

# Impact of Tourism Industry on Economic Development of Jammu and Kashmir

HILAL AHMAD MIR

**Abstract** – Tourism is considered a major tool of economic development round the globe and in the recent decades it has proved its potential by emerging as the fastest growing industry, contributing about 9% to global Gross Domestic Product (GDP). Jammu and Kashmir (J&K) also known as the “Paradise on Earth” is among the most important tourist destinations of the world. It consists of three regions namely Jammu, Kashmir and Ladakh. All these regions are well known for tourism potential all over the world. This paper will focus impact of tourism on the economic development of J&K by examining the parameters of economic development such as employment generation, development of infrastructure and State Gross Domestic Product (SGDP). It is estimated that almost 50-60% of total population of J&K is directly and/or indirectly engaged in tourism related activities. Tourism contributes about 15% to State Gross Domestic Product. Despite being a leading industry of J&K, concrete steps of its economic impact on state are still lacking. Emphasis will be put on causes/strengths like rich heritage and culture, great hospitality and beautiful landscape among the likewise which act as facilitators in the economic development of J&K. This paper will also attempt to draw attention towards the new unexplored tourist destinations like Bungus valley and Lolab valley which may prove beneficial for the development of far flung and remote areas of J&K. The purpose of this study will be to provide some feasible suggestions based on the findings which may prove valuable for the future development of tourism in Jammu and Kashmir.

**Key Words** – Tourism, Economic Development, Employment, Income, State Gross Domestic Product, Infrastructure, Tourist Inflow, J&K Tourism.

## 1 INTRODUCTION

Tourism round the globe is considered as a major tool of development and in the recent past it has proved its potential by emerging as the fastest growing industry contributing about 9% to global Gross Domestic Product (GDP) and generating 8.7% of total employment. As per the estimates of United Nations World Tourism Organisation (UNWTO), global tourism receipts hit a record by earning US \$1075billion in 2012.

Jammu and Kashmir (J&K) also known as, “Paradise on Earth” because of its unmatched scenic beauty, attractive landscapes, is among the most important tourist destinations of the world. J&K is to the Himalayas what Switzerland is to the Alps. It is also called as the, “Switzerland of East”. J&K consists of three regions viz. Jammu, Kashmir and Ladakh. All these regions are well known for tourism potential all around the world. Jammu, also known as, “City Of Temples” is an important destination for pilgrimage tourism. Some of the famous pilgrimage

Sites located here are Vaishno Devi Temple, Raghunath Temple and Bahu Fort which attract tourists from across the world. Kashmir, known for its enormous natural beauty and landscape, pleasant weather and rich heritage has been one of the most preferred tourist destinations for over centuries now. Travellers from every nook and corner of the world are visiting Kashmir. It is the main route of cultural and commercial intercourse between India and

East. It provides opportunities for Eco-tourism, Adventure<sup>1</sup> tourism, Pilgrimage tourism and Medical tourism. Important sites here are Pahalgam, Gulmarg, Sonmarg, Dallake, Wularlake, Amaranth cave and Mughal gardens. Ladakh, also known as, “Moon on Earth” with its naked peaks and barren lands is a famous destination for adventure tourism, known across the world. Tourism holds a strategic place in J&K economy by providing economic benefits like Employment, Foreign Exchange, Infrastructure development and development of local industries like Handicrafts and Handlooms which has placed J&K always in the limelight at the national as well as international level.

## OBJECTIVES OF THE STUDY

1. To find out the impact of tourism in the economic development of J&K.
2. To find out the role of tourism in employment, income, infrastructure development, regional development.
3. To provide some feasible suggestions that may prove valuable for the future development of tourism in J&K.

<sup>1</sup> The author is currently a Research Scholar in the Department of Economics, Aligarh Muslim University, Aligarh – 202002. INDIA and can be mailed at [hilaleco@gmail.com](mailto:hilaleco@gmail.com).

## RESEARCH METHODOLOGY

In view of the specific objectives, methodology followed in carrying out the present study involved mainly the use of data from secondary sources, collected from various organisations like United Nations World Tourism Organisation, World Travel and Tourism Council, Ministry of Tourism-GOI, Jammu and Kashmir Tourism Development Corporation and Directorate of Tourism (Jammu/Kashmir). In addition to this, data have also been collected from other reliable sources like articles, journals and newspapers.

