

A BRIEF STUDY OF ECONOMIC IMPACTS OF TOURISM - IN REFERENCE TO UTTARAKHAND STATE

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ABSTRACT

Tourism is the growing industry worldwide, generating revenue, employability and tool to uplift the standard of living; in short we can say that it has 360⁰ impact on the economy as well as society and culture all over the world. Tourism in Uttarakhand has a great potential to develop the economy of this hilly state. As in the state tourists have various activities for holiday, leisure, adventure, religious etc. in short we can say that it has safe, secure and relaxing environment with hospitable hosts that make it a perfect tourist destination. In this context the present paper is an approach to identify the potential of tourism impact in Uttarakhand region. Data is drawn from the review of secondary sources consisting government documents, previous research articles, web portals and media reports. Analysis undertaken through the SWOT analysis and trend projection. The study aimed to identify the potential in the area which are supposed to get economic benefits of tourism so that the area may develop utmost.

Keyword: Revenue generation, Employability, SWOT, Trend Projection, Economic Benefits.

Introduction:

Tourism on Worldwide basis has recognized as a sector with vast potential for economic progress with the creation of employment. Different international agencies like World Tourism Organization, The World Travel & Tourism Council etc. have summarized that tourism industry has the vast developmental potential particularly with reference to the developing nations like India. Today, the export revenue generated by tourism ranks fourth after fuels, chemicals and automotive industries. Economic impacts of tourism are thus an important concern for state, regional as well as community economic development. The global Travel & Tourism sector grew at 3.9% to contribute a record \$8.8 trillion and 319 million jobs to the world economy in 2018. For the eighth consecutive year, this was above the growth rate of world GDP. Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 trillion (US\$ 234.03 billion) in 2017 to Rs 32.05 trillion (US\$ 492.21

billion) in 2028. India was ranked 7th among 184 countries in terms of travel & tourism's total contribution to GDP in 2017. Travel and tourism is the third largest foreign exchange earner for India. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 billion. Foreign Tourist Arrivals (FTAs) increased 5.20 per cent year-on-year to 10.56 million in the same period. During 2018, arrivals through e-tourist visa increased 39.60 per cent year-on-year to 2.37 million. During January 2019, arrivals through e-tourist visa increased by 21.10 per cent year-on-year to 0.29 million. As of 2017-18, 81.1 million people are employed in the tourism sector in India which was 12.38 per cent of total employment in the country. The Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well. India is one of the most popular tourist destinations in the world. Uttarakhand is one of the major tourist spots in India this place is well blessed by Nature and it lays at the centre of one of the world's richest biogeography areas. This paper makes an attempt to explore the contribution of tourism to economic development of Uttarakhand, Contributors to economic growth, Role of Tourism industry in India's GDP as well as in Uttarakhand, state international versus domestic Tourists. The paper also explores that there has been a tremendous growth in tourism in India because of the policies of the government and support from all levels.

Introduction of Tourism:

Tourism is one of the most important industries in the world, and it is now believed that as an proficient tool for getting economic growth. Tourism is a specific phenomenon in modern civilization and it is deeply rooted in the life of the society. Tourism represents the fastest growing segment of world market. Tourism industry with an impressive growth rate across the world is one of the fastest growing industries (Chaturvedi 2010; Chaudhary 2010; Sheehan, Ritchie, & Hudson 2007; Sharpley 2006). Tourism is the one of the most significant way of cultural exchange which smash-up the barriers among people of different parts of the world and pave way for universal peace and harmony. Tourism is forced by the natural urge for new experience, adventure, education and entertainment regarding different cultures, life styles and environments. It has been creating a revolutionary and major impact on the world economy. Tourism has been recognized as the most important export industry in the world. Tourism is an important sector of Indian economy and contributes considerably in the revenue generation of the country. Tourism is the set of activities engaged in by persons temporarily away from their usual environment, for a period of not more than one year, and for a broad range of leisure, business, religious, health, and personal reasons, excluding the pursuit of remuneration from within the place visited or long-term change of residence.(S.

