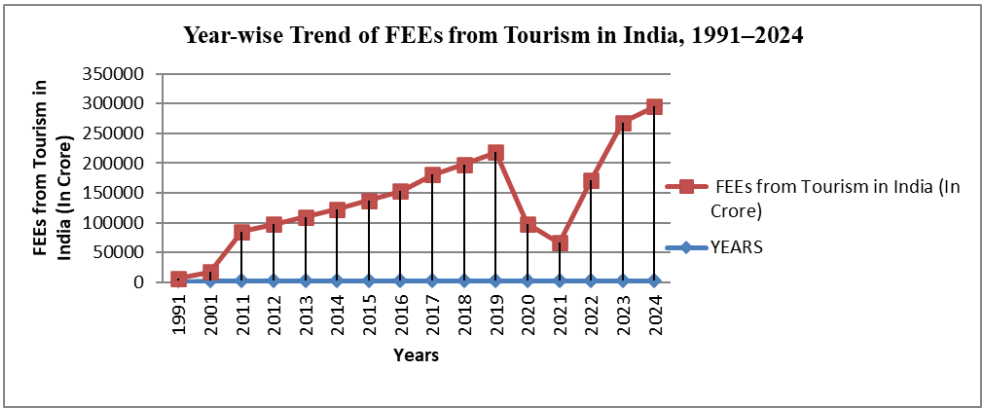


Table 2 and Figures 1 illustrate the year-wise trend of Foreign Exchange Earnings (FEEs) from tourism in India during 1991–2024. The data reveal a strong long-term expansion of tourism-generated foreign exchange earnings, although the sector experienced a major decline during the COVID-19 pandemic. Overall, the trend indicates the increasing economic importance of tourism as a source of foreign exchange for India. FEEs increased from ₹4,318 crore in 1991 to ₹15,083 crore in 2001, and

further increased to ₹83,037 crore in 2011. From 2012 to 2019, earnings showed a continuous upward trend.The highest growth during this period was recorded in 2017 (18.20%). A significant decline occurred during 2020–2021, when FEEs fell from ₹216,467 crore in 2019 to ₹95,738 crore in 2020 and ₹63,978 crore in 2021. The decline of 55.77% in 2020 reflects the severe impact of the COVID-19 pandemic on international tourism. However, a strong recovery was observed from 2022 onward. FEEs increased by 165.59% in 2022, followed by 56.57% in 2023, reaching ₹293,033 crore in 2024, the highest value in the series. Overall, the table and graphs demonstrate the long-term growth, pandemic-induced disruption, and rapid post-pandemic recovery of tourism-related foreign exchange earnings in India. Thus, Table 2 and Figures 1 clearly indicate that tourism has become an increasingly important contributor to India's foreign exchange earnings and broader economic development. The long-term upward trajectory, combined with the strong post-pandemic recovery, highlights the growing significance of tourism in India's service sector. The findings also suggest that maintaining sustainable tourism infrastructure, improving international connectivity, and strengthening tourism-related services can support the continued economic contribution of the sector.

Table 3: Direct + Indirect Contribution of Tourism Industry in GVA, GDP and Employment (In Percentage)

Contribution of Tourism	Third TSA 2015-16	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
GVA	5.35	5.23	5.39	1.54	1.81	5.28	5.45
GDP	5.19	5.01	5.18	1.5	1.75	5.09	5.22
Employment	12.38	14.87	13.5	12.91`	12.66	12.57	13.34

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium -2025

Figure 2: Tourism Share in GVA, GDP and Employment (In Percentage)

