

Analyzing the Decline in Tourism in Goa: Causes and Economic Implications

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Abstract

Goa tourism analysis tourism is an important economic driver for coastal regions and particularly in Goa where it provides a major source of foreign exchange, employment and household income. However recent trend indicates that there has been a structural change in the tourism sector in Goa with declining international arrivals of tourists despite domestic arrival numbers continuing to grow. This study adopts a theoretical approach to examine the causes of this transformation and its economic implications. The results show that rising costs, infrastructure constraints, environment degradation and competition from other destination sites in south east asia have all contributed to a reduction in goa's global competitiveness. While total tourist arrival numbers remain high the loss of high spending foreign tourists pose challenge for sustainable economic development. Policy options such as sustainable tourism, infrastructure development and strategies for diversion are recommended.

Keywords: Tourism, Goa, Destination Competitiveness, Sustainable Tourism, Economic Development, Demand Substitution

1. Introduction

Tourism has emerged as a key driver of global economic development, contributing significantly to employment generation, income creation, and foreign exchange earnings. As one of the fastest-growing service industries worldwide, tourism plays a crucial role in stimulating infrastructure development, promoting cultural exchange, and supporting regional economies. According to global tourism research and UNWTO-based studies, the sector contributes substantially to global GDP and employment, making it a vital component of economic growth strategies (Sharma & Kukreja, 2012; Kalra, 2020). Moreover, tourism has been widely recognized as a tool for economic diversification and poverty reduction, particularly in developing economies (Kalaiya & Kumar, 2015).

In the Indian context, tourism represents an important sector for economic development, contributing significantly to GDP, employment, and foreign exchange earnings. Studies indicate that the tourism industry in India has experienced steady growth, driven by increasing domestic travel, improved infrastructure, and government initiatives (Godara et al., 2020; Akhtar & Anjum, 2022). Empirical research also establishes a strong relationship between tourism development and economic growth in India, highlighting its role as a catalyst for national income and job creation (Mishra, Rout, & Mohapatra, 2011). However, despite this growth, international tourism in India faces increasing competition from global destinations, along with challenges related to pricing, service quality, and destination management (Rana & Kumar, 2019). At the state level, Goa stands out as one of India's most prominent coastal tourism destinations, with tourism serving as a major contributor to its economy. The sector significantly

influences Goa's Gross State Domestic Product (GSDP) and employment structure, making the state highly dependent on tourism-driven growth (Sutheeshna, 2021; Budihal, 2023). Historically, Goa has attracted a large number of international tourists, particularly from European countries, due to its natural beauty and cultural appeal. However, recent trends indicate a decline in foreign tourist arrivals, even as domestic tourism continues to expand. This shift reflects changing tourism dynamics and raises concerns about the sustainability and competitiveness of Goa as an international destination (D'Mello & Subhash, 2016).

The decline in international tourism presents a critical problem, as it directly affects foreign exchange earnings, employment opportunities, and overall economic stability. Factors such as declining destination competitiveness, environmental degradation, rising costs, and the emergence of alternative destinations have been identified as key contributors to this trend. These developments suggest that Goa may be experiencing stagnation in its tourism life cycle, which requires theoretical examination. While existing literature has examined the economic contribution and growth of tourism in India and Goa, there is a lack of comprehensive theoretical studies that integrate multiple perspectives to explain the decline in international tourism. Most studies focus on isolated factors rather than providing a holistic framework combining tourism life cycle, competitiveness, and demand theory. This study is significant as it attempts to bridge this gap by offering a theoretical analysis of tourism decline in Goa. By integrating multiple frameworks, the study provides a deeper understanding of the underlying causes and economic implications, thereby contributing to academic literature and offering insights for policy formulation and sustainable tourism development.

2. Objectives of the Study

1. To analyze the trend of tourist arrivals in Goa.
2. To identify the major factors contributing to the decline in tourism.
3. To examine the economic implications of tourism decline.
4. To suggest policy measures for revitalizing tourism.

