# Tourism: Do not neglect a sector offering high economic rewards

*Our failure to tap the potential of tourism as a boost for GDP and employment growth needs reversal. Start with the budget*

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**SUDIPTO MUNDLE**
is chairman, Centre for Development Studies.

Perhaps the most intractable economic problem facing Indian policymakers today is how to translate India's high GDP growth into high employment growth. One clear message from the reduced BJP share of seats in Parliament, especially its reduced share from Uttar Pradesh, is voter frustration with the lack of opportunities for proper employment and decent livelihoods. Yet, curiously, the dominant policy debates are all about maximizing GDP growth, with little attention paid to accelerating employment growth. Our economic strategy lens needs to change, focusing on employment growth alongside GDP growth.

In the early years of planned development, the emphasis was on heavy industries producing capital goods. Consumer goods industries were given short shrift. Later, when the consequences of neglecting agriculture caught up with us during the food crisis of the mid-1960s, attention shifted to agriculture and the Green Revolution. After the foreign-exchange crisis of 1991, attention shifted again, this time to structural adjustment reforms, mainly in industry and trade policy, as well as fiscal policy. But all these shifts in policy were driven by concerns about growth of output, never by the need to optimize employment growth. The implicit assumption was that if output growth was high, high employment growth would follow. Unfortunately, that did not happen.

If we can now shift our focus from output growth alone to optimizing growth of output and employment, looking at the comparative advantage of sectors through this bi-focal lens, the relative importance of sectors would look very different.

It is in this context that I will make a pitch in this column for tourism and allied activities. This sector has never been considered to have much economic significance, but in fact it has enormous potential that remains mostly unexploited.

India is the fifth largest economy in the world, expected to soon become the third largest. However, it is ranked 39th in the latest World Economic Forum global tourism ranking, with a share of only 1.6% in global tourism income. The share of tourism in the economy is a negligible 0.9%, down from 2.7% in 2019-20; tourism was one of the worst affected sectors in the pandemic. However, it is a very employment-intensive sector. The 2022-23 Periodic Labour Force Survey (PLFS) indicates that its share in employment is 5.5%: i.e., more than five times its share in GDP. Also, tourism has strong linkages with allied sectors in terms of both output and employment. Thus, compared to its 0.9% direct share of GDP, the combined direct and indirect share is 1.8%. Similarly, its direct plus indirect share in total employment, estimated at 76 million persons, is 12.6%, well above its direct share of 5.5% (PLFS 2022-23).

This is the core of the sector's potential significance. If the direct GDP share of tourism could be restored to its pre-pandemic level of 2.7% of GDP in, say, the next 3 years, then the total share of tourism plus allied activities would be back up to 5.4% The volume of direct plus indirect employment of the sector would then go up 95 million. If that direct GDP share could be further raised to 5.4%, double the pre-pandemic level, in another three years, then by the end of this decade, the tourism sector could be providing total employment of 195 million. These are not small numbers. Yet, such goals are achievable.

To address the scepticism in policy circles about the possible role of tourism in optimizing both GDP and employment growth, it is useful to look around the world at what it has contributed elsewhere. This column has been inspired by what I am seeing in our sojourn through southeastern Europe, how these countries have leveraged their historical legacies and natural features to maximize tourism revenue and employment. To take just one example, in a small country of less than 4 million persons like Croatia, which has reached a per capita income level of $23,000, the services sector accounts for as much as 61% of its GDP while tourism alone accounts for 20%, higher than the share of all industry. This is despite its limited tourism asset, a large Adriatic coastline,

which is no comparison for India's vast coastline, the Himalayas and southern hills, apart from its many game parks, cultural assets, heritage sites and innumerable sites for religious tourism.

Sceptics may still dismiss the potential of the sector in India, arguing that its role in a small country like Croatia is of little relevance to India. However, in China, the manufacturing hub of the world and an economy about five times the size of India's, tourism contributes 11% of its GDP today, as it did before the pandemic. So the real reason for the unimportance of tourism in India is neither its size nor lack of potential. Instead, it is a policy failure from the beginning to recognize the potential of the sector in helping optimize both GDP and employment and also earn scarce foreign exchange.

