

## **TOURISM SECTOR AND ITS IMPACT ON UTTARAKHAND STATE ECONOMY**

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### **Abstract:-**

According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia pacific region and 65th globally out of 140 economies ranked on travel and tourism Competitiveness Index. This sector has both forward and backward linkages like provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc. are some of the important economic benefits provided by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy.

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Key words:- Tourism development, Service Sector and economic development

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### **Objectives of the Study:**

- To examine the time series trend of tourism in Uttarakhand.
- To enquire about the availability of better employment and economic opportunities to the local residents.
- To provide suggestion to increase the revenue generated by state from tourism.

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## Research Methodology

The study is based only on the secondary data. The analysis has been done by using bar charts, pie charts and line diagrams by using excel 2007.

## Research Questions

- What is the current status of Tourism in Uttarakhand?
- Whether Tourism can be a major source of income generation in Uttarakhand by creating job opportunities for local residents?

## Review of literature:-

In a report by (**PARLIAMENT LIBRARY AND REFERENCE, 2013**), Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a flip to the country's overall economic and social development. Much has been achieved by way of increasing air seat capacity, increasing trains and railway connectivity to important tourist destinations, widening the roads to four-lanes which connect important tourist centers and increasing availability of accommodation by adding heritage hotels to the hotel industry and encouraging paying guest accommodation. But much more remains to be done. Since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organizations become active partners in the Endeavour to attain sustainable growth in tourism if India is to become a world player in the tourist industry.

(**Sethi, 2008**) said that the main problem in the development of the state is proper infrastructure to support sustainable tourism. Tourist zones have to be connected by formal and informal links in the form of roads, trails, tracks, and thematic circuits. The seasonality of different kinds of tourism and tourists to be attracted should be taken into account, so as to create employment for year-round tourism. The tourism plan needs to develop new tourist options that target different types of tourists as well as showcase the culture, handicrafts, and cuisine of that tourist option. Proper publicity and marketing are required along with the development of skills in tourism sub-sectors to provide world class service.

(**Abdul Bari Naik, 2012**) examined the sustainable tourism development through integrated planning in Uttarakhand and said that there is an enormous tourist potential; Uttarakhand has been receiving a large number of tourists annually since ancient times. The present influx of tourists to the Uttarakhand can be attributed to enumerable number of factors. The existing tourist potential in terms of natural beauty, historical and archeological sites, games and sports activities, culinary and religious sites and other factors as the major pull factors. Tourism in Uttarakhand is still in a discovering stage. Many sites are still lying untapped. The political factors create problems for development of tourism in the Uttarakhand. He gave suggestions for integrated planning of tourism development through sustainability in Uttarakhand which included a) Developing a detailed master plan for the state. b) Creating awareness among the local residents. c) Micro level studies should be incorporated for the development of tourism in Uttarakhand like recent study for

development of heritage tourism, rural tourism. d) Roads, local railway like toy trains, CNG Buses should be introduced for sustainable development of tourism in Uttarakhand Valley.

(**Himadri Phukan, 2012**) presented an analysis of the available and relevant literatures in the field of spiritual tourism with special emphasis on the Uttarakhand state of India. It emphasizes on the emergence of spiritual tourism oriented research activities and explores the potentials for future work in tourism research. A model depicting a general Classification of tourism literature in the context of increasing research interests in the spiritual tourism has been presented in the form of a model. Research publications on spiritual / pilgrimage tourism appeared in five different journals and a few major conference proceedings since the year 1992 have been analyzed.

(**KAR**) analyzed the problems of a relatively new state in the hills, Uttarakhand, and particularly the reasons for stagnation in the hilly regions of the state. It also examines the policy priorities that can enable the state to achieve inclusive growth. The tourism sector can be encouraged to provide employment to the local people in the hotels and the tour operative business. Employment can also be created for the local people as tourist guides and instructors of adventure sports activities. Sometimes, market failures block the development of some of these activities or prevent the local people from getting a reasonable return from them. It is necessary for the state to intervene in these situations and deal with the market failures by means of appropriate policy.

The report by (**EMEA, 2013**) said that the marginal activities dependent on tourism is severely affected with farmers, skilled labor, animal herders, small business owners and daily wage **workers** facing acute crises in terms of lack of any livelihood options. Most of them have lost their assets like shops, horse and mules, agricultural land etc.