Smith 2004) Tourism performs as a inspiring factor for the progress and development for the socio-economic and on the area of interference. The cultural heritage India and other forms of tourism are the major consumer choices of the international as well as domestic tourists. Its importance of tourism was recognized in Manila declaration as "an activity essential to the life of nations because of its direct effects on the social, cultural, educational, and economic sectors of national societies and on their international relations". Tourism, in the economic perspective is an important activity in the composition of the economic mechanism and plays an energetic role in the development and upgrading the economy and society. A most important advantage of tourism is to increasing economic growth which is symbolized by the raise in the number of jobs, both directly and indirectly in the destinations by the service providers of tourists. Tourism also increases the export of local products. It is estimated that 15-20% of the total tourist expenditure is spent for gifts, clothing, and souvenirs. The extent to which these products are made in the destination area directly affects the local economy. This provides a source of income for local producers and also creates an interesting shopping experience for tourists. (Kotler, Bowen, & Makens, 2014)

Objectives:

- To identify the contribution of tourism industry to economic development of Uttarakhand.

- To understand the present status and scenario of Uttarakhand tourism industry.
- To enumerate how tourism is important for the overall development of Uttarakhand state economy.
- To understand the participation of local people in the growth of tourism.

Literature Review

Today tourism has become a socio-economic phenomenon. It has been recognize as an industry which can play a significant role in the development of economy as well as culture, and can help government and private sector also. The significance of Tourism, as defined by (Ghosh, 1998) is one of the major items of international trade. Tourism industry earns the gross revenue and foreign exchange earnings, play an important role in economic development. Therefore it is a generator of foreign exchange at the national level and also a fastest growing industry in the global economy.

According to (Briassoulis H, Straaten 1999) The success of tourism in any country depends on the ability of that country to sufficiently develop, manage and market the tourism facilities and activities in that country. (Glasson, J., Godfrey, K. & Goodey, B., 1995,) discussed, Tourism can, therefore be a catalyst of national and regional development, bringing employment, exchange earning, balance of payment advantages and important infrastructure

development benefiting locals and visitors alike. Hence, the every country which has potential, trying to promote tourism because it is a significant tool of economic growth even those do not have the sufficient resources are trying to explore new ways to attract tourist for boosting their economy. In the same way, as the set up of the new opportunities, generation of employment and bringing of foreign exchange is one of the most important functions of tourism. Santhi, V. and Shanthi, G., (2011) explained that the tourism is much more than an economic activity and it has become a way of life. Travel and tourism occupies a pivotal position internationally and is considered to be an important sector next to oil industry. Gulegudda, S.S. and Martur, M.D., (2010) found out that India is expected to be the second fastest growing (8.8%) tourism nation in the world over the period 2005-2014. Balaji V. and Sumod, M. (2010) highlighted that the tourism industry has the capacity to transform certain apparently economically useless goods and services is to marketable attractions such goods and services may include cultural, natural and social assets of the society. (Prof.S.K.Agarwal 2004) evaluate the role of tourism industry in the economic development of the region in the term of income creation, employment generation and revenue yielding effects on the 'economic'. (Rajesh Shah,2006) discussed in this book that tourism has become a full fledged industry which is able of earning foreign exchange for the country and finally may led to economic and cultural

development of the country. (Pushpinder S. Gill, 1996) focused in his book that at present tourism has get hold of wide socio-economic aspect. Tourism today has been recognized as an industry and both government and private sector have planned tourism as an essential component of their economics.

Methodology:

This research paper is the form of an explanatory study in analyzing the contribution of tourism industry to economic development in Uttarakhand. The present study is based on secondary data collection. The secondary data was collected by UNWTO, Ministry of Tourism, Ministry of Statistics and Programme Implementation, Newspapers, Magazines, Books, Economic journals and Internet etc.