## TOURISM AND ECONOMIC DEVELOPMENT IN J&K

J&K has a tremendous potential to become a major global tourist destination. Importance of tourism in J&K economy is known for decades now and its role in economic development has been an area of great interest from policy perspective. It is estimated that almost 13 million tourists visited J&K in 2012 which placed J&K on 17th position where as Andhra Pradesh is ranked no.1 in the list of major tourist destinations of India (Ministry Of Tourism, GOI).

### 1. Tourism and Employment Generation

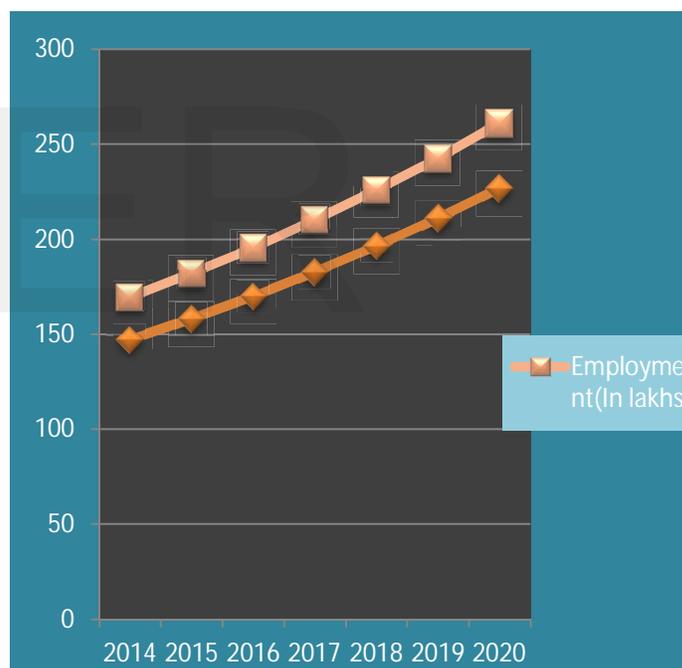
Tourism has played an important role in the employment generation from past with a great potential to increase it further in the coming decades. Wilson and John (2001) in their study found that tourism provided income and employment opportunities to the local people in rural areas. J&K possesses lot of tourist attractions in the form of Pilgrimage, Leisure, Heritage and Eco-tourism with enormous scope to transform the whole economy as a tourist driven economy by providing jobs through trickling down effect. Being a labour intensive industry, its scope in employment generation is vast and the level of investment required here is low as compared to the other sectors of the economy. As per World Travel and Tourism Council (WTTC) estimates, an investment of 10lakh in travel and tourism industry will generate about 90 jobs which are much higher than its competing sectors like Agriculture and Manufacturing which generate 45 & 13 jobs per10lakh respectively.

Tourism in J&K is a multi -segmental industry by providing different types of jobs like hotel managers, guides, tour operators, chefs etc which further strengthens the J&K economy by increasing income and standard of living of the people .The table below shows the projected impact of tourist inflow on employment generation of J&K.

Year	Tourists(In lakhs)	Employment(In lakhs)
2014	147.34	22.101
2015	158.29	23.743
2016	170.09	25.513
2017	182.78	27.417
2018	196.46	29.469
2019	211.2	31.68
2020	227.08	34.062

**Table 1: Impact of tourist inflow on employment from 2014-2020.**

Source : Santek Consultants Pvt. Ltd. New Delhi.



**Graph1: Impact of tourist inflow on employment from 2014-2020.**

The graph above shows that there is a positive impact of tourist inflow on employment i.e with the increase in tourist inflow, total employment (Direct & Indirect) also rises. It is shown that if the current trend continues, total employment would reach to 34.06 lakhs from a tourist inflow of 227.08 lakhs till 2020. It is important to note here that in order to meet the needs of such tourist inflow, there is a need to carry forward the developmental process in a coordinated manner.

