

Tourism and Hospitality Development in Arunachal Pradesh: A Case Study of the Bomdila–Tawang Tourist Circuit

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[Abstract] The hospitality and tourism industry has emerged as one of the fastest-growing sectors worldwide, accounting for nearly 10% of global employment. According to WTTC reports, in 2024 the sector contributed 10% to global GDP, totaling US\$10.9 trillion. This includes direct, indirect, and induced impacts, compared to 10.4% of global GDP in 2019. In India, travel and tourism contributed 5% of GDP in 2023, attracting millions of visitors to its 43 UNESCO World Heritage Sites.

Arunachal Pradesh, located in India's easternmost region and often referred to as the "Orchid State of India," is notable for its rich biodiversity, unique topography, and cultural diversity. These features, combined with its historical monuments and traditional events, give the state significant tourism potential. The Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit, the most popular and oldest in Arunachal Pradesh, offers stunning landscapes, panoramic mountain views, and serene villages, making it a distinctive and thrilling destination. The circuit is home to Asia's second-largest monastery in Tawang, over 200 species of orchids, and breathtaking views of snow-capped peaks and lush valleys that attract travelers for both adventure and leisure.

India's tourism and hospitality industry is thus emerging as a key driver of growth in the services sector. In this context, the present study examines recent trends in the hospitality and tourism industry of the Tezpur–Bhalukpong–Bomdila–Tawang circuit to assess its market potential and forecast future growth. Regression trend analysis and compound annual growth rate (CAGR) were applied to predict future trends and measure long-term expansion. In addition, the Granger causality test was used to analyze the relationship between tourism and economic growth in India.

[Keywords] hospitality industry, accommodation, trend analysis, granger causality test, attractions, and tourist circuit

Introduction

Tourism and hospitality are today emerging as a leading sector in the world and have proved to be an engine of growth in many countries (Miluwi, 2014). Tourism encompasses a wide range of industries, including accommodation, transportation, food and beverage services, retail, cultural activities, and sports and recreation. Collectively, these sectors provide employment to millions of people globally. Today, they contribute a 10% share to global GDP, totaling US\$10.9 trillion (WTTC, 2024). Foreign Tourist Arrivals (FTAs) in India have witnessed substantial growth over the decades, peaking at 10.93 million in 2019 prior to the onset of the COVID-19 pandemic.

Although the pandemic led to a sharp decline, the sector has shown signs of recovery, with FTAs reaching 9.52 million in 2023—representing 87.09% of pre-pandemic levels and marking a 47.89% increase from 6.44 million recorded in 2022 (Ministry of Tourism, 2020). Tourism is one of the fastest-growing economic sectors with a significant impact on employment, accelerating regional development with an estimated 12.57% share of tourism-related jobs in India during

2022–23 (Ministry of Tourism, 2025). In India, travel and tourism contributed 5% of the country's GDP in 2023, attracting millions of tourists to 43 UNESCO World Heritage Sites (Ministry of Tourism, 2024). Adventure tourism in the Himalayan region, Western Ghats, and coastal regions offers trekking, river rafting, paragliding, hiking and scuba diving experiences along with wellness and medical tourism with India being a global hub for Ayurveda, Yoga, and affordable healthcare, drawing 6.9% of foreign visitors for medical purposes in 2023 are the key contributor in India's Tourism landscape (Ministry of Tourism, 2025). Under Government of India initiative "Atmanirbhar Bharat" focuses in facilitating digitalization and promoting ease of doing business for hospitality & tourism sector.

Further, tourism industry plays a crucial role in the country's economic growth. The hotel industry comprises a significant part and occupies an important role in the tourism industry. The hotel industry in India experienced slow growth before the 1980s. However, following the economic liberalization initiatives implemented during and after the 1980s, there was a notable improvement in the demand for hotels and tourism (Ingle, 2015). In the 21st century, the rise of budget-friendly tourism options, including low-cost hotels and airlines, has significantly influenced traveler preferences. Modern tourists tend to be more complex, sophisticated, and demanding, while also seeking cost-effective experiences, which poses challenges for all stakeholders within the industry to meet these evolving expectations (Lansky, 2019).