Introduction of Uttarakhand

Uttarakhand state came in to existence on 9 November 2000, as the 27 state of India. Before that it was northwestern Uttar Pradesh. Uttarakhand has often been described as Dev Bhumi in the various ancient Hindu epics. Uttarakhand is located in the northern part of India and has a total geographic area of Area:53,483 sq kms. the terrain and topography of the state is largely hilly with large areas under snow cover and steep slopes. The state has thus varied terrain, major portion of which is mountainous with unique ecological diversity consisting of high alpine areas to the Sub-tropical and Tropical regions. It is one of the

most beautiful and popular religious tourist destinations in India. The co-ordinates of Uttarakhand are 28°C 43' N to 31°C 27' N (Latitude) and 77°C 34' E to 81°C 02' E (Longitude). Almost the whole province of Uttarakhand is covered by mountains approximately 93%. Uttarakhand create a center of attentions for large number of tourists due to its location in the middle of the Himalaya. Uttarakhand state is admired by tourists in the international tourism market. This state is full of natural resources, attractive mountain ranges, rich cultural heritage, and forests, multi-culture etc. Holy places like the Haridwar, Rishikesh, 'Char Dham' and other features make Uttarakhand state very attractive and appealing to international as well as domestic tourists.

Tourism in Uttarakhand

Tourism plays a significant role in Uttarakhand State and also key industry for economic development. Tourism industry is building up at a sturdy pace and also promoting the cultural heritage of the state and also increasing the economic level. Tourism in Uttarakhand can be an important tool that can bring economic and social development for the state. There are a lot of potential for tourism development with other various tourist activities. Tourism is a service oriented industry. It has become the fastest industry in the world as a catalyst of the development process at the national and the global level. Tourism is a great source of foreign exchange earnings and it can also contribute

balance of payments of nation and proceed as a key source of income and employment generation.

Uttarakhand is the spot of pull the tourists all over the world because of its scenic beauty. Uttarakhand, is also known as abode of the gods" (Devbhumi), because of so many religious Hindu shrines, from ancient time pilgrims have been visiting in this province in search of emancipation and purification of mind and soul . Char Dham Yatra is one of the most important Hindu Pilgrimages in Uttarakhand. It comprises of four most holy sites of Uttarakhand, namely - Badrinath, Kedarnath, Gangotri and Yamunotri. Each of the places has its own individual and legendary history. Haridwar, is another a prime Hindu destination, where Kumbh Mela held in every twelve years. Rishikesh, another centre that is popular for spirituality, yoga and adventure tourism as well. Uttarakhand state has 6 National Park and 7 Wildlife Sanctuary and 4 Conservation Reserve which shows noble presence of wildlife and also replicates incredible diversity. As being a hilly state there are many hill-stations such as Nainital, Mussoorie, Almora, Kausani, Bhimtal and Ranikhet being amongst the most frequent visited destinations of India. The rich cultural traditions, refreshful climate of this land and origin of the Holy Ganga and the Yamuna rivers have been its main attractions. In 2017, domestic tourist inflow in the state were 34.36 million and foreign tourist visits had crossed over 0.13

million. Between 2011-12 and 2018-19AE, Gross State Domestic Product (GSDP) expanded at a Compound Annual Growth Rate (CAGR) of 10.85 per cent to Rs 2.37 trillion (US\$ 32.87 billion) whereas the Net State Domestic Product (NSDP) expanded at a CAGR of 11.06 per cent to Rs 2.12 trillion (US\$ 29.44 billion). Haridwar and Rishikesh both, attract good quantity of tourists not only from India but from all over the world. Economic growth and development of the region is very much depends on the tourism and related activities (Yadav, Bajpai & Pandey, 2015).