## 2. Tourism and Income generation

Tourism industry in J&K is also of much significance in the sense that J&K is considered as one of the industrially backward states of the country. Apart from agriculture, tourism industry is the most popular source of income in J&K. R.Dube (1987) in his study confirmed that tourism contributes to better income generation. Estimates show

that the amount of revenue generated by tourism mainly in the form of Taxes, Foreign exchange, Export earnings is more than Rs.3000 crore ( Expert Group Report-2011,GOI ) and contributes about 15%-20% to the State Gross Domestic Product(SGDP)(Choudhary,2002)which is expected to rise further provided the situation in Kashmir remains normal. Below are some of the estimates of revenue generated (In lakhs) from tourism by some tourism development authorities in J&K.

Year	JKTD C	Directorate of Tourism(Jammu/Kashmir)(DOT)	Gulmarg Dev. Authority (GDA )	Patnitop Dev. Authority (PTDA)	Pahalgam Dev. Authority (PDA)	CableCar Corporation (CCC)
2007-08	1763.00	62.06	48.50	79.00	19.00	798.81
2008-09	1963.00	54.00	51.17	20.00	12.73	839.14
2009-10	1894.00	56.65	34.35	19.54	6.68	1116.00

Year	Kashmir Valey	Jammu	Ladakh
2009	601250	8235064	78573
2010	736448	8749000	76055
2011	1314432	10115232	179204
2012	1308765	10394000	178750
2013	1171130	9287871	137650

Table 2: Revenue generated by J&K Tourism development Authorities

Source: Directorate Of Tourism, J&K.

Graph 2: Revenue generated by J&K Tourism Development Authorities

Data shown in the table and the figure indicates that the revenue generated by these authorities is not upto the mark from last 2-3 years but it can be expanded through proper maintainance of the existing sites and development of new unexplored tourist sites, paving way for better standard of living and thus making environment conducive for tourists. On the basis of number of domestic tourists ,J&K is ranked 15th and has attained 19th position in case of foreign tourist

arrival in India.Here are some of the estimates of the tourists (Foreign&Domestic) visiting J&K during last 5 years.

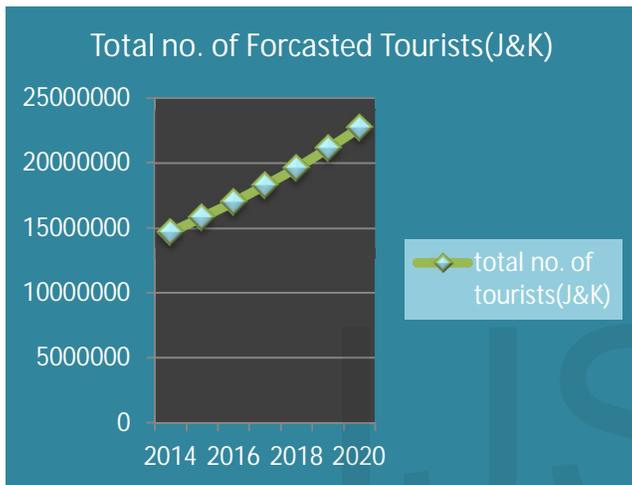
Table 3: Total Tourist arrivals in J&K, 2009-2013

Source: Economic Survey, J&K(2013-2014)



Graph 3: Total Tourist arrivals in J&K, 2009-2013

The data shown above reveals that all the three regions of J&K i.e. Jammu, Kashmir and Ladakh are experiencing the stage of boom from past few years with Jammu region having the highest share among the three because of the Vaishno Devi Yatra which generates about Rs. 475 crore annually to Katra economy. This trend is believed to continue with an expectation of crossing the mark of 20 million till 2020 as projected by 'Santek Consultants Pvt. Ltd.' New Delhi, as shown in the table.



**Graph 4: Future projection of tourists in J&K, 2014-2020**

The above projections reveal that till 2020, tourist arrival in J&K will cross the mark of 20 million, of which Jammu region will attract the largest share of about 2 crore tourists, Kashmir Valley with about 20 lakh and Ladakh with a tourist inflow of about 5 lakh.

Studies confirm that tourist spending has a positive relation with income, revenue generation & savings i.e. Increase in tourist spending will result in an expansion of income, taxes and savings, speeding up the developmental process as shown in the diagram below.



