



A STUDY ON THE ROLE OF TOURISM ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

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Abstract:

Entrepreneurship is not a new phenomenon now a day. It is one of the sources which increase the economic development of the country that creates employment and ultimately reduces unemployment which is an evil in the society. Government encourages entrepreneurship through various schemes and also allocating fund in the budget.

Tourism sector provides socio economic benefits to the country like employment, income and foreign exchange. Tourism entrepreneurship is a new phenomenon which includes creating and sustaining business in tourism sector. Tourism is not exclusive for entrepreneurship rather it is recognized as a vehicle for economic development. In this world, there are so many people who love to visit countries like India. Since India is a treasure trove to tourism. India also generates a good amount of revenues from tourism. Government of India launched many schemes that promote tourism entrepreneurship like Swadesh Darshan Scheme.

The current study is descriptive in nature. The main contribution of this study are (1)Travel and Tourism sector contribution to GDP in the last ten years (2) number of Foreign Tourists Arrivals (3) ForEx Earnings (FEEs) from tourism in India (3) Number of direct and indirect jobs generated in tourism sector. Data is collected from government websites and scholarly articles. Conclusions are drawn based on the data gathered.

Keywords: Tourism Entrepreneurship, Economic development, Employment, ForEx Earnings, Foreign Arrivals, Contribution, World Trade Organization.

I.Introduction

Entrepreneurship is the practice of starting new ventures or re-energizes the mature ventures, specially starting new enterprises in response to the identified opportunities. Entrepreneurship is viewed as an important factor for the development of the economy. Entrepreneurship is not only a process that starts a venture, but also creates jobs, increases GDP and also develops the economy. New entrepreneurial activities play a vital part in the process of creation that promotes innovation, employment and growth. The role of entrepreneurship in society has become notable since these years. Above all the characteristics of human, Entrepreneurship matters a lot. (Bessant and Tidd, 2011)[3]. According to Kirzner[8], entrepreneur is answering to the opportunities in the market, rather than designing them; and also using worth able opportunities rather than creating them. (Kirzner, 1973, p.74).

During several years the role of entrepreneurship in economic development has become a significant factor of employment, and innovations that bring increased competition. Entrepreneurship is the key factor in the advancement of the economies. Every business start-up influences the economy and affects the people in it.

Entrepreneurship act as a driver to economic development can be depicted in the following figure 1.