(**Bhutiani, 2012**) Said that the Tourism has demonstrated a dynamic growth in the past century and is projected to maintain sustainable growth in the coming years. As per UNWTO statistics India is one of the fastest-growing outbound travel markets in the world. With more than 13.2 million Indian outbound travelers in 2010 and an average annual growth rate of over 16%., the segment has huge potential. Tourism leisure shopping is recognized as one of the most popular global tourist activities. In some destinations shopping has become a core activity of the tourist attraction. The purpose of his paper is to provide insights into the Indian Outbound Tourists' retail behavior. He used descriptive research design. Data was collected from 150 respondents of the city of Ahmedabad and examined through statistical techniques.

### **Tourists Arrival in Uttarakhand**

Uttarakhand is rich in scenic beauty with healthy climate and ample avenues for adventure sports and eco-tourism. River rafting, trekking, rock climbing, camping etc. are emerging as serious tourism businesses. As per CSO data, this sector is a leading contributor to the service sector GDP of the state. This State is also known for sites of cultural and religious significance. Tourism sector play a significant role in the contribution in the

economy of Uttarakhand state and it also create an option for livelihood. According to Uttarakhand Development Report 2011, there is around 150% increase in income within a period of 10 years in this sector and is a consistently growing source of income. Therefore, wise approach in leveraging tourism can lead to a better job opportunity for local residents close to their home for which they may not have to migrate, and in a way will help in preserving the local culture and traditions, in turn nurturing and restoring the diversity of our country along with a major source of income and employment in places which don't fit the portfolio of giant enterprises. There is an enormous tourist potential. Pathak Vinod Kumar (2006) study state that the state contains 192 tourist destinations out of these 41% are Pilgrim places, 42% are Natural sites and 17% are adventure places. Uttarakhand has been receiving a large number of tourists annually since ancient times. The present influx of tourists to the Uttarakhand can be attributed to enumerable number of factors. The existing tourist potential in terms of natural beauty, historical and archeological sites, games and sports activities, culinary and religious sites and other factors as the major pull factors.

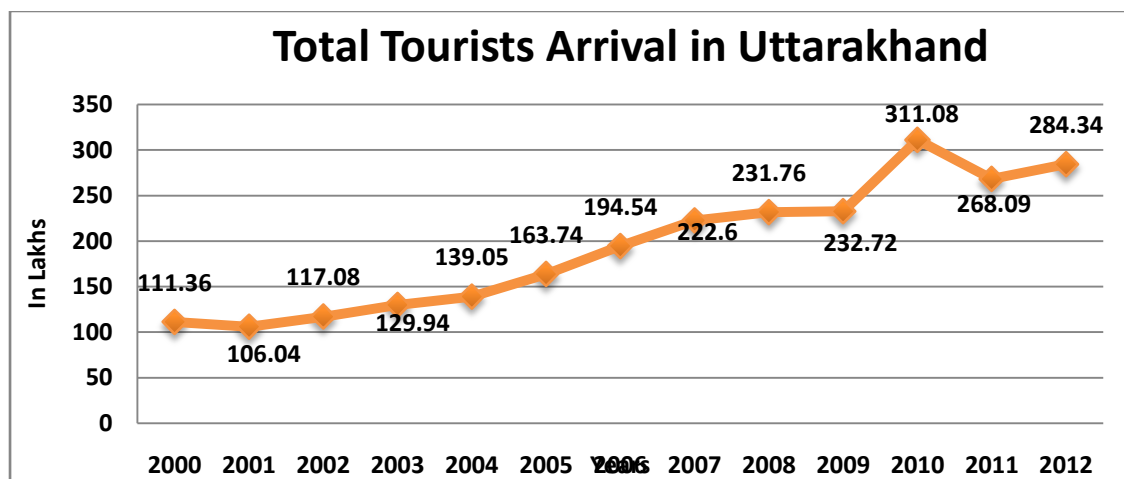


Figure 1:-Trends in Total Tourists Arrival in Uttarakhand, source:- *Uttarakhand Tourist Development Board (Department of Tourism, Govt of Uttarakhand, India)*

- This graph shows the total tourists arrival in the state of Uttarakhand for the years 2000 to 2012. This graph shows an increasing trend, the number of tourists have come to the state have increased over the years. Total Tourists here include both the domestic tourists and the foreign tourists.

