

Impact of Tourism on Local Economic Development in Telangana: An Empirical Study of the Erstwhile Adilabad District

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Abstract

Tourism has emerged as an important instrument of local economic development, particularly in rural and economically less-developed regions endowed with natural, religious and cultural resources. The erstwhile Adilabad district of Telangana possesses considerable tourism potential through waterfalls, forests, religious centres, tribal cultural traditions and periodic festivals. However, the economic benefits generated by tourism depend substantially on local participation, infrastructure, entrepreneurship, market linkages and institutional support. The present study examines the role of tourism in promoting local economic development in the erstwhile Adilabad district, with particular emphasis on employment generation, household income, small-business development, local market expansion and community participation.

Keywords: Tourism, Local Economic Development, Erstwhile Adilabad, Tribal Tourism, Employment, Livelihoods, Institutional support and Telangana.

Introduction

Tourism has rapidly become one of the major drivers of the global economy, serving as a key tool for regional development, creating jobs, and reducing poverty. The industry significantly boosts economic growth by providing direct, indirect, and supportive employment, fostering entrepreneurship, generating income for local communities, and attracting investments in infrastructure and related sectors. In countries like India, tourism is increasingly seen as a strategic sector essential for balanced regional development, especially in economically challenged and geographically remote areas. Beyond contributing to the Gross Domestic Product (GDP), tourism also improves the quality of life for local communities through enhanced transportation options, better communication networks, hospitality services, and cultural preservation efforts.

Tourism plays a vital role in local economic development by utilizing local resources, promoting entrepreneurship, leveraging skills, and engaging institutions to create job and income opportunities. It directly generates employment in sectors such as accommodation, food services, and tour guiding, while also indirectly supporting areas like transportation, agriculture, retail, and supply chains. Additionally, tourism fosters self-employment through small trades, food vending, handicrafts, and small businesses, helping to diversify household incomes. As tourist demand increases, local markets grow, opening up avenues for regional products and cultural assets. Moreover, tourism-related infrastructure developments can enhance local economic conditions. Nonetheless, these advantages rely on active community involvement, robust infrastructure, necessary skills, market connectivity, and fair inclusion of local communities into the tourism value chains.

Telangana is endowed with vast tourism potential due to its rich historical heritage, diverse cultural traditions, stunning natural landscapes, tribal heritage, wildlife resources, and religious sites. Recognizing the economic significance of tourism, the Government of Telangana has launched various initiatives to improve tourism infrastructure and highlight less-known destinations across the state. Among these regions is the former Adilabad district, which stands out due to its rich natural resources, scenic landscapes, waterfalls, forests, wildlife habitats, and rich tribal culture. Located in the northern part of Telangana, the former Adilabad district is celebrated for its ecological diversity and cultural wealth. It boasts several key tourist sites such as Kuntala Waterfall—Telangana's

tallest—Pochera Waterfall, Gayatri Waterfall, Kawal Tiger Reserve, Jainath Temple, Basar Saraswati Temple, and vibrant tribal settlements home to communities such as the Gond, Kolam, Naikpod, Pardhan, and Thoti. These attractions annually draw thousands of visitors from both domestic and international spheres, providing economic opportunities for locals through tourism-related services like transportation, lodging, food services, handicraft production, guiding services, and small-scale trade. Tourism plays a critical role in transforming Adilabad's local economy by offering alternative income sources beyond traditional agriculture and forestry occupations. Many local families gain extra income through hotels, restaurants, shops, transport services, and selling tribal handicrafts and indigenous items. The influx of tourists has also prompted the development of infrastructure such as roads, public amenities, communication facilities, and recreational spaces, thus aiding overall regional development. Additionally, tourism has promoted greater interaction between local residents and visitors, encouraging cultural exchange and heightened awareness about preserving natural and cultural heritage.

Despite its significant tourism potential, the former Adilabad district faces challenges such as limited tourism infrastructure, inadequate marketing and promotion efforts, seasonal variations in tourist numbers, environmental issues, and insufficient involvement of local communities in planning and managing tourism. While tourism has led to economic benefits, its impact on income generation, employment creation, entrepreneurship development, and broader local economic growth demands careful empirical study.