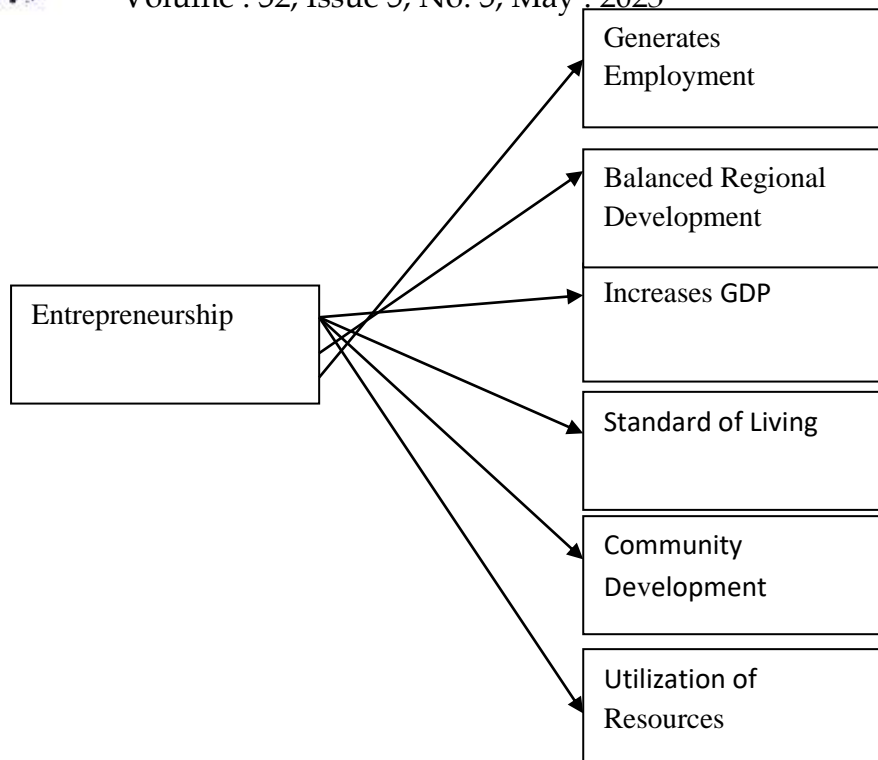


Figure 1: Conceptual framework of Entrepreneurship towards Economic development.

II.Literature Review

Seyed Morteza et.al(2013)[12], detected factors that pull down developing tourism entrepreneurship in Mazandran region and identified opportunities for strengthening it. Case-study design, situation analysis, literature and document, survey and in-depth interviews were used. Data is collected from 45 specialists who include tourism entrepreneurs, tourism developers, local residents, lecturers and tourist guides. He concluded that the most suppressing factor is everyday news that contemplates international affairs about Iran’s nuclear development and support for tourism.

Prosperous Nongsiej &Somipam R. Shimray (2017)[10] studied the tourism role in the development of the economy. They revealed that entrepreneurs are imperative to reduce unemployment. They viewed the tourism industry as a change agent in economic and social environment. They concentrated on the attractiveness of the business in decreasing the unemployment and elucidated the viability of the tourism industry in modern day. To support tourism industry it needs, continuous support of the government, considerable training, research and planning processes in order to expand and grow. Entrepreneurship success leads to boost up the societal term of economic gain (Koh & Hatten, 2014).

Chhanda Biswas (2018)[4], investigated the support of the tourism entrepreneurship enterprises to the growth of the sector & the economy. He stressed on the tourism entrepreneurship contributions that are needed in the economic growth of any nation.

Dr.Mohd Motasim Ali Khan, et.al(2018)[6], analyzed the travel and tourism sectoral contribution to the employment in India. This study, Compound Annual Growth Rate (CAGR), used to analyze. The study concluded that the rise in foreign arrivals resulted in the rapid growth of the sector in the country.

Dr.K.Vijaya Venkateshwari, M.S.P.T.Anamol (2018)[5], studied the employment opportunities in tourism industry in India. They discussed different types of tourism and the challenges in tourism industry also. This paper concludes that India can raise adequate money to clear the external debt through tourism sector. The policies and changes implemented by the government of India is one of the reasons for the development of tourism.



Mahmoud, Marwa et. al. (2020)[9] investigated the role of entrepreneurship in the tourism industry at Egypt as a developing country. This study used a questionnaire given to public government employees pertaining to entrepreneurship. To find the relationship between opportunities, challenges, tourism entrepreneurship education, and entrepreneurship development of tourism sector they used structural equation modeling. They concluded that entrepreneurship plays an important role in tourism sector advancement. Officials can use this study to boost tourism entrepreneurship in developing countries.

Aizhan Tleuberdinova et.al (2021)[1], examined impact of macro-economic variables on tourism entrepreneurship at Kazakhstan. He applied autoregressive distributed lag (ARDL) model to find categorical relationship between sector wages and entrepreneurship. He concluded that there is a deep productive association between national income and tourism entrepreneurship in Kazakhstan. Consequences of revised macro-economic policy for Kazakhstan and some developing countries were examined.

III.Objectives of the Study

The objectives of the study are

1. To study the Contribution of T & T sector to the GDP in the last ten years.
2. To know the number of Foreign Tourists Arrivals to the country and the change in percentages to the previous years from 2012 -2021.
3. To know the ForEx Earnings (FEEs) from T & T sector in our country from 2012-2021.
4. To know the number of direct and indirect jobs generated in tourism sector in the last ten years i.e., 2012-2021.

IV.Methodology

The data is collected by using secondary sources. It is collected from government websites, annual reports of Ministry of Tourism, statistics from reliable websites and some scholarly articles.

