

# Tourism Industry Expansion in Odisha: Economic Impact and Future Prospects

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## Abstract:

Tourism has grown rapidly in the last few decades and become a major contributor to the global economy. It is now one of the fastest-growing industries, with business activity in tourism matching or even surpassing industries like oil, food, and cars. In Odisha, tourism is very important to the state's economy, making up about 13% of its GDP(2023-24). The Odisha government has worked hard to create a business-friendly environment by introducing reforms to improve how easy it is to do business. A key initiative is the award-winning Single Window System (Go SWIFT), which helps speed up investment proposals by removing the need for in- person meetings. These efforts have helped boost Odisha's economy and made tourism a key driver of the state's growth.

The tourism industry in Odisha is seen as a promising part of the service sector, but creating a successful tourism strategy is still a challenge. Even though Odisha has great potential for tourism due to its location, the number of foreign tourists visiting has not increased much, and domestic tourism has also decreased. ~~It~~ hasn't had a big impact on Odisha's economy. Although more tourist spots are being developed, the tourism sector still falls behind other industries like manufacturing and trade, showing that more focus and development are needed.

This research looks at the economic impact of tourism in Odisha. To get a complete understanding, the study used secondary data sources. Information was gathered from books, national and international articles, and reports from the Tourism Departments of both the Government of India and Odisha and publications by the Odisha Tourism Development Corporation (OTDC).

Keywords: - Tourism Industry, Economic Growth, International and Domestic Tourist

## Introduction:

Tourism used to be seen as travelling for recreation, but today it includes any travel outside of one's regular living or working area. In the past, people mainly travelled for business, religious purposes, or sometimes for leisure. Now, with rising incomes, more people can afford to visit new places for different types of enjoyment. Many countries like Thailand, the Maldives, the Philippines, Nepal, Singapore, and Malaysia depend a lot on tourism for their economies, and Switzerland also earns a lot of money from it. India's share in the global tourism market is growing steadily, with the government taking strong steps to support and develop the sector.

Tourism plays a vital role in connecting people and places around the world, linking economies at

different stages of development. It encourages global competition, improves service quality, and can promote political stability and social progress. The sector helps economies grow by driving consumer spending, creating jobs, and boosting industries like banking, telecom, infrastructure, and IT. Business travel, in particular, helps develop physical infrastructure and sets global service standards. Tourism accounted for 11% of global employment, with around 160 million people working in the industry by 2018. Despite the fast growth of tourism worldwide, India, especially Odisha, has not fully tapped into its economic potential, creating a research gap that needs further study.

Odisha is India's gateway to its rich history and vibrant culture. The state is known for its beautiful natural landscapes, historic monuments, clean beaches, lush forests, tall mountains, diverse wildlife, stunning waterfalls, and unique handicrafts. It also boasts famous classical and folk dances. All of this, combined with the warm and friendly nature of its people, makes Odisha one of India's top tourist destinations. Understanding the importance of tourism, the Government of Odisha has made it a key focus area and is working to promote and develop the sector through the Department of Tourism. In 2023-24, Odisha welcomed an impressive 1,00,14,175 tourists, highlighting its growing popularity as a travel destination.

Tourism is a labour-intensive industry, where every 1 million rupees invested creates 89 jobs, much more than the 45 jobs in the primary sector and 13 jobs in the secondary sector. The tourism sector also generates about three indirect jobs for every direct job. Although it's hard to measure the exact number of jobs, especially indirect ones, the growth of tourism boosts the local economy by helping money, including foreign exchange, flow through the "trickle-down effect." Odisha has great untapped potential in the tourism sector.

## Objectives:

- To evaluate the trends and patterns of both domestic and international tourist arrivals in Odisha.
- To assess the economic contribution of the tourism industry to the state's economy.
- To identify the current challenges faced by the state's tourism industry and propose recommendations to address these issues.

