

# Economic significance of tourism

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Its high growth and development rates, considerable volumes of foreign currency inflows, infrastructure development, and introduction of new management and educational experience actively affect various sectors of economy, which positively contribute to the social and economic development of the country as a whole. According to recent statistics, tourism provides about 10% of the world's income and employs almost one tenth of the world's workforce.

All considered, tourism's actual and potential economic impact is astounding. Many people emphasize the positive aspects of tourism as a source of foreign exchange, a way to balance foreign trade. But there are also a number of other positive and negative sides of tourism's economic boom for local communities. **DEFINITION OF TOURISM** Tourism is an activity done by an individual or a group of individuals, which leads to a motion from a place to another.

From a country to another for performing a specific task or it is a visit to a place or several places in the purpose of entertaining which leads to an awareness of other civilizations and cultures, also increasing the knowledge of countries, cultures, and history. Tourism has a direct impact on the national revenue for all tourists countries, it creates work opportunities, industries, and several investments to serve and raise nations performance and cultures, also austerities their history, civilization, and traditions.

As a result, the host country now has more foreign currency to spend on its own needs, such as providing better medical and educational facilities, and/or stimulating general economic development etc. At the same time, in

balance of payments terms, tourism expenditure is viewed as being equivalent to export income for traveler-receiving countries, e.g. Thailand and Indonesia. Conversely, tourism expenditure amounts to an import cost for visitor-generating countries.

4) Employment Tourism creates employment. These jobs are available primarily in accommodation sectors (e.g. Hotels), with travel intermediaries (travel agents, tour operators) supplying services, restaurants, shops selling discretionary goods and travel enterprises. The tourist industry is a highly labor-intensive service industry and hence is a valuable source of employment.

5) Tourism income multiplier (TIM) The expansion of a country's money supply that results from banks being able to lend. The size of the multiplier effect depends on the percentage of deposits that banks are required to hold as reserves. In other words, it is money used to create more money and is calculated by dividing total bank deposits by the reserve requirement.

6) Regional development The under developed regions of the country can greatly benefit from tourism development. Many of the economically backward regions contain areas of high scenic beauty and of cultural attractions. These areas, if developed for use by tourists, can bring a lot of prosperity to the local people. Tourist expenditure at a particular tourist area greatly helps in development of the areas around it.

7) Cultural resources The first appearance of tourism in the world had cultural motivation, and tourism has always stood as a unique vehicle for the cultural propagation that is necessary to a deeper understanding of people.

Tourism stands for the possibility of communication between differing civilizations. Even today we can witness large masses of people traveling to

foreign countries to become acquainted with the usages and customs, to visit the museums and to admire the effects of art. 8) International understanding Tourism can be a vehicle for international understanding by way of bringing diverse people face to face. Tourism has been a prime means of developing social and cultural understanding among all people of the world.

People belonging to different Countries, practicing different lifestyles and speaking different languages come together to make friends. CONCLUSION Tourism does not only an economic activity of importance in as much as it earns the country the foreign exchange. It is an important medium of social and cultural development and also of promoting lasting goodwill and friendship among the nations of the world. It also helps in the regional development of the country and an act has a means of social education and better understanding among the people in different regions of the country.