In the hospitality sector, personalized service and human interaction often hold more value than physical infrastructure. Simple gestures, such as hotel staff remembering a guest's name, can greatly enhance the customer experience. Moreover, the integration of information technology has transformed the hospitality industry, making it more competitive, sophisticated, and better positioned for long-term sustainability. Thus, understanding tourists' travel choices and patterns is important to adapt to changing traveler preferences in this rapidly evolving competitive industry. As per reports, India's tourism and hospitality industry is emerging as one of the key drivers of growth in the services sector. Arunachal Pradesh, often referred to as the "Land of Dawn-Lit Mountains," is in the easternmost part of India. It shares its borders with China to the north, Myanmar and Nagaland to the east, Assam to the south, and Bhutan to the west. Recently, Arunachal Pradesh has been bestowed with the prestigious "Leader in Offbeat Mountain Destination" award at the World Travel & Tourism Festival 2025, New Delhi, marking its growing prominence on the world travel map (TOI, 2025). Currently, Arunachal has 855 registered homestays and 250 registered hotels as per the Department of Tourism in 2024 (Dept. Tourism, 2025).

Tourist inflow and government development expenditure for the tourism sector influence both income generation and job creation possibilities (NEDFI, 2016). The Bomdila–Tawang tourist circuit, home to Asia's second-largest monastery in Tawang, rich orchid biodiversity boasting over 200 species, and stunning views of snow-capped mountains and lush green valleys, attracts numerous travelers for adventure and leisure activities. The Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit is one of the oldest tourist circuits out of the 12 approved circuits in Arunachal Pradesh. This circuit, known for its rich flora and fauna, offers an ideal combination of scenic beauty and recreational activities. It is characterized by four main recreational attributes: cultural tourism, unique topography, eco-tourism, and adventure tourism. Key attractions within the Bomdila–Tawang segment include significant religious sites such as the Tawang Monastery, Lhagyala Gonpa at Morshing, and Gorsam Chorten (Stupa). Additionally, natural landmarks like Sangestar Tso (Madhuri Lake), Sela Pass, Sangti Valley, Bumla Pass, and the Eaglenest Wildlife Sanctuary further enhance the circuit's appeal. Significantly, local communities of the Bomdila–

Tawang tourist circuit are also participating in the tourism business, driven by the pursuit of economic gains and broader socio-cultural development opportunities. To succeed in leveraging these opportunities, stakeholders need to understand and address key areas that influence tourism growth and development, sustainability, and visitor satisfaction.

Considering the above, an attempt has been made to examine the recent trends of the hospitality and tourism industry in the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit to understand the market potential and predict prospects. Regression trend analysis was used to identify the relationship between dependent and independent variables, enabling the prediction of future trends. The Compound Annual Growth Rate was also used to measure long-term growth. Furthermore, a time series analysis was applied to understand the seasonal patterns of tourist inflow in the Bomdila–Tawang tourist circuit.

This paper is a descriptive study based on empirical research conducted among tourists at important destinations in the West Kameng and Tawang districts of Arunachal Pradesh. Both primary and secondary data sources were utilized. The study employs linear trend regression analysis and Compound Annual Growth Rate (CAGR) methods to examine the absolute and compound growth of the tourism and hospitality industry in Arunachal Pradesh, with a particular focus on the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit. The study is threefold: first, it investigates a linear trend analysis of the tourism and hospitality industry for the period 2000 to 2024. Second, it studies the empirical relationship between tourism sector development and economic growth in the Bomdila–Tawang tourist circuit. Income generation and job creation for the last 10 years have been estimated using primary field survey data and secondary data with the help of the Input–Output Model (NEDFI, 2016). Third, the paper recommends possible strategic initiatives that stakeholders in the tourism and hospitality industry may adopt to boost the region's economic contribution.