Odisha is an attractive tourist destination, both for Indian and international visitors. The Government of Odisha, along with non-governmental organizations, is working to develop lesser-known and underdeveloped tourist spots to draw more visitors to the state. The tourism sector has significant potential to provide employment in both the organized and unorganized sectors, as well as contribute to foreign exchange generation. The ratio of indirect to direct jobs in Odisha is 3:1. Being a labour-intensive sector, tourism plays a crucial role in generating employment, income, and foreign exchange, which positively impacts the state's economy.

## A- Tourist Visits during 2023

Domestic	Foreign	Total %	Change
9725184	45173	9770357	23.83

Source: Statistical Bulletin, 2023 (Government of Tourism, Government of Odisha)

The number of tourist visits in 2023 has increased by 23.83% compared to the previous year. This table

indicates tourism growth, especially in the domestic sector, contributing to the overall increase in tourism in Odisha.

## B-Seasonal Pattern of Tourist Visits during 2023

Peak Season	Domestic	Foreign	Total
(January-March and October- December)	5059711	31766	5091477
Lean Season	Domestic	Foreign	Total
(April-September)	4665473	13407	4678880
Total	9725184	45173	9770357

Source: Statistical Bulletin,2023(Government of Tourism, Government of Odisha)

This breakdown shows that Odisha experiences a significant increase in tourists during the peak seasons, with domestic tourism contributing most to the overall numbers, while the lean season sees a dip in both domestic and foreign visitors.

## C-Tourist Generating Areas during 2023:

The highest number of foreign tourists visiting Odisha in 2023 came from the **USA**. This indicates that Odisha is attracting a significant number of visitors from the United States, highlighting the state's appeal to international travellers, particularly those from North America.

For domestic tourism, the highest number of visitors came from **West Bengal**. This suggests that Odisha is a popular destination for tourists from the neighbouring state of West Bengal, likely due to its proximity, cultural similarities, and tourist-friendly attractions.

## D-Monthly Tourist inflow during 2023

	Maximum	Minimum
Domestic	December:1023457	May :684708
Foreign	October:5864	May:1398

Source: Statistical Bulletin,2023(Government of Tourism, Government of Odisha)

Domestic Tourism shows a peak in December, likely due to the end-of-year holidays, and a dip in May, possibly due to weather conditions or other factors affecting travel. Foreign Tourism peaks in October, while it is at its lowest in May, which may be a result of travel seasonality. These trends highlight the seasonal nature of both domestic and foreign tourism in Odisha, with peaks often occurring during favourable weather months or holidays.

## E. Foreign Tourist Arrival during 2023 (Odisha vis-a-vis India)

India	Odisha	Share
9236108	45173	0.49

Source: Statistical Bulletin,2023(Government of Tourism, Government of Odisha)

While Odisha contributes a small fraction (0.49%) to the overall foreign tourist arrivals in India. This share indicates that while Odisha's foreign tourism sector is growing, it still has a long way to go in terms of attracting a larger portion of India's total foreign tourist traffic.

## F- The inflow of Money through Tourist Spending (Expenditure) in Odisha during 2023 (Rs. in Crore)

Domestic	Foreign	Total
9682.64	188.29	9870.93

Source: Statistical Bulletin,2023(Government of Tourism, Government of Odisha)

The bulk of the spending comes from domestic tourists, contributing ₹9,682.64 crore, which is approximately 98% of the total tourism expenditure in Odisha for 2023. Expenditure from foreign tourists is relatively small but still significant, contributing ₹188.29 crore, which accounts for about 2% of the total. The total expenditure in 2023, ₹9,870.93 crore, reflects a healthy recovery in Odisha's tourism industry following the impact of the COVID-19 pandemic, with both domestic and foreign tourism showing positive trends compared to previous years. Domestic tourism continues to be the major contributor to the state's tourism revenue, while foreign tourism has a smaller, though growing, role.