Review of Literature

1. The Ministry of Tourism in India (2022) highlighted tourism as a crucial sector contributing significantly to national income, job creation, and regional development. National tourism statistics reveal that both domestic and international visitors drive substantial economic activities through their spending, as well as through infrastructure development and business growth. The report underscored tourism's role in promoting balanced regional development and supporting local economies.
2. The Government of Telangana (2015) recognized the state's strong potential for rural tourism and stressed the importance of enhancing lesser-known destinations with better amenities and tourism packages. The state's tourism development framework identified places like Basara and other attractions in northern Telangana, showcasing how tourism can expand economic activities beyond major urban areas.
3. Reddy et al. (2020) researched the landscape features of the former Adilabad district, identifying forests, hills, valleys, rivers, streams, and waterfalls as significant natural resources. These resources offer considerable potential for developing eco-tourism and nature-based tourism. The study highlights the possibility of tourism generating livelihood opportunities in rural communities.
4. Bandaru et al. (2020) analyzed ecotourism markets at national parks in Telangana using primary data, identifying factors that influence tourist attraction and demand for nature-based tourism. The growing demand from tourists presents opportunities for transportation, guiding services, food vendors, and small-scale trade. The study is pertinent to understanding the economic potential of nature-based destinations in northern Telangana.

Objectives of the Study

The study has the following objectives:

1. To examine the role of tourism in local economic development in the erstwhile Adilabad district.
2. To assess the contribution of tourism to local employment generation.
3. To examine the relationship between tourism participation and household income.
4. To suggest policy measures for inclusive and sustainable tourism development.

Major Tourism Hubs of the Erstwhile Adilabad Region

Basara Tourism Centre

Basara is a major religious tourism destination known for the Sri Gnana Saraswati Temple. Tourist and pilgrim inflows support local employment and income through food services, accommodation, transport, petty trade, religious-item sales, and other visitor-oriented activities.

Kuntala–Pochera Tourism Belt

Kuntala and Pochera waterfalls are important nature-tourism attractions of the region. Tourism generates opportunities for local transport, food stalls, guiding, petty trade, parking, photography, accommodation, and sales of local products.

Jainath–Adilabad Cultural Tourism Belt

Jainath is an important religious and cultural tourism destination that can be linked with Adilabad town and nearby attractions. Such integration can strengthen local markets and create opportunities for transport operators, vendors, artisans, guides, and small businesses.

Keslapur and Tribal Cultural Tourism

Keslapur is an important tribal cultural tourism destination associated with the Gond community and the Nagoba Jatara. Its tourism potential includes handicrafts, tribal cuisine, cultural performances, guiding, local products, and community-based tourism, with benefits distributed fairly among local communities.

Nirmal Tourism Centre

Nirmal is an important cultural and handicraft tourism centre, renowned for its traditional Nirmal paintings, wooden toys, and handicrafts. Tourism supports local artisans, traders, transport providers, accommodation services, and other small businesses, thereby contributing to employment, household income, and local market development.

Research Methodology

Research Design

The study adopts a descriptive and analytical research design to examine the relationship between tourism and local economic development.

Study Area

The study focuses on the erstwhile Adilabad district of Telangana, with particular attention to tourism-linked communities and activities associated with Basara, Kuntala, Pochera, Jainath, Adilabad and Keslapur.

Data Sources

The study uses both primary and secondary sources.

Primary Data: Data was collected from 70 respondents (N=70) associated with tourism-related economic activities.

Secondary Data: Government reports, tourism publications, research studies and other reliable sources were considered.

Sampling Method

Purposive sampling was used to select respondents directly or indirectly associated with tourism-related economic activities.

Data Analysis

The collected data were analysed using:

- frequency;
- percentage;
- descriptive interpretation;

Results and Analysis

Table 1: Age-wise Distribution of Respondents

Age Group	Frequency	Percentage
18–30 years	12	17.1
31–40 years	18	25.7
41–50 years	17	24.3
51–60 years	15	21.4
61 years and above	8	11.4
Total	70	100.0

Source: Field Data

The above table shows the age group of the selected respondents. Among the total number of 70 respondents, the highest proportion belongs to the 31–40 years age group, with 18 respondents (25.7%), followed by 41–50 years with 17 respondents (24.3%). The 51–60 years group comprises 15 respondents (21.4%), while 18–30 years accounts for 12 respondents (17.1%). The lowest proportion is found among respondents aged 61 years and above, with 8 respondents (11.4%). Overall, the table indicates a relatively higher representation of respondents in the 31–60 years age groups.