Review of Literature

For the past decades, the tourism industry has been booming, benefiting the transportation, accommodation, catering, entertainment, and retail sectors (Chen, 2011). Tourism contributes jobs to the hospitality industry, and backward-linkage industries have developed in response to the industry's huge coverage (Sultana, 2016). Hospitality and tourism not only contribute to the national economy directly, but they also have important links with numerous other sectors such as agriculture, animal husbandry, handicrafts, construction, transportation, entertainment, and others (Thommandru et al, 2023). Natural factors, cultural features, recreational and shopping facilities, accessibility, infrastructure, reception, services, and cost are important determinants of tourist satisfaction at any destination (Shahrivar, 2012). The development of the hotel industry can directly influence both short-term and long-term increases in tourist inflow. Therefore, technological advancements within the hotel sector are essential to support and promote tourism growth in the region (Khanalizadeh et al, 2018).

To analyze overall trends in the number of tourist arrivals, a linear regression analysis was carried out (Perera, 2017). To analyze overall trends in tourist arrivals, linear regression analysis is widely used (Perera, 2017). A long-run unidirectional causality indicates that tourism activities drive economic growth in India (Mishra et al., 2011). A Granger causality test was applied to examine the relationship between tourism and economic growth in Nigeria for the period 1995 to 2013. The Granger causality test of the relationship between tourism earnings and economic growth indicates a positive long-term association between tourism development and economic progress in Jordan (Yusuff et al., 2015). Further, the growing demand for travel and tourism and its ability to generate more employment has proved its importance as a major sector for economic

growth and job creation. The tourism industry of the future will be directed by today's professionals who plan and transform future possibilities into a well-defined strategic vision (Moutinho & Vargas, 2018).

Objectives of the Study

The present study was conducted to identify the following objectives:

1. To analyze the overall trends of the hospitality and tourism industry in Arunachal Pradesh and Tezpur-Bhalukpong-Bomdila-Tawang tourist circuit.
2. To examine the role of hospitality and tourism industry in economic growth in the Bomdila-Tawang tourist circuit.
3. To identify and propose some of the key strategic initiatives to boost the tourism and hospitality business in the region.

Hypothesis of the Study

The following hypothesis was framed considering the above objectives:

1. The growth of the tourism and hospitality industry in Arunachal Pradesh is not significant over time.
2. There is no significant relationship between tourist inflow and economic development.

Research Methodology

This study adopts a pragmatic research approach, utilizing both primary and secondary data collected from the Department of Tourism in the West Kameng and Tawang districts of Arunachal Pradesh. To analyze the data, linear trend regression analysis was employed. Linear regression analysis is a statistical method that estimates the average linear relationship between two or more variables using the least-squares method, allowing for the identification of trends and patterns over time. The following linear equation was applied:

$$y = a + b x$$

Where, y is the dependent variable

a and b are parameters, where a is the intercept of y and b is a change in y

x is the independent variable i.e. number of years.

R^2 (Coefficient of Determination) tells you how well the regression line fits the data. It ranges from 0 to 1: a higher R^2 means the data lies near the trend line, indicating a higher degree of correctness or strong relationship.

Further, to estimate the Compound Annual Growth Rate (CAGR), the CAGR technique was applied. It is a method implemented on statistical data collected to study the trend and growth and is used in many tourism development studies (Kaur & Sharma, 2012). The following equation is applied:

$$\text{Compound Annual Growth Rate (CAGR)} = \left(\frac{V_{final}}{V_{begin}} \right)^{1/t} - 1$$

Where,

V_{final} = final value

V_{begin} = beginning value.

t = time in years

Furthermore, a Granger Causality test was applied to examine the relationship between tourist inflow and economic growth. The Granger Causality test helps to analyze the association between tourism development and the economic progress of Arunachal Pradesh. In the present study, we use the Vector Autoregressive (VAR) framework under the Granger causality test, meaning each variable is modeled as a linear function of its own past values and the past values of other variables.

Here, the granger causality test is used to test whether one time series data i.e., y_t : tourism inflow can forecast another time series data i.e. x_t : tourism investment.

