



Investigating the Hotel Sector's Contribution to India's Economic Modernization



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ABSTRACT

India's hotel industry has emerged as a significant contributor to the nation's economic transformation in recent years. This sector boasts impressive growth across the country, often intertwined with the success of the tourism industry. Recognized as a top ten economic sector in India, hospitality has attracted substantial foreign direct investment (FDI) exceeding US\$9.2 billion.

Fueled by a projected annual growth rate of 8.2%, India's travel and tourism industry is poised to become the world's third-largest. This translates to significant job creation, with estimates suggesting an increase from 10% to 10.4% of the total workforce by 2020. The industry itself is a fascinating mix, with the unorganized sector accounting for a significant portion (70% or US\$11.85 billion) compared to the organized sector (30% or US\$5.08 billion) according to the Economic Survey of India.

This growth is further amplified by a surge in tourist arrivals, both domestic and

international. From a mere 2.6 million international visitors in 2000, India has witnessed a remarkable rise to over 5 million by 2009. This sustained growth in tourism directly benefits the hotel industry, creating a positive feedback loop.

This exploratory study delves into the Indian hotel industry, analyzing its contributions to the economy in the wake of various economic reforms. The research objectives are twofold: to assess the performance of the industry and to identify any existing challenges. Utilizing secondary data sources, the study reveals a significant improvement in operational performance indicators like revenue, coupled with a decrease in national departmental expenses. This suggests that the Indian hotel sector is undoubtedly entering a new phase of growth. The onus now lies on industry players to capitalize on this momentum and maximize its potential.

KEYWORDS: Hospitality Industry, Economic Reforms, Tourism, Performance, Challenges