## G-Inflow of Money through Tourist Spending (expenditure) in Odisha (Rs. in Crores)

Year	From Domestic Tourist			From Foreign Tourist	Grand Total
	Odisha	Other States/ UT	Total		
2019	9144.07	6096.60	15240.67	479.87	15720.54
2020	2761.07	1840.98	4602.05	42.54	4644.59
2021	2235.32	1490.53	3725.85	9.46	3735.31
2022	4699.79	3133.69	7838.48	92.20	7925.68
2023	5809.29	3873.35	9682.64	188.29	9870.93

Source: Statistical Bulletin,2023(Government of Tourism, Government of Odisha)

In 2019 the total expenditure was ₹15,720.54 crores, with a significant portion (₹15,240.67 crores) coming from domestic tourists (both from Odisha and other states/UTs). Foreign tourist expenditure was ₹479.87 crores. There was a sharp drop in total expenditure, falling to ₹4,644.59 crores due to the COVID-19 pandemic in 2020 and 2021. A significant recovery was observed in 2022, with the total expenditure rising to ₹7,925.68 crores. Domestic tourist spending was ₹7,838.48 crores, and foreign tourist spending increased to ₹92.20 crores. Expenditure continued to rise in 2023.

Domestic tourism contributes the majority of the total expenditure each year. The spending from domestic tourists from both Odisha and other states fluctuates but shows an upward trend in 2022 and

2023 after the pandemic years (2020 and 2021).

Foreign tourist spending saw a significant drop in 2020 and 2021 due to the global travel restrictions from the pandemic. But recovered in 2022 and 2023.

The data indicates that Odisha's tourism industry is recovering post-pandemic, with domestic tourism leading the way. The gradual increase in foreign tourism spending in 2022 and 2023 is a positive sign, though domestic tourists remain the primary contributors to the state's tourism economy. The year-over-year recovery in tourism expenditure shows a promising trend for the future of Odisha's tourism sector.

The Odisha Tourism Policy 2022 was launched to promote balanced development in tourism by creating the necessary infrastructure and boosting its promotion. This new policy replaces the Tourism Policy 2016 and focuses on sustainable and responsible tourism to create employment opportunities. The policy aims to position Odisha as a top destination for Meetings, Incentives, Conferences & Exhibitions (MICE), wellness, health, and sports tourism in India. It also strives to introduce innovative tourism products that can attract year-round visitors and attract private investors to the state.

To achieve these goals, the Department of Tourism (DoT) facilitates private sector investments, provides incentives for new tourism projects, and creates a land bank in tourism potential areas through the Odisha Industrial Development Corporation (IDCO). Additionally, the policy focuses on human resource development through capacity-building programs and stakeholder sensitization. The policy also strengthens the Odisha Tourism Development Corporation (OTDC) to enhance its effectiveness in developing, operating, and marketing tourism products. Financial and non-financial incentives are offered to attract private investment and encourage the establishment or expansion of tourism ventures.

## CONCLUSION:

Based on the analysis of tourist interest and responses, several key suggestions have emerged to improve the sustainability of the tourism sector. The government and private agencies should focus on promoting various media channels like family and friends, newspapers, magazines, travel e-brochures, TV, internet, radio, tourist fairs, books and guides, and other media platforms to increase awareness. Medical tourism, business tourism, and religious tourism should be emphasized more to attract a diverse range of visitors. Additionally, more destinations in districts like Mayurbhanj, Sundergarh, Bramhagiri, Bhitarkanika, Kapilash, and other places declared by OTDC should be clearly defined and promoted. Further attention should be given to improving network connectivity, evaluating the cost-value differences, and enhancing the quality of service and accommodations to ensure a better experience for tourists.

To enhance the state's tourism appeal while offering world-class experiences to attract visitors, the Department of Tourism has developed strategies to improve infrastructure and services. The involvement of the private sector is essential for developing iconic tourism sites, creating unique offerings, boosting the hospitality industry, and promoting local economic growth. The strategy focuses on building the necessary infrastructure to attract investments, hosting events to showcase Odisha as a top tourism destination, and implementing operational and administrative improvements within the Department. For the fiscal year 2024-25, a budget of Rs. 800.00 Cr has been allocated. During 2023-24, the plan emphasized key areas such as completing ongoing projects, promoting Odisha through national and international advertising campaigns, creating an environment that attracts private sector investments through strategic policies, and revamping the Tourism Department to increase its vibrancy, operational efficiency, social responsibility, and financial transparency.

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