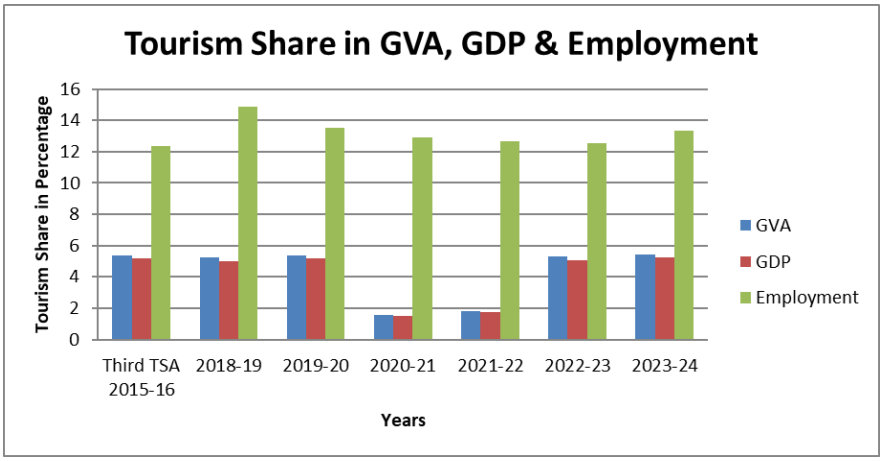


Table 3 and Figure 2 explain the direct and indirect contribution of tourism to GVA, GDP and employment in India during 2015–16 to 2023–24. The data clearly indicate that tourism is an important sector of the Indian economy, particularly in terms of employment generation. In 2015–16, tourism contributed 5.35% to GVA, 5.19% to GDP and 12.38% to employment. During the pre-pandemic period, its contribution remained relatively stable. GVA increased to 5.39% and GDP to 5.18% in 2019–20, while the employment contribution reached a high of 14.87% in 2018–19. The table shows a sharp decline in tourism's economic contribution during 2020–21. The share of GVA fell from 5.39% to 1.54%, while the GDP contribution declined from 5.18% to 1.50%. Employment contribution also decreased to 12.91%. This sudden decline reflects the severe disruption of tourism activities during the COVID-19 pandemic. A strong recovery is visible after 2021–22. Tourism's contribution to GVA increased to 5.28% in 2022–23 and 5.45% in 2023–24, while its GDP contribution rose to 5.09% and 5.22%, respectively. Employment contribution also recovered to 13.34% in 2023–24. Thus, the table and figure demonstrate that tourism has a substantial role in India's economic output and employment generation, experienced a temporary pandemic-related setback, and subsequently recovered to levels comparable to or above the pre-pandemic period.

Conclusion

The present study examined the role of tourism in promoting inclusive and sustainable economic development in India by analyzing Foreign Tourist Arrivals (FTAs), Foreign Exchange Earnings (FEEs), and tourism's contribution to GVA, GDP and employment. The findings indicate that tourism has emerged as an important sector of the Indian economy, contributing to foreign exchange generation, employment creation, regional development and economic diversification. Foreign Tourist Arrivals increased substantially from 2.54 million in 2001 to 20.57 million in 2024.The study further highlights tourism's contribution to national output and employment. In 2023–24, tourism contributed 5.45% to GVA, 5.22% to GDP and 13.34% to employment. Tourism also generates economic linkages with agriculture, horticulture, handicrafts, transport, construction and other service sectors, creating opportunities for small businesses and local communities. Overall, tourism can serve as an important pathway for inclusive economic development when its growth is supported by environmental sustainability, community participation, employment generation, cultural preservation and equitable distribution of benefits. Future tourism policies should therefore focus not only on increasing tourist numbers but also on developing responsible, resilient and locally beneficial tourism**.**

Suggestions

The study suggests that tourism policies in India should focus on sustainable, inclusive and balanced growth. First, environmentally friendly tourism infrastructure should be promoted through effective waste management, water conservation, renewable energy and protection of natural resources. Second, local communities should participate in tourism planning and benefit directly through employment, local enterprises and community-based tourism. Third, rural, heritage, cultural and eco-tourism should be encouraged to promote balanced regional development and reduce pressure on major tourist destinations. Government support through financial assistance, skill development, digital marketing and market access should be provided to small tourism businesses, artisans and local service providers. Improving transport connectivity, digital infrastructure and tourist facilities is also essential. Tourism products should be diversified through medical, wellness, adventure, cultural and rural tourism. Finally, policies should strengthen disaster preparedness and climate resilience. Overall, tourism planning should emphasize environmental protection, quality employment, community participation and equitable distribution of economic benefits.

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