Types of tourism in Uttarakhand

There are many ways to attract tourism in Uttarakhand. Some of these are as follows-



Pilgrimage Tourism

Pilgrimage has conventionally been a main section of tourism in Uttarakhand. Uttarakhand has iso many places of pilgrimage of different religions. Among these Badrinath, Kedarnath,

Yamunotri, Gangotri, Haridwar, Hemkund , Nanakmatta, Piran Kaliyar are some of the best known. Nanda Devi Raj Jat and Kailash Mansarovar Yatra are the most popular pilgrimage events of Uttarakhand.

Cultural Tourism

Uttarakhand has a rich cultural heritage. Fairs and festivals are fundamental part of the social and cultural life of the people of Uttarakhand. These are mirror of the cultural diversity of the Uttarakhand. There are numerous local fairs and festivals like Surkanda Devi Mela (Tehri), MaghMela (Uttarkashi), Nanda Devi Mela(Nainital), Purnagiri Mela (Champawat), **Jhanda Mela** (Dehradun), PiranKaliyar Mela (Haridwar), Joljivi Mela (Pithoragarh) and Uttarayani Mela(Bageshwar); which are indicative of the immense potential for cultural tourism in Uttarakhand. Besides these The Rural culture of setting a variety of festivals, traditional lifestyles, customs, arts, dress and food also pull tourists towards Uttarakhand.

Adventure Tourism

Uttarakhand is popular for adventure sport activities. Adventure sports like mountaineering trekking, skiing, aero sports, white water rafting make Uttarakhand one of the eye-catching destinations for adventure lovers not only in India but also in the world .

Wildlife Tourism

Uttarakhand is famous for its rich variety of flora and fauna. Where tourists can find the opportunity to watch the most dangerous and rarely seen wild animals. The state has a number of protected forests and sanctuaries, including the Corbett National Park, Rajaji National Park and the Valley of Flowers.

Leisure Tourism

There are so many destinations in Uttarakhand like The Queen of the Hills—Mussoorie, the Lake District of India—Nainital, Kausani, Pauri, Lansdowne, Ranikhet, Almora, Pithoragarh, Munsiyari and many more, where tourists can enjoy pleasant landscape and can take a break from the stressful life. Main reason of leisure tourism is entertainment, recreation, relaxation, etc just to come out from the usual environment.

Eco-tourism

Uttarakhand is the finest place for Ecotourism because it has the mountains, meadows, high

altitude lakes, dense forests and wetland habitat support a diverse and exotic wildlife, birds and plants species in Garhwal and Kumaon the two regions of Uttarakhand and these above make it an ideal region for eco-tourism.

Wellness Tourism

The Uttarakhand Himalayas has been the reservoir of enormous natural resources of medicinal wealth and traditional medicinal knowledge. At the same time, the beautiful state has been a magnet for spiritual seekers since time immemorial visitors come here for peace of mind and return calmer and happier. Uttarakhand is a main wellness destination and is connected with a broad range of wellness activities. The state furnishes to all features of wellness –physical, social and spiritual. Yoga and Meditation are another preventive and curative therapy helps in curing many diseases. Uttarakhand is the perfect place wellness tourism.

SWOT analysis of Tourism in Uttarakhand

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> •Unique, pleasant weather and wonderful environment ideal for the tourists. •Occurrence of extraordinary physical features. •Land is perfect for various adventure activities. •Unique mountain villages and towns and hill stations give exceptional view. •Good viewpoints of Himalayan Range. •Welcoming people. •National parks, Wildlife sanctuaries and Conservation Reserve which show noble presence and attract tourists. 	<ul style="list-style-type: none"> •Unorganized development •Lack of funds for the development of many areas. •Shortfall of marketing strategies. •Lack of proper infrastructural support. •Inaccessibility and overcrowding at destination points. •Lack of awareness about the tourist destinations. •Lack of understanding among community to participate in tourism in many areas. 	<ul style="list-style-type: none"> •Improving disposable incomes of the middle class families in Uttarakhand. •Huge potential for adventure tourism activities like white water rafting, Camping, Trekking, skiing etc. •Wide range of flora and fauna. •Eco- tourism is growing popular. •Uttarakhand contains many untouched regions. •Folklore, ethnic products can help to promote rural development through presentation, interpretation. •Huge potential for health and wellness tourism. 	<ul style="list-style-type: none"> •Strong competition creating by the neighbouring states. •Prone to natural disaster. •Increasing population pressure and rapid urbanization. •Carrying capacity and poor sustainability standards. •Inadequate health & safety related facilities. •Poor maintenance of roads will make accessibility a main constraint. •Traffic and pollution lead to cleaver congestion.