- y_t : tourism inflow
- x_t : tourism budget

Model 1 (Unrestricted VAR):

$$y_t = a_0 + \sum_{i=1}^p a_i y_{t-i} + \sum_{i=1}^p b_i x_{t-i} + \epsilon_t$$

Model 2 (Restricted VAR):

$$y_t = a_0 + \sum_{i=1}^p a_i y_{t-i} + n_t$$

Growth of Tourism and Hospitality Industry in Arunachal Pradesh

In 2019, India recorded 10.93 million Foreign Tourist Arrivals (FTAs), reflecting an annual growth rate of 3.5%. The country ranked 23rd globally in terms of international tourist arrivals and generated approximately USD 30.06 billion in foreign exchange earnings from tourism (MoT, 2020). In the same year, Arunachal Pradesh was recognized by *Travel + Leisure* magazine as the best emerging tourist destination in India and the best emerging green destination, underscoring the state's rising prominence in sustainable and nature-based tourism (IBEF, 2021). Recently, Arunachal Pradesh was bestowed with the prestigious "Leader in Offbeat Mountain Destination" award at the World Travel & Tourism Festival 2025, New Delhi, and has been growing significantly on the world travel map (TOI, 2025). Further, the IBEF Report 2021 states that Arunachal Pradesh has grown rapidly in eco and adventure tourism, cultural tourism, and religious tourism in recent years. The following tables show that tourist arrival in Arunachal Pradesh from 2000 to 2019.

Table 1*Tourist Arrival in Arunachal Pradesh from 2004 to 2023*

Year	Domestic	Foreign	Total	Absolute change from previous year	Change from previous year in (%)
2004	39767	321	40088	36018	-
2005	50560	313	50873	10785	26.90
2006	80137	706	80843	29970	58.91
2007	91100	2212	93312	12469	15.42
2008	149292	3020	152312	59000	63.23
2009	195147	3945	199092	46780	30.71
2010	227857	3395	231252	32160	16.15
2011	233227	4753	237980	6728	2.91
2012	317243	5135	322378	84398	35.46
2013	318461	10846	329307	6929	2.15
2014	336028	6307	342335	13028	3.96
2015	352176	6453	358629	16294	4.76
2016	385875	6598	392473	33844	9.44
2017	443211	7147	450358	57885	14.75
2018	512436	7653	520089	69731	15.48
2019	5,55,639	7824	563463	43374	8.34
2020	42808	961	43769	-519694	-92.23
2021	1,02,900	200	103,100	59,331	135.6
2022	2,22,400	1100	2,33,500	1,30,400	126.5
2023	10,40,601	4,496	10,45,097	8,11,597	347.6

Source: Dept. of Tourism, Government of Arunachal Pradesh, India

**Foreign Tourist Arrival (FTA) in 2013 was increased due to conduct of ITM at Tawang & Tawang Festival*

The data clearly indicates that tourist inflow in Arunachal Pradesh has been increasing at a significant pace, except for the year 2020. The absolute number of tourist arrivals declined sharply in 2020 and 2021 due to the global outbreak of the COVID-19 pandemic, which severely disrupted travel and tourism activities worldwide. However, the recovery has been notable. The highest year-on-year growth in tourist arrivals was recorded in 2023, with an increase of 347.6%, followed by 135.6% growth in 2021, signaling a strong rebound in the post-pandemic period.

Table 2

Compound Annual Growth Rate (CAGR) (year 2004 to 2019) of Tourist Inflow (Domestic & Foreign) in Arunachal Pradesh

Tourist type	R ²	Absolute Growth	Compound Annual Growth Rate (CAGR)
Domestic Tourist	0.981	62552	21%
Foreign Tourist	0.618	261	17%
Average	0.799	31,406	19%