Table 2: Gender-wise Distribution

Gender	Frequency	Percentage
Male	42	60.0
Female	28	40.0
Total	70	100.0

Source: Field Data

The above table shows the gender of the respondents. Among the total number of 70 respondents, 42 respondents (60.0%) are male, while 28 respondents (40.0%) are female. The table indicates that male respondents constitute a higher proportion of the sample than female respondents

Table 3: Educational Status

Educational Level	Frequency	Percentage
No formal education	6	8.6
Primary	14	20.0

Secondary	23	32.9
Higher Secondary	17	24.3
Graduate and above	10	14.3
Total	70	100.0

Source: Field Data

The above table shows the educational qualification of the selected respondents. Among the 70 respondents, the largest proportion, 23 respondents (32.9%), have completed secondary education, followed by 17 respondents (24.3%) with higher secondary education. 14 respondents (20.0%) have primary education, while 10 respondents (14.3%) are graduates or have higher qualifications. Only 6 respondents (8.6%) have no formal education. Overall, the findings indicate that the majority of respondents have at least a basic level of formal education.

Table 4: Caste Wise Distribution

Caste	Frequency	Percentage
Gond	14	20.0
Lambada	06	8.6
Nethakani	11	15.7
Mala	04	5.7
Madiga	07	10.0
Mudiraj	14	20.0
Vadrangi	06	8.6
Vysya	03	4.3
Reddy	05	7.1
TOTAL	70	100%

Source: Field Data

The above table presents the caste-wise distribution of the 70 selected respondents. The highest representation is from the Gond and Mudiraj communities, with 14 respondents (20.0%) each, followed by Nethakani with 11 respondents (15.7%). Madiga accounts for 7 respondents (10.0%), while Lambada and Vadrangi have 6 respondents (8.6%) each. Reddy respondents constitute 5 (7.1%), Mala 4 (5.7%), and Vysya 3 (4.3%). Overall, the sample represents respondents from diverse social groups, including tribal communities, thereby providing a broad social perspective for examining tourism and local economic development.

Table 5: Main Occupation of Respondents

Occupation	Frequency	Percentage
Agriculture	17	24.3
Small business	16	22.9
Transport	11	15.7
Hospitality/Food	10	14.3
Handicrafts/Local products	9	12.9
Other services	7	10.0
Total	70	100.0

Source: Field Data

The above table presents the main occupation of the 70 respondents. Agriculture is the leading occupation, with 17 respondents (24.3%), followed by small business with 16 respondents (22.9%). Transport accounts for 11 respondents

(15.7%), while 10 respondents (14.3%) are engaged in hospitality and food-related activities. Handicrafts and local products involve 9 respondents (12.9%), and 7 respondents (10.0%) are engaged in other services. Overall, the occupational profile indicates substantial participation in agriculture, small businesses, transport, hospitality, and local-product activities, reflecting the diverse livelihood linkages associated with tourism in the study area.

Table 6: Tourism-related Monthly Income

Tourism-related Income	Frequency	Percentage
No tourism income	8	11.4
Below ₹5,000	17	24.3
₹5,001–₹10,000	21	30.0
₹10,001–₹20,000	17	24.3
Above ₹20,000	7	10.0
Total	70	100.0

Source: Field Data

The above table shows the tourism-related monthly income of the 70 respondents. The largest group, 21 respondents (30.0%), earns ₹5,001–₹10,000 per month from tourism-related activities. 17 respondents (24.3%) each earn below ₹5,000 and ₹10,001–₹20,000, while 7 respondents (10.0%) earn above ₹20,000. Only 8 respondents (11.4%) report having no tourism-related income. Overall, the findings indicate that tourism provides an important source of supplementary income and livelihood opportunities for a substantial proportion of respondents.

Table 7: Impact of Tourism on Employment:

Response	Frequency	Percentage
Very Low	6	8.6
Low	12	17.1
Moderate	25	35.7
High	20	28.6
Very High	7	10.0
Total	70	100.0

Source: Field Data

The above table presents the perceived impact of tourism on employment among the 70 respondents. The largest proportion, 25 respondents (35.7%), reported a moderate impact, followed by 20 respondents (28.6%) who reported a high impact. 7 respondents (10.0%) perceived the impact as very high, while 12 (17.1%) and 6 (8.6%) reported low and very low impacts, respectively. Overall, 74.3% of respondents reported a moderate to very high employment impact, indicating that tourism has a considerable role in generating employment opportunities in the study area.