Data analysis: for the research study, previous eleven years tourist arrival data has been collected from 2008-2018 for both domestic & foreign tourist. On the basis of this a trend analysis was conducted, through linear trend line and also trend is predicted for the next five years as well as a linear trend graph is also plotted.

Last eleven years data for domestic and foreign tourists arrived in Uttarakhand is given below

Year	Domestic	Foreign	Year	Domestic	Foreign
2008	23064170	112423	2014	22520097	109948
2009	23154214	118243	2015	29295152	111094
2010	30972134	136459	2016	31663782	112799
2011	26665753	142687	2017	34581097	142102
2012	28329686	140524	2018	36697678	154526

2013	21028010	103596			
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Source: Uttarakhandtourism.gov.in/market-research-and-statistics

Trend analysis and prediction for domestic tourist

Years	Domestic tourist arrival (in Cr)	$x = X - 2013$	x^2	xY	$Z = \text{percentage growth as compared to previous year}$
2008	2.3064	-5	25	-11.532	-
2009	2.3154	-4	16	-9.2616	0.39%
2010	3.0972	-3	9	-9.2916	33.77%
2011	2.6665	-2	4	-5.333	-13.91%
2012	2.8329	-1	1	-2.8329	6.24%
2013	2.1028	0	0	0	-25.77%
2014	2.252	1	1	2.252	7.10%
2015	2.9295	2	4	5.859	30.08%
2016	3.1663	3	9	9.4989	8.08%
2017	3.4581	4	16	13.8324	9.22%
2018	3.6697	5	25	18.3485	6.12%
Total	30.7968	0	110	11.5397	61.32%

By least square method trend line equation – $Y = a + bX$

Where Y is domestic tourist arrival, by the transformation $x = X - 2013$

Thus $Y = a + bx$ (1)

The normal equations are $\sum Y = Na + \sum X$ (2)

$\sum xY = a\sum X + b\sum x^2$ (3)