IV.I.Sample size

The data is collected from reports of Ministry of Tourism and statistical website related to objectives mentioned. The data is collected for last ten years i.e., 2012-13 to 2021-22.

V.Limitations of the Study:

1. The study is limited to only select financial year i.e., 2012-13 to 2021-22.
2. The study is made on financial year wise but not state wise.

VI.Tourism development in India

After a glance at five-year plans, in 3rd five-year plan (1961-66), tourism got 0.11% of the total budget. In 8th plan (1992-97), which was Rs. 272 Crores, yet it is also 0.11%.

These days tourism sector reported for 8% to the global trade. World Trade Organization (WTO) envisions that the universal tourism will grow at nearly 4% per annum. It will provide millions of jobs globally.

Tourism provides not less than 70% in the national income in few countries viz Malaysia and Singapore, while India is low at 2.5%.

World Travel and Tourism Council (WTTC) identified India's potentials for tourism development and said that India has potentials becoming number one tourist destination globally with the demand increasing at 10.1% per year.

The current Economic Impact Report (EIR) of WTTC conveys, the sector's contribution to the country's economy to be approximately Rs 15.9 trillion (U.S. \$215 billion) in 2022, 1% above 2019. Our Prime Minister Mr.Narendra Modi conveyed the entire country from red fort on 73rd Independence Day, "if national tourism increases, international visits also increases". People go to



other countries for vacation instead think of travelling at least 15 tourist places across the country”. Thus a broad chance exists to enhance our tourism sector (*Economic Times*, Aug 15, 2019)[11].

VII. Tourism Entrepreneurship

Tourism is a very important source of contributing to the Indian economy. By 2028, tourism may perhaps contribute \$512 billion to the GDP of the country and it may generate 53 million employments by 2029 as told by Jyoti Mayal, President, Travel Agents Association of India (TAAI). By 2028, India may gain a forex of \$56 billion from foreign arrivals and 30.5 from foreign arrivals by 2030. Hence tourism industry needs to develop, restructure and revamp endlessly. India need finance in technology, in virtual reality to get more foreign tourists. The visa process needs to be simplified, direct flights shall be provided and the cost of travel to be lowered. Foreign exchange earnings are increased by the tourism sector. Rise in Forex results in rise in the interest in tourists to travel overseas, expand their costs, and also affect the duration of their stay and vice versa.

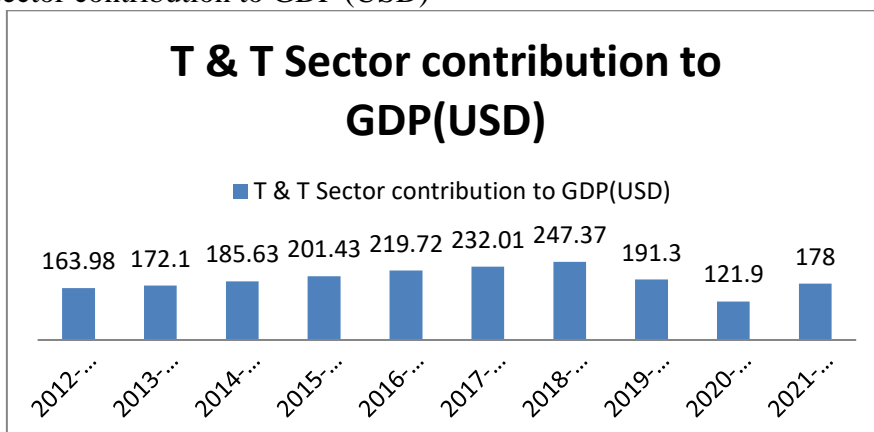
About 79.2% of the Foreign Arrivals entered the country by using air ways followed by 19.3% by land ways and 1.5% by sea ways. 44.2% of the arrivals enter India from Delhi and Mumbai. The top 15 Foreign Arrivals in 2020 were from Bangladesh, United States, United Kingdom, Canada, Russia Federation, Australia, Australia, France, Germany, Malaysia, Sri Lanka, Thailand, Japan, Afghanistan, Nepal and China. The top 15 countries reckon 75.1% of total foreign Arrivals in the country in the year 2020.

