

## **NEXUS BETWEEN TOURISM AND ECONOMIC GROWTH: EMPIRICAL EVIDENCE FROM ODISHA, INDIA**

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***Abstract:** In view of the importance of tourism as an instrument for economic growth and employment generation, this paper is an effort to examine the nexus between tourism and economic growth in Odisha during 1990-91 and 2013-14; specifically the aim is to examine the tourism-led growth hypothesis at the state level. The study provides the empirical evidence of the existence of long-run equilibrium relationship between tourism and economic growth in the State. Precisely, it provides the evidence of stable, significant and positive response of tourism to economic growth. This finding is important from policy perspective. The State government is required to priority to the promotion of tourism so as to lead a stable and inclusive growth of Odisha.*

***Keywords:** Tourism, Economic Growth, Odisha, Cointegration, FMOLS*

***JEL Classification:** L83, Z32, Z39*

### **1. INTRODUCTION**

Since last few decades, it has been the consensus that the so-called smokeless industry – tourism has the potential to strengthen the socio-cultural and political economy of a nation and to forge the bonds of international and inter-regional relationships (Richardson, 2010; Gill & Singh, 2011; Gill & Singh, 2013). Tourism has recently, emerged as one of the economic sectors best able to address the issues of spreading the benefits of inclusive and sustainable growth by creating jobs, and raising living standards of poor people, in particular and of nations at large (Ashley, 2007; Mishra *et al.* 2011; Pleumarom, 2012; Mishra & Rout, 2012-13; Munshi & Mishra, 2016). Tourism today is one of the most promising and viable options for global development. Tourism is increasingly a major, if not the main, source of growth, employment, income and revenue for many of the world’s developing countries (Roe & Khanya, 2001; Sireyjol, 2010; ILO 2013). The sector is currently

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