**We can clearly see the hike in 2010 time period relatively other time period because of boom in Indian tourist.**

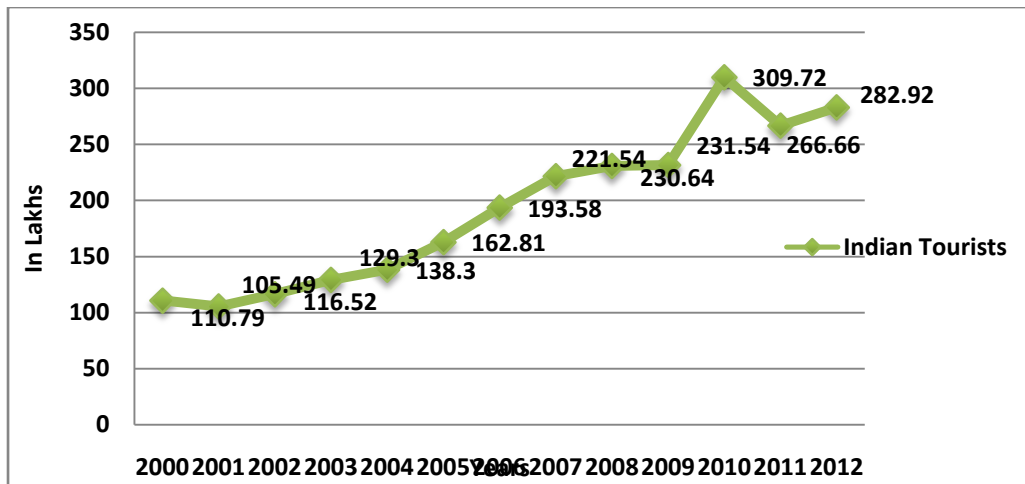


Figure 2 :- Trends in Total Indian Tourists Arrivals in Uttarakhand, Source: Uttarakhand Tourist Development Board (Department of Tourism, Govt of Uttarakhand, India)

The above figure portrays an increment trend of Domestic tourist.

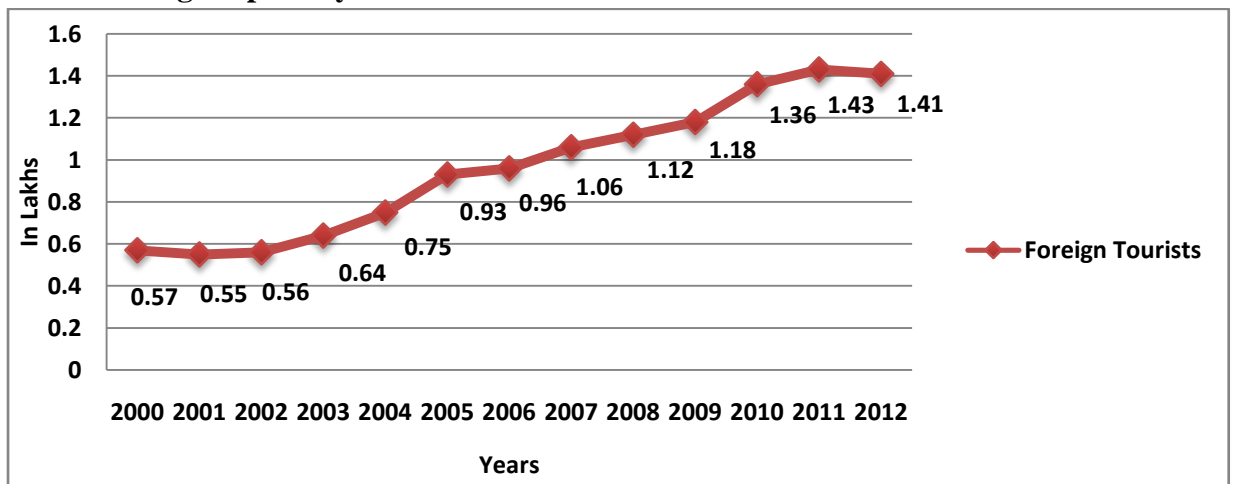
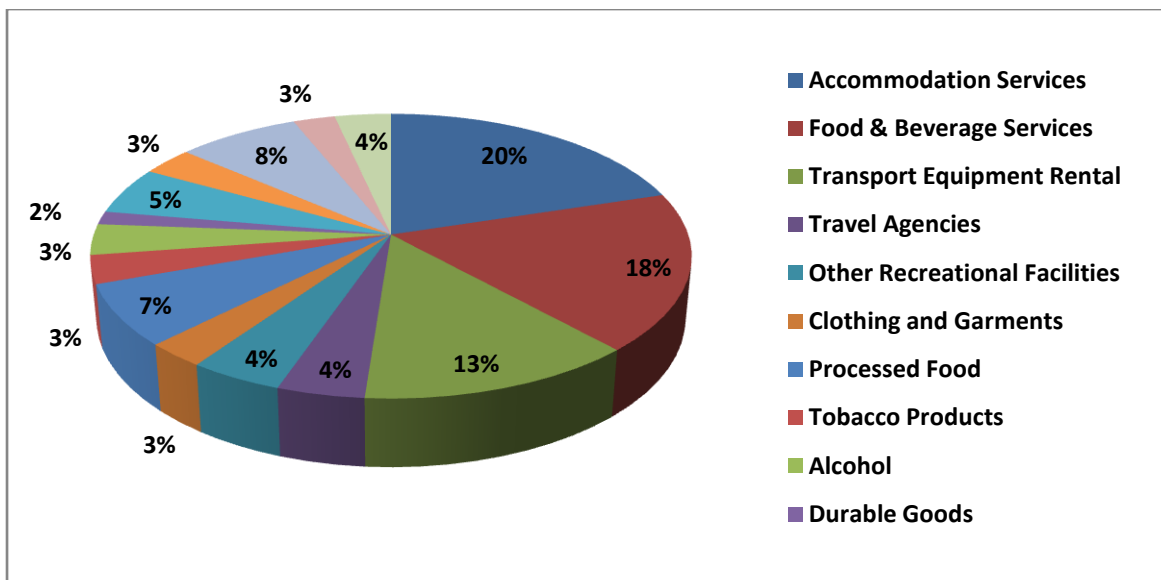