Table.1: T & T sector contribution to GDP (USD)

Year	T & T Sector contribution to GDP (USD)
2012-13	163.98
2013-14	172.1
2014-15	185.63
2015-16	201.43
2016-17	219.72
2017-18	232.01
2018-19	247.37
2019-20	191.3
2020-21	121.9
2021-22	178

(Source: <https://www.statista.com/>)

chart.1: T & T sector contribution to GDP (USD)



The chart 1 depicts T & T sectoral contribution to the country’s GDP from the years 2012 to 2021. It is clear from the above figure that there is an inclination of the tourism contribution to Gross Domestic Product (GDP) till 2018 and later due to covid pandemic situation there was a decline in



the sector and again in 2021 it rose to USD 178. The highest contribution was in the year 2018 with USD 247.37 and lowest contribution was in the year 2020 with 121.9(USD).

Table.2: Foreign visitors (in Millions)

Year	Foreign visitors (Millions)	% difference over the preceding year
2012-13	6.58	4.3
2013-14	6.97	5.9
2014-15	7.68	10.2
2015-16	8.03	4.5
2016-17	8.80	9.7
2017-18	10.04	14.0
2018-19	10.56	5.2
2019-20	10.93	3.5
2020-21	2.74	-74.9

(Source: <https://tourism.gov.in/>)

chart.2: Foreign visitors (in Millions)



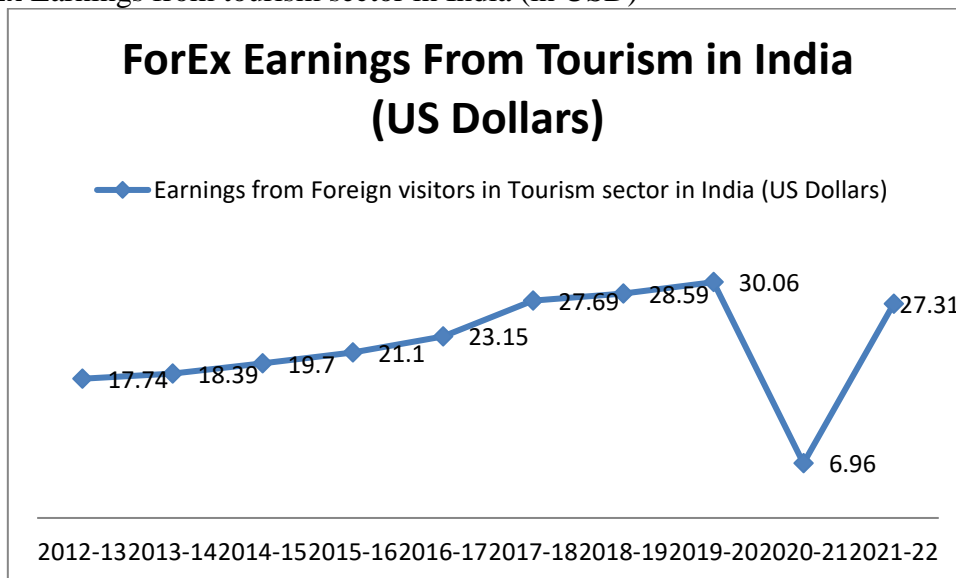
The chart 2 depicts that there is an increase in the arrivals of tourists to our county till 2019. There is decrease in the foreign tourist arrivals to 74.9% in the year 2020, which is to be noted. This made a decline in foreign Exchange Earnings in turn decline in the employment in tourism sector too.