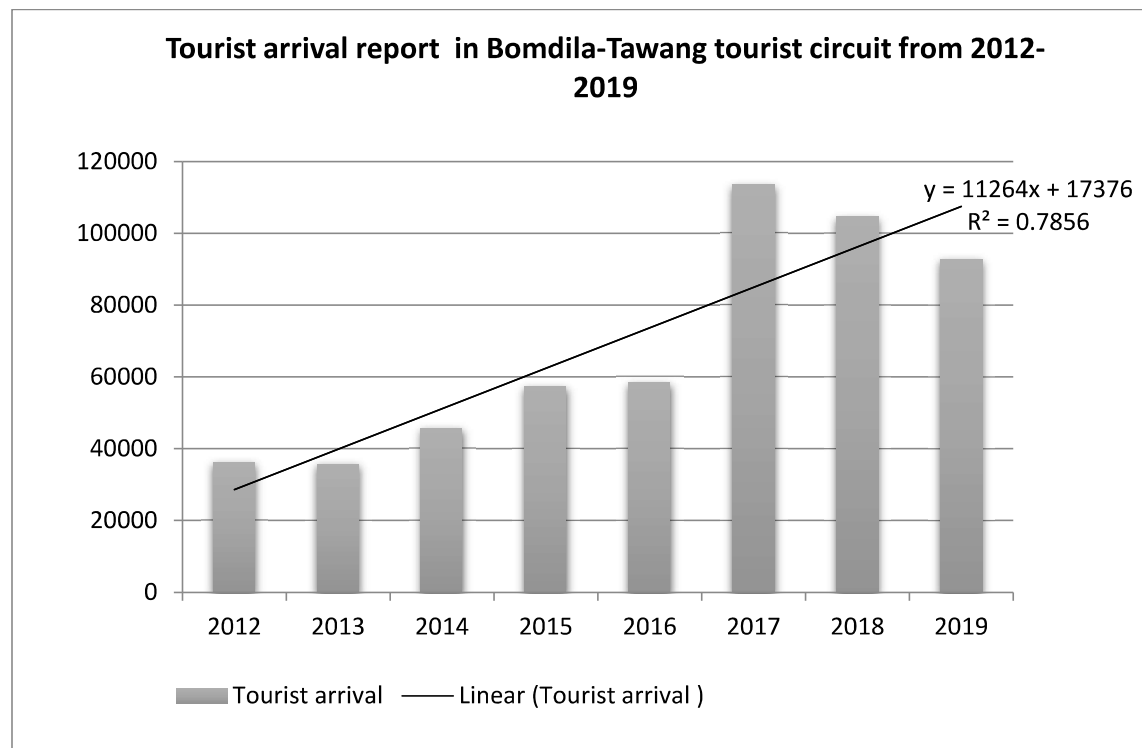
Notes: Data from the years 2020 and 2021 was excluded from the calculation, as the tourism industry was severely affected during that period due to the widespread impact of COVID-19.

Based on the data presented in Table 2, the Compound Annual Growth Rate (CAGR) for domestic tourist inflow in Arunachal Pradesh is estimated at 21%, while for foreign tourist inflow it stands at 17%. The absolute growth in tourist numbers amounts to 62,552 for domestic tourists and 261 for foreign tourists over the study period. Furthermore, the coefficient of determination (R²) is calculated at 0.981 for domestic tourists, indicating a very strong linear relationship and high model fit. In contrast, the R² value for foreign tourists is 0.618, suggesting a moderate correlation. These findings indicate that Arunachal Pradesh is emerging as a significant tourist hotspot in India, with particularly strong growth in domestic tourism.

Therefore, based on the analysis, the coefficient of determination (R²) for domestic tourist inflow is estimated at 0.981. This high value indicates a strong linear relationship between the dependent and independent variables, suggesting minimal unexplained variation. As a result, Null Hypothesis 1 — “The growth of the hospitality and tourism industry in Arunachal Pradesh is not significant over time” — is rejected. Consequently, the Alternative Hypothesis is accepted, affirming that the growth of the hospitality and tourism industry in Arunachal Pradesh is statistically significant over time.

A Trend Analysis on Tezpur-Bhalukpong-Bomdila-Tawang Tourist Circuit

The tourism industry plays a vital role in the socio-economic development of Arunachal Pradesh. In particular, Tawang has experienced a steady increase in tourist inflow over recent years. The Tourism Department and relevant stakeholders must streamline tourism management strategies to enhance economic benefits and increase tourism’s contribution to the regional economy (Tirkey & Yaja, 2017). Accommodation services represent a key component of the tourism sector, and the employment of trained personnel in hotels is essential to minimize the gap between tourist expectations and actual service quality (Barua & Goswami, 2017). The growth of the hospitality industry is closely linked to the expansion of tourism in any destination. In this context, the trends in tourist inflow along the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit are particularly significant and are presented below.

Figure 1*Tourist Arrival Report 2012-2019*

From Figure 1, it is evident that tourist arrivals in the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit exhibit an upward trend, represented by the linear equation $y = 11264x + 17376$ with an R^2 value of 0.785. This indicates a strong positive correlation and suggests significant growth in tourist inflow within this circuit over the observed period.