Figure 3:- trend of total tourism arrived in India, Source: Uttarakhand Tourist Development Board (Department of Tourism, Govt of Uttarakhand, India)

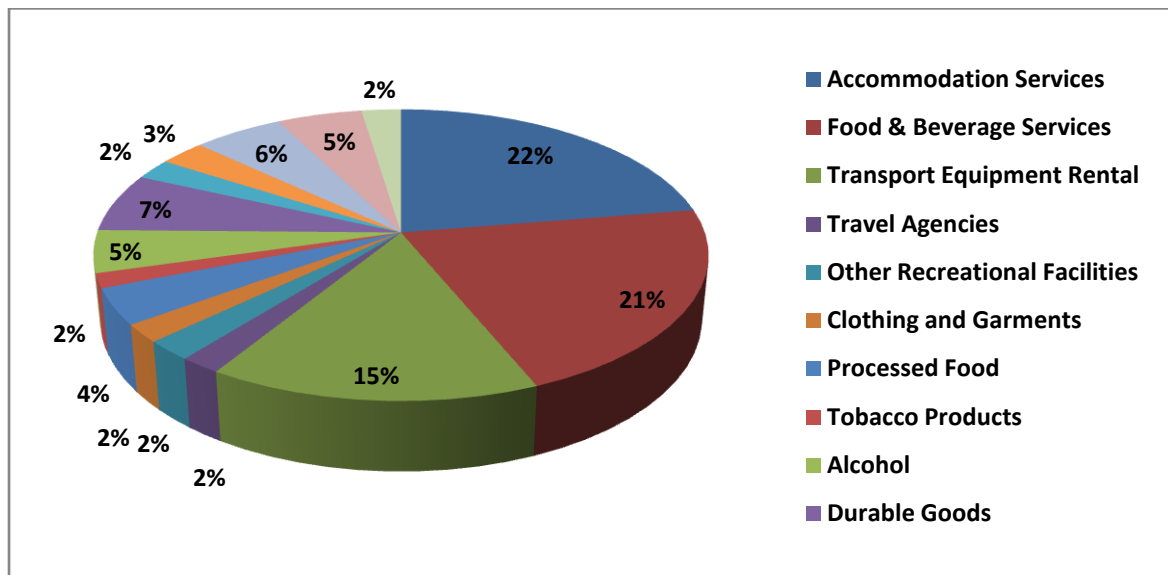
The above figures 1 and 2 show the trend of Indian and foreign tourists arrival in Uttarakhand for the years 2000 to 2012. The trend of tourist arrivals shows that in Uttarakhand both foreign and Indian tourists have gradually increased.

In order to identify the job potential through tourism in Uttarakhand, the expenditure basket of both domestic and foreign tourists in Uttarakhand is shown by the following graphs:-



**Figure 4:- Percentage Distribution of Domestic Visitor's Expenditure on Different Items, Source: Compiled from the collection of tourism statistics for the state of Uttarakhand by A ACNielsen ORG -MARG Pvt Ltd**

This figure shows that the percentage distribution of domestic visitor's expenditure on different items Domestic visitors spends the maximum amount in accommodation services. The top four expenditure items by domestic visitors include Accommodation Services, Food and beverage services and Transport equipment rental. And we found the highest share of expenditure is done on accommodation services. And least expenditure is done on durable goods and tobacco and alcohol.