3. Literature Review

Tourism has become increasingly viewed as one of the most important drivers of local economies, job creation and regional economic development. Theoretical models for analyzing tourism's development and decline are many and varied. One of the earliest models developed to explain how a tourist destination progresses from "exploration" to "decline," was the Tourism Area Life Cycle (TALC), first proposed by Butler (1980). The TALC model has been used extensively in evaluating mature destinations whose attractiveness is declining. Based on this same concept, but with greater specificity regarding coastal areas, Agarwal and Shaw (2007) stated that coastal tourism destinations will typically enter into a state of stagnation when they reach peak levels of development, due to environmental damage, increased competition from other similar type destinations and loss of attractiveness. Studies examining Goa provide further evidence supporting the use of the TALC model. Using the TALC model to examine tourism development in Goa, Gore, Borde, and Hegde Desai (2021) concluded that at present Goa's tourism industry is in either its mature or stagnation phase as evidenced by declining international tourist arrival numbers and an increase in reliance upon domestic tourism. In addition, Kamat (2010) utilized a case-study methodology to evaluate the impact of the life-cycle stages associated with Goa's tourism economy

and identified a number of concerns related to a decline in the desirability of the destination and the rise of global competitive pressures affecting the destination's market share.

In addition to the above-mentioned issues related to tourism area life cycles and stagnation, researchers studying aspects of destination competitiveness have recently focused attention on several key factors, including: price competitiveness; quality of physical infrastructure; service delivery standards; policy support and institutional capacity. Research has indicated that declines in destination competitiveness result in decreases in international tourist visitations. As an example, George (2025) noted that tourist preference changes and increases in global competition contribute to substitution effects among travelers who can select alternative destinations providing better value for their money and/or new experiences.

When considering sustainability, Dessai (2023) evaluated tourism development in Goa and noted that uncontrolled environmental stresses and depletions of natural resources resulted in unsustainable impacts on tourism. Likewise, studies on coastal tourism development (Agarwal & Shaw, 2007) suggested that coastal area environmental degradation results in reduced attractiveness to potential visitors resulting in stagnation or decline.

Regarding methodologies used in previous studies, researchers have primarily utilized qualitative and mixed methods approaches. Such examples include case-studies, literature reviews and conceptual frameworks (Kamat, 2010; Dessai, 2023). There has been some additional quantitative analytical work employing secondary data sources including tourist arrivals, etc. to establish mapping relationships for life cycle phases of tourism (Gore et al., 2021). Unfortunately, few studies have combined multiple theoretical frameworks under a single framework.

4. Research Methodology

4.1 Nature of the Study

This study was conducted as a theoretical-descriptive study, which used established tourism theory and conceptual models to analyze the decline in tourism for Goa. This study did not collect primary data. Rather than relying on empirical analysis or case studies this study relied on conceptual analysis and an examination of prior literature. Descriptive approaches are useful tools for systematically examining patterns of tourism, such as the difference between domestic and international tourists (Xin et al., 2013).

4.2 Area of the Study

The study is confined to the state of Goa, India which is one of India's largest tourism seaside destinations. Goa is situated along the western Indian seaboard where it borders the Arabian Sea to the West, Maharashtra to the North, and Karnataka to the East and South. For administrative purposes Goa is divided in two; North Goa and South Goa with Panaji serving as the State Capital.

Goa is characterized by a tropical monsoon climate, with monsoon seasons extending from June to September and hot, humid conditions prevailing throughout most of the year. Its extensive coastline, favorable climate, and cultural diversity have contributed significantly to its development as a major tourism hub. Given this dependency on tourism for economic growth, job creation and foreign exchange revenue, Goa makes an excellent setting to assess decline of tourism and destination competitiveness (Gore et al., 2021).

4.3 Data Sources

The study is based entirely on secondary data, which is widely used in tourism research for analyzing long-term trends and patterns (Veal, 2017). Data has been collected from reliable and authentic sources, including:

- **Goa Tourism Department** – for statistics on tourist arrivals, tourism policies, and regional trends
- **Ministry of Tourism, Government of India** – for national tourism reports and datasets
- **India Brand Equity Foundation (IBEF)** – for industry insights and economic contributions
- **Published research-** articles, books, and academic reports related to tourism development, competitiveness, and sustainability