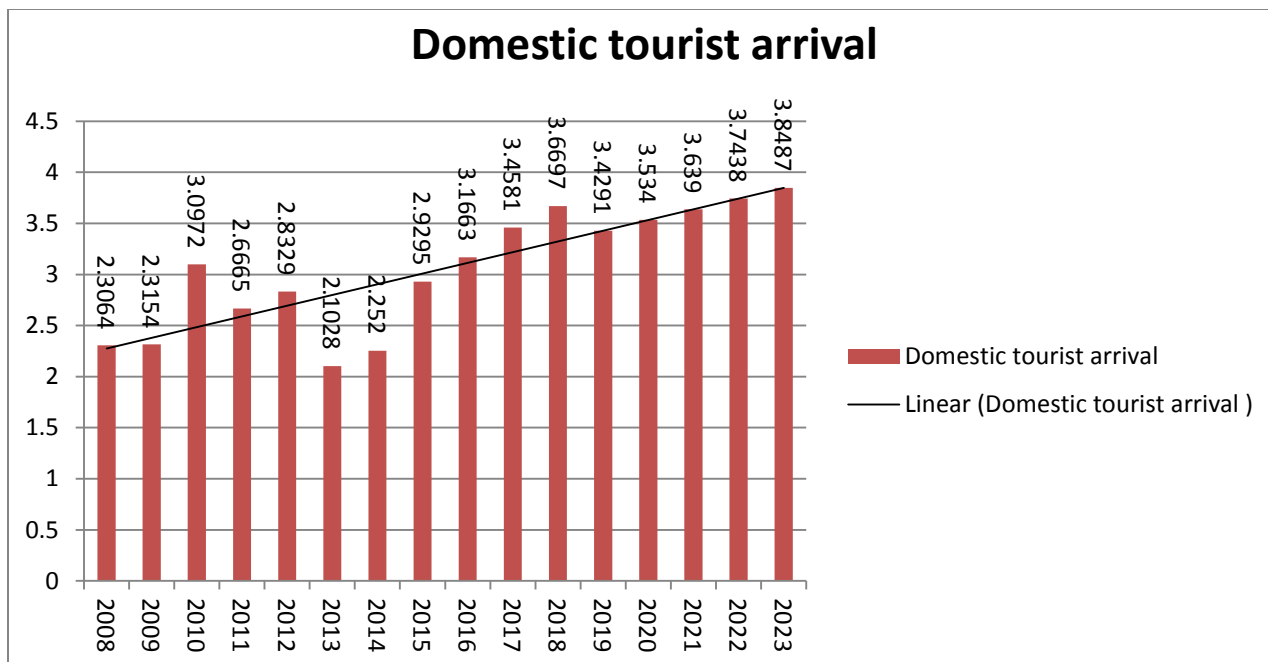
By putting values in equation (2) & (3) from the table – we have ($a = 2.7997$ & $b = 0.1049$)

Expected arrival for next five years by putting values in equation (1) will be

$Y_{2019} = 3.4291$, $Y_{2020} = 3.5340$, $Y_{2021} = 3.6390$, $Y_{2022} = 3.7438$, $Y_{2023} = 3.8487$

Average percentage growth for the domestic tourist arrival in the state – $\sum Z/N$

Hence we have, average growth = $61.32/11$
= 5.57% annual



Trend analysis and prediction for foreign tourist

Years	Foreign tourist arrival (in Lakhs)	x = X- 2013	x ²	xY	Z = percentage growth as compared to previous year
2008	1.1242	-5	25	-5.621	-
2009	1.8243	-4	16	-7.2972	62.28%
2010	1.3645	-3	9	-4.0935	-25.20%
2011	1.4268	-2	4	-2.8536	4.57%
2012	1.4052	-1	1	-1.4052	-1.51%
2013	1.0359	0	0	0	-26.28%
2014	1.0994	1	1	1.0994	6.13%
2015	1.1109	2	4	2.2218	1.05%
2016	1.1279	3	9	3.3837	1.53%
2017	1.421	4	16	5.684	25.99%
2018	1.5452	5	25	7.726	8.74%
Total	14.4853	0	110	-1.1556	0.572751

By least square method trend line equation – $Y = a + bX$

Where Y is foreign tourist arrival, by the transformation $x = X - 2013$

Thus $Y = a + bx$ (1)

The normal equations are $\sum Y = Na + \sum X$ (2)

$\sum xY = a\sum X + b\sum x^2$ (3)