**Figure 5:-Percentage Distribution of Foreign Visitor's Expenditure on Different Items ,**  
*Source: Compiled from the collection of tourism statistics for the state of Uttarakhand by A ACNielsen ORG -MARG Pvt Ltd*

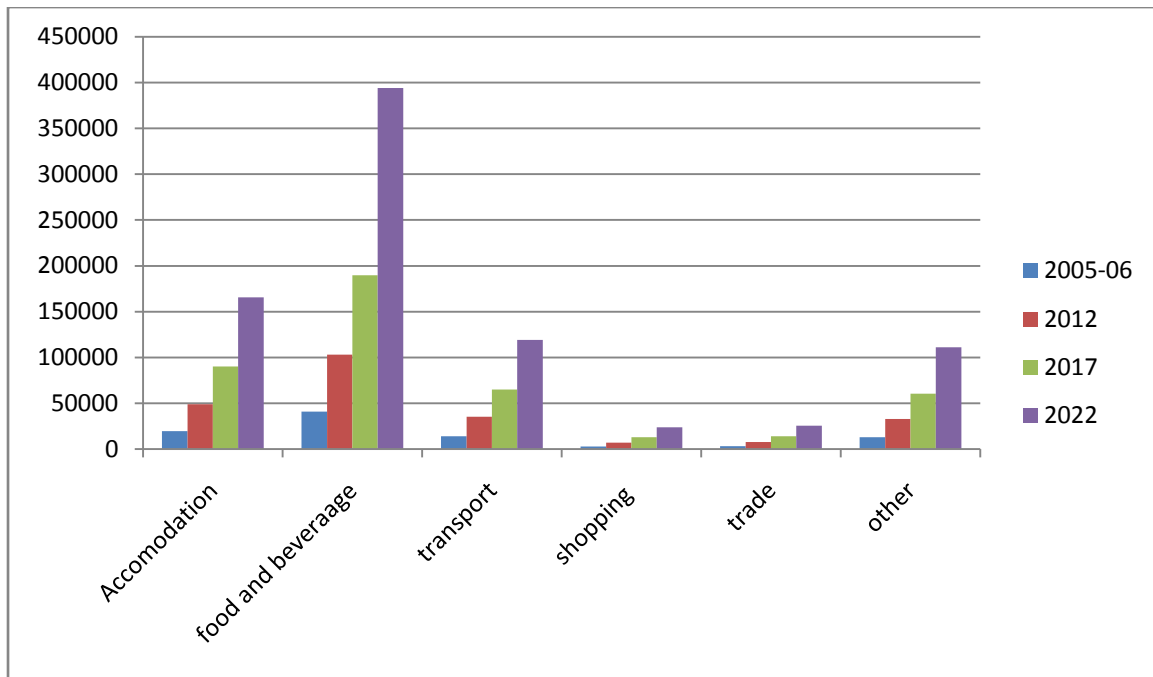
Both the above figures show that the maximum amount of consumption expenditure is done on Accommodation services, food and beverages services and Transport equipment rental by both the domestic visitors as well as the foreign visitors. They account for more than 50% of the expenditure done by the tourists. Thus, Uttarakhand government should provide necessary financial support to these industries so that sufficient revenue can be generated.

Similarly foreign tourist also spent on accommodation but their percentage share is higher than domestic tourist. Same the alcohol expenditure is more than domestic tourist but the expenditure on tobacco is lesser than domestic tourist.

The following diagram shows the contribution of tourism to the economic activities like GDP it again showing increasing trend and better rate of contribution recorded in 2009 and 2010.