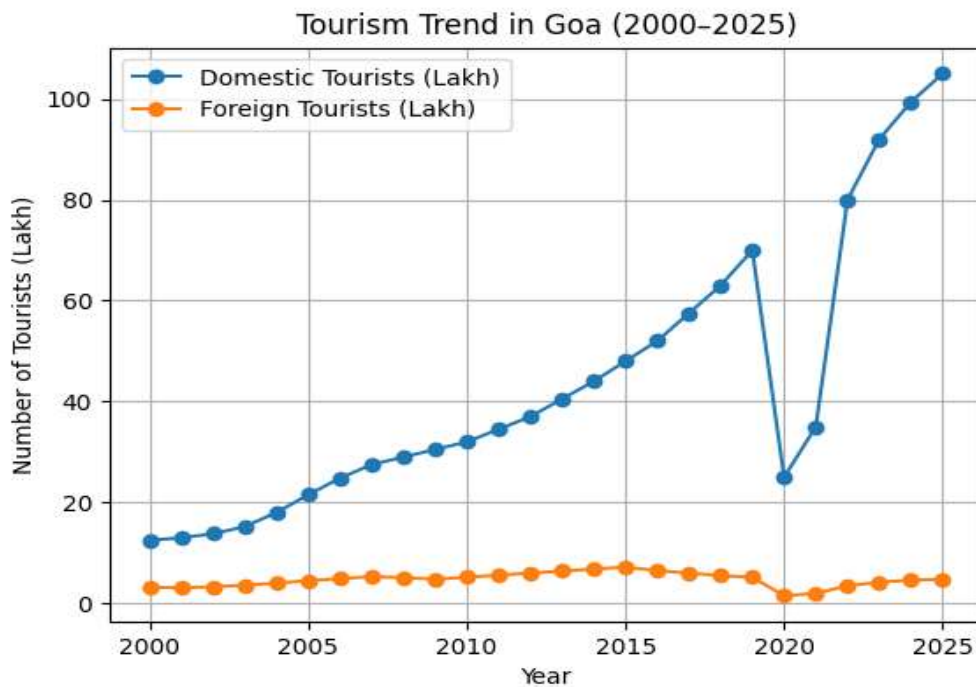
The use of secondary data ensures comprehensive coverage and enables longitudinal analysis without the constraints of primary data collection.

4.5 Analytical Framework

The study develops a conceptual framework linking key factors such as environmental degradation, declining destination competitiveness, changing tourist preferences, and increasing global competition to the decline in international tourism in Goa. These factors are further associated with economic outcomes such as employment, income generation, and foreign exchange earnings. This integrated framework facilitates a comprehensive understanding of the causes and economic implications of tourism decline.

5. Trend Analysis of Tourism in Goa

Figure 1: Trend Analysis of Domestic and Foreign Tourist Arrivals in Goa (2000–2025).



Source: Ministry of Tourism, Government of India (India Tourism Data Compendium, various years); Goa Tourism Department; compiled by the author

The data presented in the above graph illustrates the trend of domestic and foreign tourist arrivals in Goa from 2000 to 2025. Domestic visitor numbers rose steadily and significantly from 12.5 lakh visitors in the year 2000 to 105 lakh in 2025. On the other hand, International visitor numbers grew at an extremely slow rate from 3.2 lakh visitors in 2000 to only 4.8 lakh visitors in 2025; however there were numerous fluctuations throughout the time frame.

Between 2000 and 2019 both domestic and international visitor numbers gradually increased indicating the growth in popularity of Goa as a tourist destination.

In addition, a drastic decline was seen in 2020, when domestic visitor numbers plummeted from 70 lakh to 25 lakh and international visitor numbers dropped from 5.2 lakh to 1.5 lakh due to the COVID-19 pandemic that affected all forms of travel and tourism globally.

The data indicates a rapid recovery post-COVID-19 especially regarding domestic tourism which quickly regained lost ground reaching 105 lakh visitors in 2025. Conversely, foreign tourist arrival numbers are recovering at a slower rate than previously indicated and remain below previous levels.

Therefore, the trends demonstrate a major paradigm shift in Goa's tourism industry. Specifically, it demonstrates how domestic tourism has moved ahead of international tourism as the primary form of tourism in terms of size but also lower value per visit. Therefore, this shift has large implications on how Goa generates revenue and ultimately sustains its tourism business model going forward.

6. Causes of Decline in Tourism

Goa's decline in international tourism is caused by a combination of factors. One of the main reasons for this decline in Goa's international tourist demand is that accommodation and food costs are rising together with transport costs which has reduced the affordability of traveling to Goa compared to other destinations worldwide.