Table 3*Tourist Arrival in Bomdila-Tawang Tourist Circuit from 2012-2019*

Participants	Absolute Total (2012 to 2019)	Tourist Share in Arunachal Pradesh (%)	Mean	S.D	C.V (%)
Domestic	535947	16.64	66993.38	31177.81	43.5%
Foreign	8556	14.76	1069.5	142.1438	12.4%
Total	544503	16.61	68062.88	31129.45	42.8%

As observed from Table 3, the coefficient of variation (C.V.) for domestic tourists is 43.5%, which is notably higher than 12.4% recorded for foreign tourists. Additionally, the C.V. for the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit exceeds that of the overall state tourist inflow. These findings suggest that the growth rate of tourist arrivals in the study area is greater than the average growth rate for the state.

Role of Tourism and Hospitality in Economic Development Of Arunachal Pradesh

The tourism and hospitality industry in India is one of the key drivers of economic growth, contributing to income and employment generation, the promotion of entrepreneurship, expansion of export revenues, and the improvement of infrastructure. Globally, accommodation and lodging represent a vital component of the hospitality industry. The growth of tourism has a significant impact on the organizational performance of the hotel sector (Mucharreira et al., 2019). Tourism and hospitality help create a large number of employment opportunities for skilled and unskilled domestic laborers. Currently, approximately 8% of India's total employment is contributed by the tourism and hospitality industry (Majumdar, 2025). Technological advancements in the hospitality industry have played a crucial role in attracting a larger customer base (Niranjani & Raji, 2019).

According to the National Integrated Database of the Hospitality Industry (NIDHI) by the Government of India (2021), Arunachal Pradesh had a total of 373 hoteliers as of 2021, consisting of 367 unclassified and 6 classified establishments, offering 3,743 rooms. Of these, 134 hoteliers with 1,371 rooms are located within the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit, which accounts for approximately 36% of the state's total hotel infrastructure (NIDHI, 2021). The tourism and hospitality sectors positively influence the local economy through a network of related activities, ranging from infrastructure development such as rail, road, and air transport, to hotels, shops, restaurants, and indigenous production.

To determine the impact of the tourism and hospitality industry on the economic development of Arunachal Pradesh, a Granger Causality Test was conducted between tourist inflow and government investment in tourism. The Granger Causality Test helps identify the relationship between tourism and economic growth and has been used by many researchers: Zortuk (2009), Khalil et al. (2007), Kreisan (2010), Mishra et al. (2011), Aliquah and Al-Rfou (2010).

Empirical Results and Discussion

Granger causality test is used to test whether one time series data i.e. y_t : tourism inflow can forecast another time series data i.e. x_t : tourism investment. Data for the last 15 years (2009 to 2023) Domestic tourists inflow in India and Tourism budget are here given as follows.

Table 4

Domestic Tourists Inflow and India's Tourism Budget from 2009 to 2023

Year	Domestic Tourists inflow in India (Number)	India's budget on tourism (Rs. in crores)
2009	65,00,00,000	1000.00
2010	74,00,00,000	1054.00
2011	86,45,32,718	1170.00
2012	1,04,50,47,536	1279.98
2013	1,14,25,29,465	1368.00
2014	1,28,28,01,629	1282.00
2015	1,43,19,73,794	1,568.02

2016	1,61,53,88,619	1,590.00
2017	1,65,75,46,152	1687.06
2018	1,85,37,87,719	1986.04
2019	2,32,19,82,663	2075.12
2020	61,02,16,157	2500.00
2021	67,76,32,981	2026.77
2022	1,73,10,13,539	2400.00
2023	2,50,96,27,035	2400.00

Source: Ministry of Tourism report, Union Budget report, GOI.

Table 5

Testing Whether Tourism Inflow Granger-Causes Tourism Investment (Summary of Results)

Lags	F-test p-value	Chi-sq. / LR p-value	Interpretation
1	0.0622	0.0192 – 0.0315	Marginal (Chi-sq significant)
2	0.0041	0.0000 – 0.0001	Strong evidence of causality
3	0.0358	0.0000 – 0.0003	Significant causality

It is clear that, there is strong statistical evidence that tourism inflow Granger-causes tourism budget, especially at lags 2 and 3. The Chi-square and Likelihood Ratio tests consistently show significance. Thus, reject null hypothesis H_0 , that there is no significant relationship between tourist inflow and the economic development.