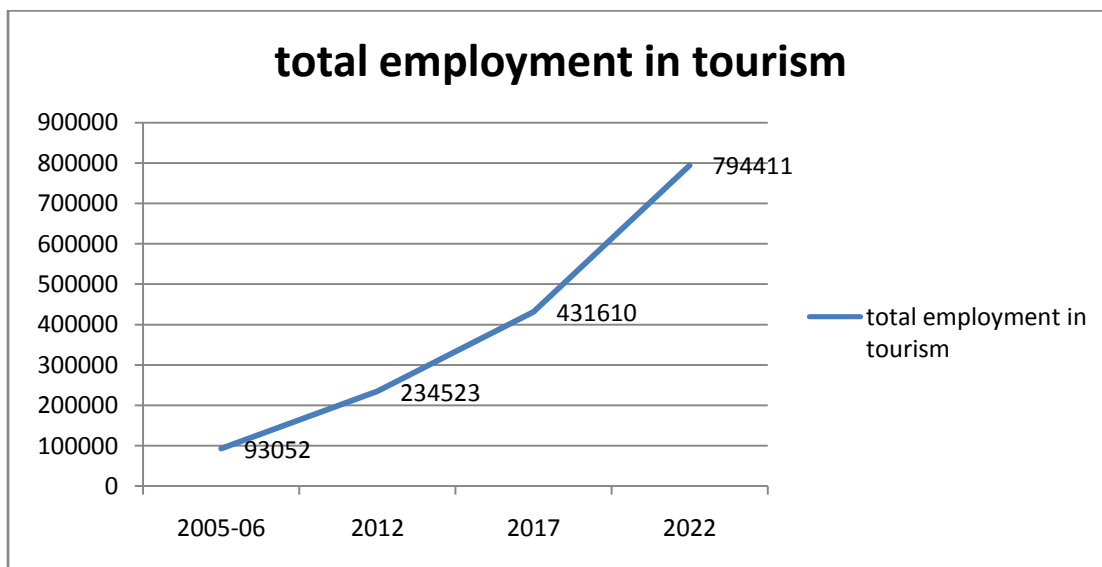
On the basis of Uttarakhand tourism development master plan the estimated opportunities rose are presented with the following graph.

On the basis of 2005-06 and 2012 the department had furcated opportunities for 2017 and 2022. This increasing opportunities can be seen in accomadation and foing service sectore more than the shopping and trade service sectors. Though the highest opportunities are forcasted in 2017 and 2022 and provided in 2005-06 in food and beverage service sectors but other services can be also grow relatively by the policy support.



Source: <http://uttarakhandtourism.gov.in/utdb/sites/default/files/volume-1-executive-summary.pdf>

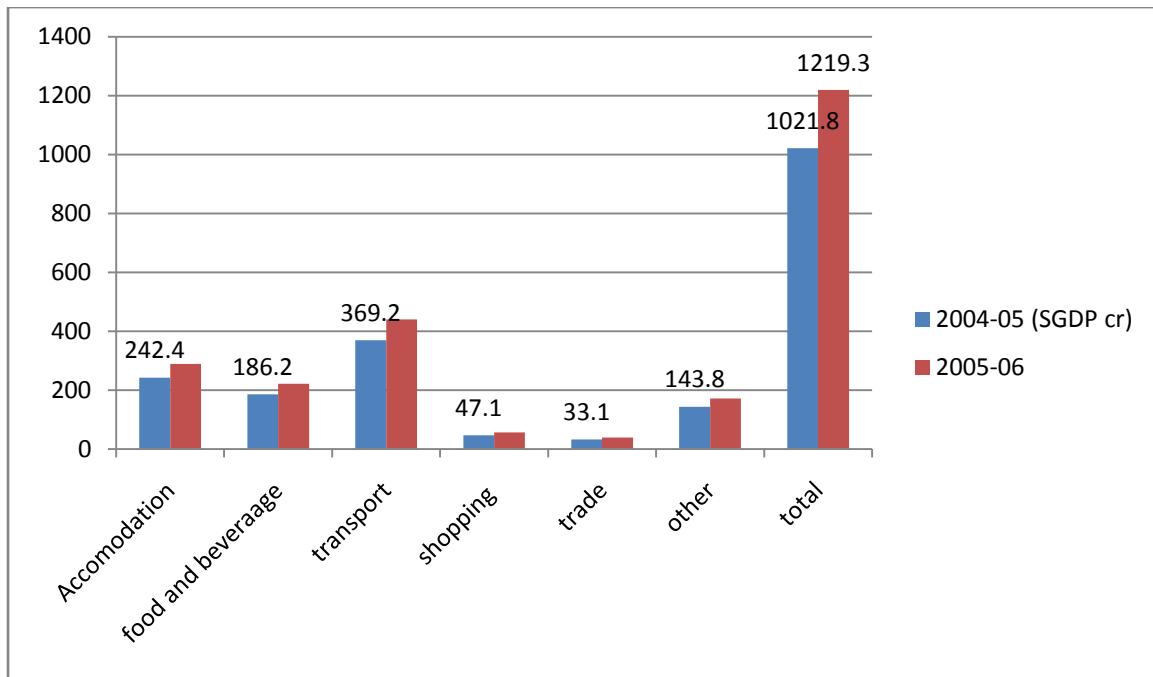
The growth pattern of total employment opportunities in uttarakhand is not that much faster from 2005-06 to 2012 than forecasted growth rate from 2017 to 2022. This growth target in employment opportunities can be achieved by state internal co-ordination.