But taking tourism seriously will require not only a whole mindset change among policymakers, but also resources and incentives to put a suitable tourism ecosystem in place, from travel options to hotels to efficient high-quality services at tourism sites. Hopefully, in her forthcoming budget, India's finance minister will make a break with the past and provide adequate resources as well as incentives to accelerate the growth of this sector. The payoff in terms of output and employment growth as well as extra forex earnings would be well worth the initiative.

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The share of tourism in India's economy is a negligible 0.9%, while its share in employment according to the 2022-23 PLFS is an impressive 5.5%, more than five times its tiny slice of GDP.

India's challenge today goes beyond raising overall output and policymakers must recognize the tourism sector's high potential for generating jobs as well as economic growth.

# Failure doesn't breed success as a rule but as an exception

*Those who learn from it are the brave few who can face reality*



**FAYE D. FLAM**
is a Bloomberg Opinion columnist covering science.

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Failure studies constitute the latest 'dismal science,' as economics was once called

A new scientific paper on failure may have succeeded in offering the most depressing opening line in the history of scientific papers: "Is there anything failure does not ruin? It destroys reputations, careers, and families; economic prospects, political prospects, and social ones." That's perhaps a useful corrective to all the graduation speakers, motivational gurus, and TED-talk-giving experts who glibly recount how they persisted, failure after failure, on the way to success. It's easy to forget that many more people fail at least as many times and never achieve their goal. There are many more frustrated authors than best-selling ones, failed entrepreneurs than self-made billionaires, and actor-baristas than *bona fide* movie stars. But it may not be quite as depressing as the new paper suggests. There are some subcategories of failure that do seem to spawn success, and there are ways of responding to failure that can improve your prospects.

The important finding in the paper, published in the *Journal of Experimental Psychology: General*, is that people tend to overestimate how easy it is for others to overcome failures—like failing a test or overcoming addiction. "Our goal was to better understand resilience and what gets into people's way," said lead author Lauren Eskreis-Winkler of Northwestern University's Kellogg School of Management. Her results indicate that we overestimate how much people learn from failure.

One experiment used a language-learning game in which people got feedback when they chose the wrong answer. Those who paid attention to feedback improved. But fewer than participants expected.

Resilient people are those who are willing to look failure in the eye, she said. But such people are rare because looking squarely at our failures makes us feel bad about ourselves.

People also tend to overestimate the role of willpower in overcoming failure. There's a long history of attributing addiction to a failure of will, for example. Scientists have now come to see addiction as a disease. To recover, people need more than determination—they need medical help. Eskreis-Winkler said that by debunking myths about the ease of success after failure, the researchers were able to convince study subjects to support programmes to help people avoid relapse.

But perhaps not all failures are the same. Another scholar at Kellogg, Dashun Wang, found that in some cases, certain kinds of failures do propel people to success. Falling short can help when a competition is fierce

and those who are near-miss losers are indistinguishable in skills and qualifications from the close winners.

In a 2019 paper published in *Nature Communications*, Wang looked specifically at data on more than 700,000 scientists applying for grant money from the US National Institutes of Health. He got data from the NIH on whose proposals were close to the cutoff: by-a-whisker winners and losers. And Wang found that in subsequent years, the scientists who nearly missed were more successful than those who squeaked out a victory. One explanation might be that near misses were more motivated to work harder and address their weaknesses, while the winners were more complacent. Perhaps, he said, there's an ideal dosage of failure. (Moreover, everyone gets feedback on their grant proposals, whether they're accepted or rejected.)

And of course, once you've failed, your chances of success are zero if you don't try again. So an important consideration is whether it's worth your time and effort to study harder for that bar exam or whether you're more likely to find success in some other career path.

Eskreis-Winkler emphasized that people fail repeatedly because they don't accept feedback—they don't look failure in the face.

You're more likely to get good feedback from people you already work with than people who want to hire you. These days, employers think it's okay to ghost candidates who put hours into applications or interviews. Unsolicited manuscripts rarely get a response. Failed auditions might get only vague comments about a "lack of fit" or "going in a different direction."

The problem is that the gatekeepers who make these decisions don't benefit from putting in the extra effort to tell failed applicants what they didn't like. For useful career feedback, what you need are collaborators or employers who are invested in your success.

So failure can lead to success, indeed, but only under the right circumstances. Life is more complicated than most motivational speakers make it sound, but if we come back to the question posed at the opening of the new academic paper—"Is there anything failure does not ruin?"—the answer is probably 'yes.'