Table.3: ForEx Earnings from tourism sector in India (in USD)

Year	ForEx Earnings from Tourism sector in India (USD)	Percentage change over the previous year (%)
2012-13	17.74	1.5
2013-14	18.39	2.4
2014-15	19.7	7.1
2015-16	21.1	6.7
2016-17	23.15	9.1
2017-18	27.69	19.1
2018-19	28.59	4.7
2019-20	30.06	5.1
2020-21	6.96	-76.8
2021-22	27.31	74

(Source: <https://www.statista.com/>)

chart.3: ForEx Earnings from tourism sector in India (in USD)



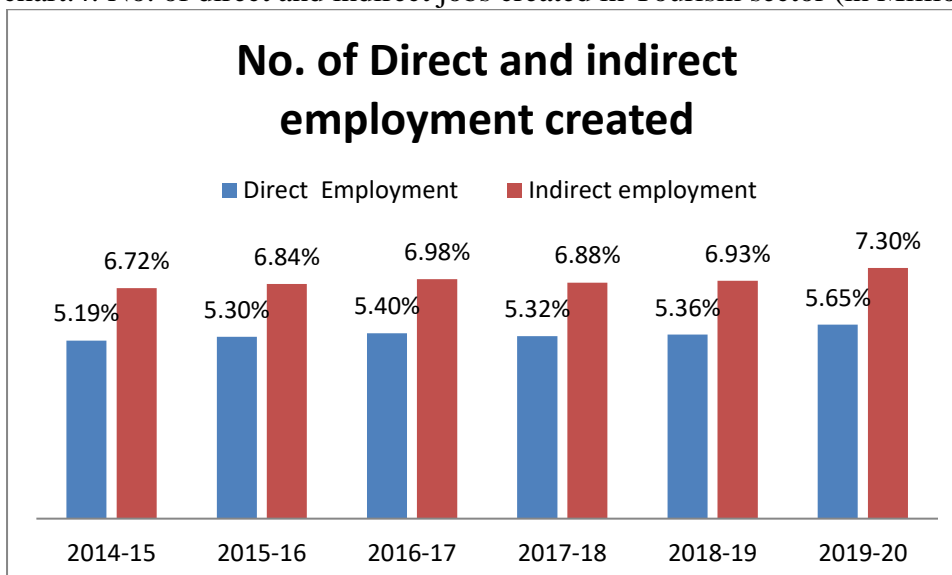
The chart 3 depicts that ForEx earnings earned and the percentage change over the previous year by the Tourism sector from 2012-2021. It is clear that there is an increasing trend from 2012 to 2019. There is decrease of 76.8% in the year 2020 compared to year 2019. In 2021, there is an increase of 74% which stands at USD 27.31Million.

Table.4: No. of direct and indirect jobs created in Tourism sector (in Millions)

Year	Direct Employment	Indirect employment	Total percentage of employment created	No. of direct and indirect jobs generated (in Millions)
2014-15	5.19%	6.72%	11.91%	67.2
2015-16	5.3%	6.84%	12.14%	69.75
2016-17	5.4%	6.98%	12.38%	72.26
2017-18	5.32%	6.88%	12.2%	75.34
2018-19	5.36%	6.93%	12.29%	72.69
2019-20	5.65%	7.3%	12.95%	40.10

(Source: <https://www.statista.com/>)

chart.4: No. of direct and indirect jobs created in Tourism sector (in Millions)





The chart 4 depicts the percentage of direct and indirect jobs and the total employment created in the country because of this sector. From the above chart, it is clear 2019-20 has generated highest jobs i.e., 12.95% which is equivalent to 40.10 million employment created in the country from the tourism sector.

In the financial year 2020-21, 29.14 million jobs are generated in the country which is representing 15.3% of the total employment generated. In the financial year 2021-22, 32.10 million jobs are created by this sector to the economy. Hence we can say that the travel & tourism sector contributes a lot to the economy.

VIII. Conclusion

Tourism is one of the important sectors that generate not only employment but also Foreign Exchange Earnings. Countries like India, rich in heritage, Art and Sculpture has an opportunity to generate revenues through Travel and Tourism sector. Every year there is a rise in the number of visitors to the country which ultimately caused an increase in generating ForEx Earnings and direct and indirect jobs. Government of India is also one of the reasons for the development of this sector by introducing many schemes like SWADESH, PRASAD for its development.

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