Source: <http://uttarakhandtourism.gov.in/utdb/sites/default/files/volume-1-executive-summary.pdf>

The following Figure is showing the state GDP contribution of tourism sector. We found an increment of state GDP from 2004-06 continuously which was accounted for Accommodation, transportation and food and beverage service sectors respectively. On the other hand, the trade and shopping sectors' performance are just nominal in these two years.

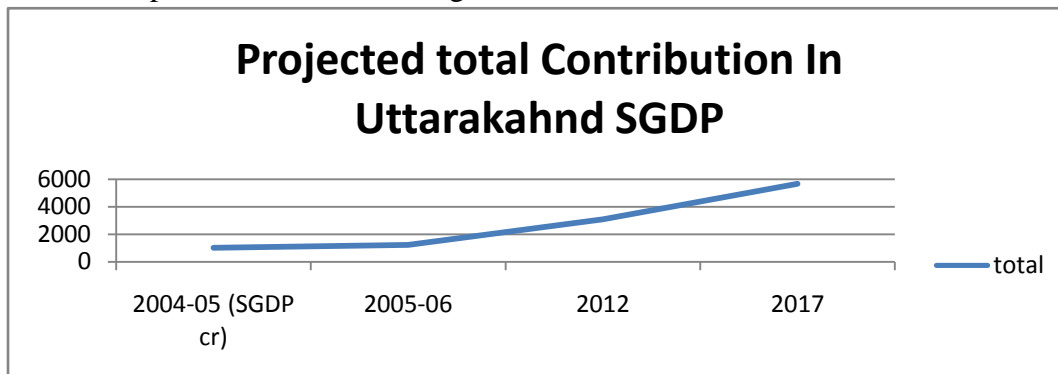




Source:-<http://uttarakhandtourism.gov.in/utdb/sites/default/files/volume-1-executive-summary.pdf>

Meanwhile if we forecast total tourist sectors contribution in State GDP till 2022 we found that there is very less increment of the contribution of tourist sectors but the forecasted

Source:-<http://uttarakhandtourism.gov.in/utdb/sites/default/files/volume-1-executiv>



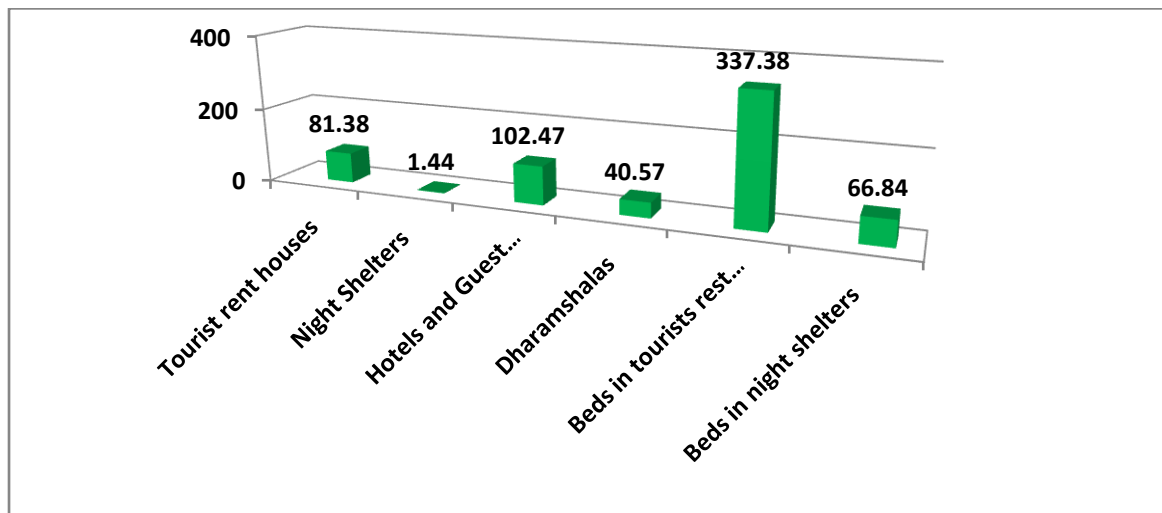
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contribution has very steep slop which indicate higher growth in the contribution of State GDP.

### **Critical Evaluation of Available Tourism Infrastructure and policy in UttrakhandFor making true the estimated performance:-**

It is true that better infrastructure facilities can attract more tourists to the state. Tourists would love to revisit the place again and recommend others too. In this way, more revenue

can be generated which can be used by the government for social welfare. Thus this will lead to economic growth as well as economic development.