Table 8: Impact of Tourism on Small Businesses

Response	Frequency	Percentage
Very Low	5	7.1
Low	10	14.3
Moderate	23	32.9
High	24	34.3
Very High	8	11.4
Total	70	100.0

Source: Field Data

The above table presents the perceived impact of tourism on small businesses among the 70 respondents. The highest proportion, 24 respondents (34.3%), reported a high impact, followed by 23 respondents (32.9%) who reported a moderate impact. 8 respondents (11.4%) perceived the impact as very high, while 10 (14.3%) and 5 (7.1%) reported low and very low impacts, respectively. Overall, 78.6% of respondents reported a moderate to very high impact, indicating that tourism makes a significant contribution to the development and expansion of small businesses in the study area.

Table 9: Impact on Household Income

Response	Frequency	Percentage
Very Low	6	8.6
Low	11	15.7
Moderate	24	34.3
High	22	31.4
Very High	7	10.0
Total	70	100.0

Source: Field Data

The above table presents the perceived impact of tourism on household income among the 70 respondents. The highest proportion, 24 respondents (34.3%), reported a moderate impact, followed by 22 respondents (31.4%) who reported a high impact. 7 respondents (10.0%) perceived the impact as very high, while 11 (15.7%) and 6 (8.6%) reported low and very low impacts, respectively. Overall, 75.7% of respondents reported a moderate to very high impact, indicating that tourism contributes considerably to household income and livelihood improvement in the study area.

Table 10: Perceived Government Support:

Level of Support	Frequency	Percentage
None	12	17.1
Low	18	25.7
Moderate	23	32.9
High	13	18.6
Very High	4	5.7
Total	70	100.0

Source: Field Data

The above table presents the perceived level of government support among the 70 respondents. The largest proportion, 23 respondents (32.9%), reported a moderate level of support, followed by 18 respondents (25.7%) who reported low support. 13 respondents (18.6%) perceived government support as high, while 12 respondents (17.1%) reported receiving no support and only 4 respondents (5.7%) reported very high support. Overall, the findings indicate that government support for tourism-related activities is perceived as moderate to limited, suggesting the need for stronger institutional, financial, infrastructural, and promotional support.

Table 11: Constraints Affecting Tourism Development

Constraint	Frequency	Percentage
Inadequate infrastructure	45	64.3
Seasonal tourist demand	42	60.0
Inadequate promotion	39	55.7
Limited skills	35	50.0

Weak market linkages	31	44.3
Limited finance	28	40.0
Environmental management problems	23	32.9

Source: Field Data

The above table presents the major constraints affecting tourism development as reported by the respondents. Inadequate infrastructure is the most frequently reported constraint, identified by 45 respondents (64.3%), and followed by seasonal tourist demand with 42 respondents (60.0%). Inadequate promotion was reported by 39 respondents (55.7%), while 35 respondents (50.0%) identified limited skills as a constraint. Weak market linkages (44.3%) and limited finance (40.0%) were also significant concerns, whereas environmental management problems (32.9%) were reported by a comparatively smaller proportion. Overall, the findings indicate that infrastructure, seasonality, promotion, and skill development are the major challenges requiring policy attention for strengthening tourism and its contribution to local economic development.

Major Findings and Discussion:

The major findings of the study are:

- **Tourism has a significant role in local economic development:** The study indicates that tourism contributes to the local economy of the erstwhile Adilabad district through employment generation, income opportunities, small-business activities, and increased demand for local goods and services.
- **Tourism provides important employment opportunities:** Among the 70 respondents, 74.3% reported a moderate to very high impact of tourism on employment. This demonstrates the potential of tourism to create both direct and indirect livelihood opportunities.
- **Tourism contributes to small-business development:** 78.6% of respondents reported a moderate to very high impact of tourism on small businesses. Food services, petty trade, transport, handicrafts, accommodation, and other visitor-oriented activities benefit from tourist demand.
- **Tourism supports household income:** 75.7% of respondents perceived a moderate to very high impact of tourism on household income. The findings suggest that tourism provides an important supplementary source of income for households engaged in tourism-related activities.
- **Tourism-related income is significant for many respondents:** About 54.3% of respondents reported tourism-related monthly income above ₹5,000, while 10.0% reported income above ₹20,000. This indicates that tourism can contribute meaningfully to livelihood diversification.
- **Tourism supports diverse local occupations:** The respondents are engaged in agriculture, small businesses, transport, hospitality, handicrafts, local products, and other services. This indicates that tourism creates economic linkages across multiple sectors rather than benefiting only tourism establishments.
- **Tribal communities have considerable tourism potential:** Gond and other tribal communities possess cultural resources such as handicrafts, traditional cuisine, cultural practices, festivals, and local products. Their greater participation could enhance both livelihood opportunities and the preservation of cultural heritage.
- **Government support remains inadequate:** Only 24.3% of respondents reported high or very high government support, while 42.8% reported low or no support. This indicates the need for stronger institutional, financial, infrastructural, and promotional interventions.
- **Infrastructure is the major constraint:** 64.3% of respondents identified inadequate infrastructure as a major constraint, making it the most frequently reported challenge to tourism development.
- **Seasonality and inadequate promotion are important challenges:** 60.0% identified seasonal tourist demand and 55.7% identified inadequate promotion as major constraints. These factors limit the continuity of tourism-related income and business activities.
- **Skills and market linkages require attention:** Limited skills (50.0%) and weak market linkages (44.3%) restrict the ability of local communities and small enterprises to obtain greater economic benefits from tourism.