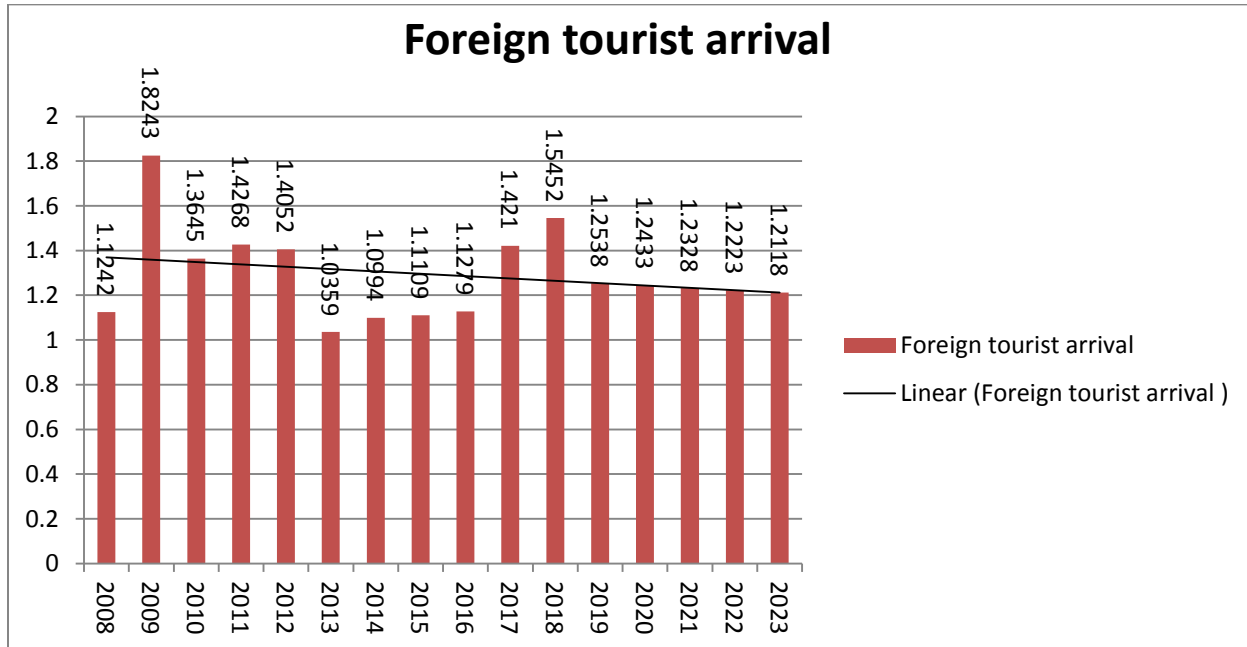
By putting values in equation (2) & (3) from the table – we have ($a = 1.3168$ & $b = -0.0105$)

Expected arrival for next five years by putting values in equation (1) will be

$$Y_{2019} = 1.2538, Y_{2020} = 1.2433, Y_{2021} = 1.2328, Y_{2022} = 1.2223, Y_{2023} = 1.2118$$

Average percentage growth for the foreign tourist arrival in the state – $\sum Z/N$

$$\begin{aligned} \text{Hence we have, average growth} &= 0.5727/11 \\ &= 0.0520\% \text{ annual} \end{aligned}$$



Conclusion:

Uttarakhand is one of the fastest growing states in India, thanks to the massive growth in capital investments arising from conducive industrial policy and generous tax benefits. Between 2011-12 and 2018-19, Gross State Domestic Product (GSDP) expanded at a Compound Annual Growth Rate (CAGR) of 10.85 per cent to Rs 2.37 trillion (US\$ 32.87 billion) whereas the Net State Domestic Product (NSDP) expanded at a CAGR of 11.06 per cent to Rs 2.12 trillion (US\$ 29.44 billion).

Uttarakhand Tourism Policy, 2017 was launched in 2017, which aims setup new amusements parks and install new ropeways that would be exempt from payment of entertainment tax. To

promote tourism and develop it as a major source of employment and revenue generation in the state. From the above table domestic tourist arrival in the state is increasing at the 5.57% annually and by the linear trend fitting we can easily find that it is increasing at the for next five years also hence it can be summarize that the region will definitely receive domestic travelers it will going to boost the economy in the region for the upcoming years. On the other hand foreign tourist arrival by linear trend fitting showing the decrease for next five years but the average growth rate of foreign tourist arrival is approx 0.052% annually increasing hence we can say that the state have the potential to attract the foreign as well as the domestic travelers for

upcoming years which will definitely going to boost the economy in the region in many aspects which will create jobs, generate revenue and provide the ways for economic development. Even the state government is also developing many policies for enhancing economic condition in the region.

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