**Figure 6:-Availability of Tourism Infrastructure per million people per year in Uttarakhand,Source: Compiled from district statistics from Monthly Review of Uttaranchal Economy by the Regional Monitoring Service of CMIE.**

The above figure shows the total numbers of infrastructure available in the state and its availability per million people per year. The graph shows that the infrastructure facility currently available is very poor. Even several years after the creation of the state and despite the potential of all kinds of tourism, the state is not able to attract tourists because of the poor tourism infrastructure. In 2006, the total number of tourist's arrivals was 19.45 million. In 2006, Uttarakhand has only 8.4 tourist rent houses per million tourists, 102.5 hotels and guest houses per million tourists and 337 beds available for every million tourists.

#### **Policy evaluation(Basis year 2012):-**

Policies those are formulated by Uttarakhand Government to reach the target set by tourism sectors are categorized into three categories<sup>1</sup>. First explained by the fiscal incentives which includes the provision of three year 100% entertainment tax exemption and 30% for future 5 years. Next for 5 years they made provision for the exemption on taxes on the new amusement park and ropeway. Government will provide a subsidies of INR 3 million for new project at Cilling. Apart from this government will facilitate rebate on deferred payment of luxury tax for new units for future five years. GOVT also provide 20% of assistant for investment upto 1 million.

Second category include policy support for tourism sector that facilitate the government guest house for the tourist and give the single window facilities. Government tried to enhance the tourism sectors that's why it focused on associated service sector also like bar and restaurants these service sectors are licenced by government. Moreover government plans to allocate a separate fund for tourism development.

<sup>1</sup> Source- [www.kpmg.com/IN/en/.../KPMG-CII-Travel-Tourism-sector-Report.pdf](http://www.kpmg.com/IN/en/.../KPMG-CII-Travel-Tourism-sector-Report.pdf)

Third category is incorporate in civic infrastructure development like road connectivities and planning for establishment of new activities. In this way government has passed five ropeway projects and connectivity improvements for identified seven zones. Government also took a step to establish adventure centers at 19 locations for promoting outdoor activities like tracking, mountaring, river rafting and rowing water.

### **Conclusion:-**

This study elaborated successfully the situation of tourism in uttarakhand during the time span of 2008-2012. We found in our study that tourism sector is really performed in good way and contributing to our economic activity.

Relatively the foreign tourist arrival rate is less than domestic tourist and in 2009 this arrival pattern got slow down. Apart from this, tourism sector is showing an upward movement, which indicates the government's continuous effort towards tourism development department in Uttarakahnd State.

Next we incorporated tourism contribution in GDP and employment. Contribution in these economic activities is sufficient but contribution rate is not satisfactory it should be better with time movement but the rate was not differing much more. The projected empoloyment generation is very much higher than the actual growth rate in employment generation. This Estimated growth rate is matched by policy proposed by Uttarakahnd State discussed in above section of the article.

However we took into account the supporting services to enhance tourism sectors. We identified these service on the priority basis of tourist. These priorities is categorized on the basis of their expenditure pattern. And we observed that the accommodation facilities and the bedding services are most prioritized service sectors for tourism sectors. Second food and beverage. For the forieng tourist alchohol service is the 5<sup>th</sup> priority with 5% share of expenditure.

The obstacle of tourism sectors which is related to its supporting services is safe night stay. Data depict this statement and support the suggestion to improve the safe night stay facilities in tourist areas.

### **Recommendation and suggestion:-**

To sum up, tourism in Uttarakhand is still in a discovering stage. Many sites are still lying untapped. The main problem in the development of the state is proper infrastructure to support sustainable tourism. Tourist zones have to be connected by formal and informal links in the form of roads, trails, tracks, and thematic circuits. The seasonality of different kinds of tourism and tourists to be attracted should be taken into account, so as to create employment for year-round tourism. The tourism plan needs to develop new tourist options that target different types of tourists as well as showcase the culture, handicrafts, and cuisine of that tourist option. Proper publicity and marketing are required along with the development of skills in tourism sub-sectors to provide world class service. *Regional Monitoring Service of CMIE* has shown the total numbers of infrastructure available in the state and it's availability per million people per year. Infrastructure facility currently available is very poor. Even

several years after the creation of the state and despite the potential of all kinds of tourism, the state is not able to attract tourists because of the poor tourism infrastructure.

Investments in tourism infrastructure may include development of both tourism as well as civic infrastructure. Efforts towards enhancement of overall transport infrastructure in the form of good quality roads, rail network, airports, availability of tourist vehicles etc. need to be strengthened in order to improve the overall infrastructure.

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