Policy Implications:

- 1. Strengthening Tourism Infrastructure:** Government should improve roads, public transport, sanitation, drinking water, accommodation, parking, safety facilities and basic amenities at major tourism destinations such as Basara, Kuntala, Pochera, Jainath and Keslapur. Better infrastructure can increase tourist inflows and create wider local economic opportunities.
- 2. Promoting Local Employment:** Tourism policies should prioritize local residents for employment in hotels, restaurants, transport, guiding, maintenance and other visitor services. Skill-development programmes in hospitality, tour guiding, food services and digital tourism can improve the employability of local youth.
- 3. Supporting Local Entrepreneurship:** Financial assistance, subsidized credit and simplified procedures should be provided to small traders, food vendors, transport operators, homestay owners and other tourism-related entrepreneurs. This can strengthen the linkage between tourism growth and household income.
- 4. Strengthening Tribal and Community Participation:** Tribal communities, particularly in areas associated with Gond culture and tribal festivals, should be actively involved in tourism planning and management. Community-based tourism, tribal handicrafts, traditional cuisine and cultural activities can generate supplementary livelihoods while ensuring that economic benefits remain within local communities.
- 5. Improving Tourism Promotion and Marketing:** Greater use of digital platforms, social media, destination branding and integrated tourism packages is required to promote lesser-known destinations. Linking waterfalls, religious centres, wildlife attractions and tribal cultural sites can encourage longer tourist stays and higher local expenditure.
- 6. Reducing Seasonality:** Since seasonal tourist demand was identified as a major constraint, authorities should develop year-round tourism products, including cultural events, tribal tourism, eco-tourism, handicraft activities and local food experiences. This can provide more stable employment and income throughout the year.
- 7. Developing Market Linkages for Local Products:** Stronger connections should be created between tourism destinations and local producers of handicrafts, agricultural products, traditional foods and other locally made goods. Dedicated stalls and local-product markets at tourist centres can increase the share of tourist expenditure reaching local households.
- 8. Enhancing Institutional and Financial Support:** The relatively limited perception of government support indicates the need for better coordination among tourism, tribal welfare, rural development, transport, handicrafts and local-government institutions. Tourism-related schemes should provide accessible finance, technical assistance and marketing support to small and community-level enterprises.
- 9. Ensuring Environmental Sustainability:** Tourism development in forests, waterfalls and wildlife areas should follow environmentally responsible practices. Waste management, visitor regulation, conservation measures and community participation are essential to prevent tourism from damaging the natural resources on which the sector depends.
- 10. Adopting an Inclusive Local Economic Development Approach:** Tourism planning should move beyond increasing visitor numbers and focus on employment, household income, entrepreneurship and equitable distribution of benefits. Regular monitoring of local participation and economic outcomes can help ensure that tourism becomes a sustainable instrument of local development.

Conclusion:

Tourism has considerable potential to promote local economic development in the erstwhile Adilabad district by generating employment, supporting small businesses, increasing household income and creating supplementary livelihood opportunities. The study indicates that tourism benefits are particularly relevant for local communities and tribal groups associated with cultural and natural tourism resources. However, inadequate infrastructure, seasonal demand, limited promotion, skill gaps and weak market linkages constrain its broader impact. Therefore, sustainable and inclusive tourism policies should emphasize local participation, entrepreneurship, infrastructure development, skill enhancement and environmental conservation. Strengthening these areas can enable tourism to become a more effective and equitable driver of regional economic development.

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