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# A thin line separates deepfake satire from defamation

ANUSHKA SHARDA & MADHAV KHOSLA



are, respectively, partner and principal associate at Khaitan & Co.

Satire has long been accepted as a legitimate form of free speech, not constituting defamation. However, with the advent of deepfakes created by using Generative AI tools, whether content is parody or defamation is not limited to only the question of what is said, but now includes the question of whether the viewer can reasonably tell who said it.

Several public figures in India have recently been the subject of deepfakes, some of which were widely circulated on social media. While morphed images are not a new phenomenon, deepfakes created by artificial intelligence (AI) are distinguished by a much higher degree of realism. As AI—and deepfakes in particular—go mainstream across online platforms, the question of how these technologies affect our legal obligations assumes greater salient.

The Delhi high court recently examined the use of non-consensual deepfakes in the matter of *Anil Kapoor vs Simply Life India & Others*. The Hindi film actor Anil Kapoor

had approached the Delhi high court against the misuse of his image, name, voice and persona without his consent.

The Delhi high court observed that tools like AI have made it possible for unauthorized users to use the visual and audio data of any person to create deepfakes. The court held that Anil Kapoor's likeness, image, persona, etc, all deserve to be protected under intellectual property law, and therefore users cannot create deepfakes without consent for their own commercial purposes. The court also observed that the legal protection accorded to free-speech referring to public figures includes satire within its ambit, but does not include speech that jeopardizes the "individual's personality" or "attributes associated with (them)..."

Television journalist Rajat Sharma has also approached the Delhi high court seeking directions for access to be blocked to software applications that enable their creation. The Delhi high court will consider this case further in July 2024.

*Satire versus defamation in the world of deepfakes*: While the Delhi high court's decision in the *Anil Kapoor* case does provide a Lakshman Rekha, or red line on what

is acceptable, the question of how deepfakes interact with the law of defamation remains open. Defamation, under civil law, has two aspects: first, the publication of content in any medium, and second, the content that is thus placed in the public domain is found to lower the reputation of its subject.

One line of defence against defamation is that it qualifies as 'fair comment,' which typically includes forms of satire, parody or mimicry, depending on the specific statements made and context in which the content is published. The same standards cannot be directly applied to deepfakes.

In the case of satirical drawings and depictions in film or text of an individual, a fair-minded viewer or reader is aware that the content in question did not actually originate from the subject of the satire. However, recent research suggests even fair-minded people may have difficulty determining whether

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There's often a thin line between deepfake satire and defamation and discerning the difference has been made harder by AI generated video clips that could be mistaken as real depictions.

While India is a jurisdiction that sees a legitimate public interest in satire, satirists are advised to issue clear disclaimers that could shield them from the law against damaging people's reputations.

statements or actions are attributable to the subject of a deepfake.

However, if a deepfake creates the illusion that its subject has said or done something that would harm the person's reputation, it would arguably no longer qualify as an opinion or satire. Defamation may arise not only from the content of such a deepfake, but also from the mis-attribution of words and actions to the person depicted. Celebrities famous for promoting a healthy lifestyle or green causes could have their reputation harmed by deepfakes that depict them discussing a love for junk-food, for example, or flying on a private jet. These situations appear to fall outside the ambit of protected satire recognized by the Delhi high court in the *Anil Kapoor* case.

*Balanced use of deepfakes for the creation of satire*: While several jurisdictions, including India, see a legitimate public interest in satire, the obvious signs that usually lead an audience

to conclude that the content they're consuming is satirical are likely to be missing in hyper-realistic deepfakes. The use of disclaimers on deepfakes, however, can mitigate the risk that a viewer will be misled into taking the content as genuine.

The EU now requires AI-generated content, including deepfakes, to be labelled as such. A similar measure is included in advisories issued by India's ministry of electronics and information technology on 1 March and 15 March 2024.

Indian courts have held that even where content does not, from its context, appear to be defamatory, a disclaimer indicating that the content is satire may usefully safeguard the rights of all parties.

As deepfakes gain in sophistication and become increasingly likely to pass for genuine material capturing reality, content that is meant to parody rather than deceive may still be defamatory. Clear warnings that such satirical content is generated using AI, and that it does not actually seek to depict real-life events, could help manage viewer expectations and reduce the likelihood of unintended defamation charges and their penal consequences.

*Hardik Malik, associate at Khaitan & Co, contributed to this article.*