

From Tourism and Economic Growth in Pakistan: An Empirical Assessment of Tourism's Contribution**Miss Asawir Salman Khan**

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Abstract

Tourism has emerged as an important contributor to economic development by generating employment, foreign exchange earnings, investment, regional development, and business opportunities. This study examines the impact of tourism on Pakistan's economic growth, with particular emphasis on tourism receipts and their relationship with gross domestic product (GDP). The study draws on literature concerning tourism, employment, infrastructure, foreign exchange earnings, tourism policies, sustainability, and regional development in Pakistan. It also considers the challenges that constrain the expansion of the tourism sector, including inadequate infrastructure, security concerns, political instability, ineffective promotion, environmental pressures, and economic uncertainty. The empirical investigation uses data covering the period from 1995 to 2023 and employs the Autoregressive Distributed Lag (ARDL) approach to examine the relationship between tourism and economic growth. The findings reported in the study indicate that tourism receipts have a statistically significant and positive impact on economic growth. Human capital and gross capital formation demonstrate positive long-term effects, while labor force participation, foreign direct investment, and gross national expenditure also contribute positively to economic growth. In contrast, inflation and exchange-rate effects are reported as negative and statistically significant. The study concludes that tourism represents an important opportunity for Pakistan to strengthen economic growth, generate employment, and increase foreign exchange earnings. It recommends greater private-sector investment, improved tourism infrastructure, enhanced security, supportive policies, and environmentally sustainable tourism practices to realize Pakistan's substantial tourism potential.

Keywords: Tourism, Economic Growth, Tourism Receipts, Foreign Exchange Earnings, Pakistan