



### TOURISM AS A CATALYST FOR INDIA'S FOREIGN EXCHANGE EARNINGS: TRENDS AND CHALLENGES IN THE POST-COVID ERA

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#### Abstract:

*The present research focuses on the role of India's tourism sector as a major source of foreign exchange earnings. The analysis reveals a consistent increase in foreign tourist arrivals and foreign exchange earnings between 2001 and 2019. However, the COVID-19 pandemic severely disrupted this growth trajectory, leading to a drastic fall in both tourist arrivals and earnings during 2020–2022. Foreign exchange earnings represent a significant component of a country's economic strength and contribute directly to national development. Tourism, being one of the largest service industries in India, has been a crucial driver of this economic power. Before the pandemic, India recorded ₹6,61,21,166 crore in foreign exchange earnings in 2019. However, during the pandemic, foreign tourist arrivals declined sharply to 2.74 lakh in 2020, reducing earnings to just ₹50,136 crore. Despite these setbacks, India's tourism sector still contributed around 5.8% to the national GDP in 2021, amounting to over ₹13 billion. This study highlights both the economic importance of tourism and the vulnerabilities exposed by the global pandemic.*

**Keywords:** *Foreign Tourists, Foreign Exchange Earnings, Indian Economy, COVID-19 Impact*

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#### Introduction:

Tourism is one of the world's leading service industries and a key contributor to foreign exchange earnings. It plays a vital role in global trade, employment generation, and cultural exchange. As a part of the tertiary sector, tourism enhances both social welfare and economic productivity. Nations across the world have recognized tourism's economic potential and are investing heavily in infrastructure and marketing to attract international visitors.

In India, tourism has emerged as a significant driver of economic growth, contributing substantially to foreign

exchange earnings. The country's diverse natural landscapes, rich cultural heritage, and historical monuments attract millions of tourists annually. Between 2001 and 2019, India experienced consistent growth in foreign tourist arrivals and revenue. However, the outbreak of COVID-19 in 2020 brought an abrupt halt to this growth. Travel restrictions and lockdowns led to a severe decline in foreign arrivals and revenue.

According to the World Economic Forum's Tourism Development Index (2021), India ranked 54th globally. The tourism and hospitality sector



contributed approximately 5.8% to India's GDP in 2021, amounting to over ₹13 billion — an increase of nearly 44% compared to 2020. The Indian government has also allowed 100% Foreign Direct Investment (FDI) in the tourism sector to promote infrastructure and global competitiveness (Sarvesh, 2023).

### Objectives:

1. To analyze the trend of foreign exchange earnings from tourism in India from 2001 to 2023.
2. To examine the impact of the COVID-19 pandemic on foreign exchange earnings from tourism.

### Results and Discussion:

### Data Collection and Methodology:

The study covers the entire geographical territory of India. The period selected is from 2001 to 2020. This research is based entirely on secondary data collected from official reports, including *India Tourism Statistics at a Glance (2022)*, *Reserve Bank of India (RBI)*, and *Ministry of Tourism, Government of India*. Data have been analyzed using statistical techniques such as the Compound Growth Rate (CGR) to assess the long-term trend in foreign exchange earnings.

**Table No. 1**

*Trends in Foreign Exchange Earnings (FEEs) from Tourism in India (2001–2020), in ₹ Crore*

Year	FTAs (in Million)	FEEs (₹ Crore)	% Change
2001	2.54	15,083	-3.5
2005	3.92	33,123	18.5
2010	5.78	66,172	23.1
2015	8.03	1,34,844	12.0
2019	10.93	2,11,661	8.6
2020	0.27	50,136	-76.3

*Source: Reserve Bank of India, for 2001- 2017, (RBI, 2022) Ministry of Tourism, Govt. of India, for 2018 - 2020 (GOI, 2022) Bureau of Immigration, Govt. of India (GoI, 2022)*

### 1. Growth of Foreign Exchange Earnings (2001–2019)

The data indicate a significant increase in foreign tourist arrivals (FTAs) and foreign exchange earnings (FEEs) from 2001 to 2019. In 2001, India recorded approximately 2.54 lakh foreign tourist arrivals, generating ₹15,083 crore in foreign exchange earnings. With the rapid growth of global connectivity, media exposure, and improved infrastructure, tourism flourished, and foreign arrivals reached 10.93 lakh in 2019, earning ₹2,11,661 crore.

This growth demonstrates the expanding global appeal of Indian tourism. The availability of

online platforms, government initiatives such as “Incredible India,” and visa facilitation programs contributed to this consistent upward trend.

### 2. Impact of the COVID-19 Pandemic (2020–2022)

The first case of COVID-19 in India was detected in Kerala on January 27, 2020. By March 2020, the infection had spread nationwide, prompting a nationwide lockdown. The suspension of all transport services, closure of international borders, and fear of infection resulted in a near-total collapse of international tourism.



In 2019, India welcomed around 10.93 million foreign tourists, generating ₹6,61,21,166 crore in foreign exchange. However, in 2020, foreign tourist arrivals declined drastically to just 2.74 lakh, and earnings fell to ₹50,136 crore — a decline of over 76%. In 2021, the numbers dropped further, with only about 1.52 lakh foreign visitors. This sharp decline adversely affected India's GDP, employment, and service industry revenues.

Thus, the pandemic period proved catastrophic for India's tourism-dependent regions and service sectors.

### Conclusion:

Tourism remains one of the largest service industries and an essential foreign exchange earner for India. Between 2001 and 2019, both foreign tourist arrivals and foreign exchange earnings increased substantially, reflecting India's growing prominence as a global tourist destination. However, the COVID-19 pandemic severely disrupted this progress, causing massive declines in both arrivals and revenue.

Despite these setbacks, India's tourism sector demonstrates resilience and potential for recovery. The industry's contribution of 5.8% to the national GDP in 2021 underscores its continued relevance. With strategic planning, digital transformation, sustainable tourism practices, and global collaborations, India can re-establish itself as a major destination for international travelers and reclaim its position as a leading foreign exchange earner.

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