Another main reason for the decline in international tourists visiting Goa is the level of global competition from destinations such as Thailand, Bali and Vietnam. This competition has resulted in demand substitution as these three destinations offer better infrastructure than Goa and more economically visible tour options. Demand constraints have also contributed to the decline of tourist demand at Goa, as the massive growth of tourism at Goa has put extreme pressure on both transport systems (roads/transportation) and public services (accommodation facilities/hospitality), leading to congestion and degradation in service quality.

Environmental damage is another key factor causing a decline in tourist demand, as pollution and crowding have negatively impacted the beauty of Goa as a destination. Changing tourist preferences have also contributed to the decline in tourist demand at Goa; many modern tourists seek sustainable experiences, less crowded experiences, and culturally immersive experiences when they travel abroad, while most tourists who have visited Goa in the past have chosen mass beach tourism.

7. Economic Impact of Tourism Decline

The decline in tourism arrivals in Goa has serious implications for its economic performance. The first key impact of this trend is that it reduces the number of job opportunities available in the area, as so many people depend either directly or indirectly on the provision of services related to tourism. The second major impact is that if there are fewer tourists coming to Goa, then they will spend less money when they get there, leading to lower levels of revenue being generated by local businesses such as hotels, restaurants, taxi drivers etc., and street sellers.

In addition to these two impacts, with each year of lower tourist numbers than the previous one, the total amount of money that can be contributed to Goa's Gross State Domestic Product (GSDP) from tourism continues to fall; thus reducing the rate at which the GSDP grows. With fewer foreign tourists arriving in Goa than previously, therefore generating lower amounts of foreign currency, the country may find itself facing greater difficulty in maintaining an adequate level of foreign currency reserves to maintain

economic stability. As Goa's economy is currently very reliant on the service industry specifically tourism, changes in demand for tourism will have adverse effects on the overall economic stability of Goa.

8. Policy Recommendations

To address the problems caused by the decrease in foreign visitors and to create a sustainable future, there are a number of policies that could be employed. First, there needs to be a greater emphasis placed on the promotion of sustainable tourism. Sustainable tourism has been defined as tourism which has a low impact on the environment, such as eco-tourism, while at the same time providing economic benefits for local communities. Therefore, it is essential to protect the natural resources, keep beaches clean, and regulate tourist activities to make Goa a desirable destination for long periods of time. Secondly, improvements in infrastructure are important for both providing a better tourist experience and increasing competition. Improvements in transportation and road networks, reduction of traffic congestion, and development of effective waste disposal systems would provide a much cleaner environment for tourists and also increase Goa's ability to compete with other international destinations.

Thirdly, consideration of price regulation and cost control are also needed to prevent prices from becoming unaffordable for many foreign tourists. By setting reasonable prices for accommodations, transportation, and service providers; Goa can attract a larger number of foreign tourists. Fourthly, Goa needs to diversify its tourism product. For example, instead of just focusing on beach tourism, Goa should try to develop more cultural, heritage, rural and eco-tourist attractions. The diversity of tourism products available in Goa will allow it to attract a wider variety of tourists and reduce dependence on just one type of tourist attraction.

Finally, both strategic marketing and branding are necessary. Goa needs to change how it positions itself internationally. It currently positioned itself as a mass tourist destination and now needs to position itself as a destination offering quality experiences and being environmentally friendly. A well-planned global marketing campaign will assist in restoring the reputation of Goa as a competitive destination within the international tourist market.

9. Conclusion

A trend analysis of tourism in Goa reveals that although there was no decline in total volume of tourists to Goa; however, the nature of tourism has undergone significant structural changes. Domestic tourism in Goa has experienced exponential growth whereas international tourist visits have declined resulting into imbalance in the tourism mix. These changes are symptomatic of larger issues which include cost increases, growing global competitiveness, pressure on environment and evolving tourist behavior patterns.

This study indicated that Goa is likely to reach the stage of maturity of TALC model and subsequently undergoes slow down and loss of competitive edge. In addition to these stages there exists an opportunity to intervene strategically and revitalize the tourism industry in order to create long term sustainability and economic resilience of tourism in Goa. It is important for Goa to evolve from quantity driven tourism to quality oriented and sustainable tourism development. Diversifying the products offered by tourism stakeholders in the State, improving the tourism infrastructure, conserving natural resources and implementing policies effectively will help to revive Goa's status as a globally competitive destination.

Finally, a holistic approach that combines economic growth with sustainable development and competitiveness is needed to shape the future direction of the tourism sector in Goa.

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