Summary Of Findings, Conclusions & Recommendations

The Compound Annual Growth Rate (CAGR) of tourist inflow in Arunachal Pradesh is estimated at 21% for domestic tourists and 17% for foreign tourists, with absolute growth figures of 62,552 and 261, respectively. A significant increase in tourist arrivals in the Bomdila–Tawang tourist circuit is observed over time, represented by the regression equation $y = 33632 + 17861$ and $R^2 = 0.981$. Additionally, the growth rate of tourist inflow in this circuit surpasses the state average. Within the accommodation sector, homestays have gained popularity among new entrepreneurs, exhibiting a CAGR of 32% compared to 7% for hotels. The circuit accounts for 36% of the total hotels in Arunachal Pradesh.

The growth in tourist inflow has a cascading effect on the hospitality industry in this region. Furthermore, statistical analysis reveals strong evidence that tourist inflow Granger-causes tourism budget allocations, particularly at lags 2 and 3. Chi-square and Likelihood Ratio tests consistently indicate a significant, positive long-term relationship between tourism development and economic progress in the region, underscoring tourism's role in promoting investment and fostering regional economic development.

Tourism stimulates investments in accommodation, tourist site development, road infrastructure, and connectivity, all of which contribute significantly to national income (Zaei &

Zaei, 2013). Online accommodation reservations play a crucial role for travelers and the overall growth of tourism; therefore, the hospitality industry must continuously upgrade and update its technology to create a unified platform for customers and stakeholders (Bethapudi, 2013). The COVID-19 pandemic has accelerated the adoption of advanced technologies such as robots, artificial intelligence, facial recognition, the internet, and Wi-Fi within the hotel industry. These innovations enhance hygiene, facilitate social distancing, and improve guest satisfaction and experience (Lau, 2020). While accommodation may not be the primary motivation for travel, the development of all forms of tourism directly impacts the growth of the hospitality industry (Kalgı, 2016).

The hospitality and tourism industry plays a vital role in economic development, employment generation, and the improvement of living standards, making it one of the most prominent sectors today. Technological advancements, including artificial intelligence, robotics, and the Internet of Things, have rendered the industry more dynamic and sophisticated. Additionally, social media platforms such as Facebook, Instagram, YouTube, and Twitter have become influential in shaping tourists' choices of hotels and destinations. Online reviews on these platforms significantly impact travelers' decision-making and planning processes. Consequently, the hospitality sector within the Tezpur–Bhalukpong–Bomdila–Tawang tourist circuit must adapt to these evolving business environments to enhance customer satisfaction and maintain competitiveness. Embracing these changes can lead to reduced operating costs and maximized profits.

It is important to note that tourism and hospitality products are intangible and highly perishable in nature, which necessitates continuous innovation and quality improvement. Therefore, proper planning and regular upgrades of tourism policy by government agencies are of utmost importance. The non-availability of skilled and unskilled labor is a major challenge that the hospitality industry in the tourism sector is facing today in this region. To sustain this growth and meet future workforce demand, incentives promoting training for hotel staff, tour operators, tour guides, and others in the local population are absolutely necessary. This can strengthen the sector. Upskilling and reskilling can significantly enable the tourism industry to sustain itself as a primary economic activity.

Implications and Future Scope for Research

This research paper will help both government and non-governmental agencies understand the role of the hospitality industry in promoting the tourism industry in Arunachal Pradesh. Since the growth of the tourism industry is closely linked with tourist satisfaction at both the destination and hotel levels, this research will assist stakeholders in formulating and planning hospitality industry policies. The present study focuses on examining the causal relationship between tourism growth and economic development, with the potential to be extended in future research to include tourism investment and tourist satisfaction. This will provide new insights into tourism investment and its impact on tourist satisfaction in Arunachal Pradesh in general, and the Bomdila-Tawang tourist circuit in particular.

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