Year	Total no. of Tourists (J&K)
2014	14734445
2015	15829895
2016	17009148
2017	18278954
2018	19646661
2019	21120269
2020	22708506

**Table 4: Future projection of tourists in J&K, 2014-2020**

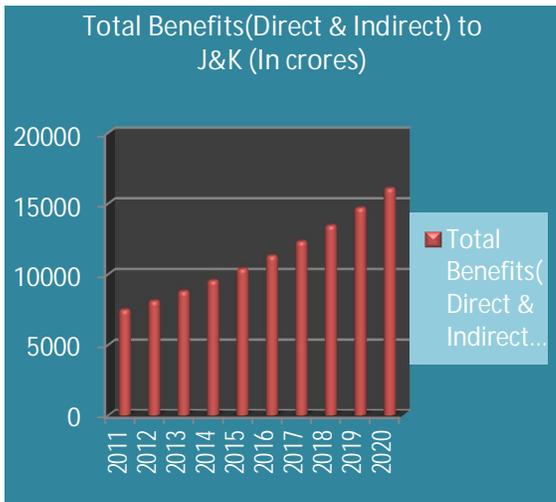
Source: Santek Consultants Pvt. Ltd. New Delhi

The best advantage of tourism industry is that being a service lead industry, state gets a lot of money in return to its services being offered to the tourists without actually paying them anything in cash. Data in the table shows the forecasted total benefits derived from tourist arrival in J&K from 2010-2020.

S.NO	Year	Total Benefits (Direct & Indirect) to J&K (in crore).
1.	2011	7455.46
2.	2012	8080.51
3.	2013	8767.00
4.	2014	9522.17
5.	2015	10354.34
6.	2016	11272.96
7.	2017	12288.84
8.	2018	13414.39
9.	2019	14663.79
10.	2020	16053.34

Table 5: Projected benefits from tourists, 2011-2020

Source: Santek Consultants Pvt. Ltd. New Delhi



Graph 5: Projected benefits from tourists, 2011-2020

The above figure and the table reveal that tourism in J&K is preparing itself to be once again the forerunner in earning foreign exchange for the state, which is struggling a lot because of its balance of payments problems and non availability of funds for carrying out new tourism projects. Tourism is one of the best sources for overcoming balance of payment problems (M. Zulfikar, 1998). Data shows that total benefits (Direct & Indirect) from tourism will cross 10,000 crore mark up to 2015 and will reach to an estimated value of 16,000 crore till 2020, which is going to be the boosting factor for the economy of J&K.

### 3. Tourism and Infrastructure Development

Tourism and development of infrastructure are interrelated sectors in the sense that better infrastructure, will provide the way for more tourism related activities. Lack of infrastructure is among the main causes of underdevelopment of tourism (A. K. Bhatia, 1997). Development of infrastructure includes good infrastructure facilities, better sanitary conditions and more intake capacity during peak seasons and proper human resource development.

Projection of infrastructure requirement in J&K.

Year	Hotels	Guest Houses	Transport(Buses / Taxis)
2015	1715	1607	38178/16226
2020	3018	3023	60462/25697

Table 6: Required infrastructure, 2015-2020

Source: Santek Consultants Pvt. Ltd. New Delhi

Apart from the requirements shown above, it is essential to put more stress on the maintenance of existing tourist spots because tourists are attracted to a particular place only if they feel that the arrangements being made at a tourist destination are sufficient to satisfy them.

### 4. Tourism and Regional Development

Tourism acts as a catalyst in the development of backward and far flung regions of a particular area. Development of tourism will lead to the progress in rural / backward regions (Smith- Stephen, 1989). It is often seen that most of the scenic & beautiful destinations of a country are located in the backward areas which have a significant contribution in the economic development of these areas through the development of local industries. Same is the case of J&K where tourists are attracted towards the areas which are located in remote regions of state like Lolab and Bangus valley in Kupwara, Suru valley in kargil, Daksum valley in Anantnag, Gurez valley in Baramulla, which are known for their scenic beauty and charming climate and for greater tourist potential than those offered by famous destinations like Gulmarg, Pahalgam and Mughal gardens among the likewise. Tourists visiting such unexplored attractive spots can give fillip to the economic condition of the residents by promoting local art like Handicrafts, Handlooms, Cricket bat industry and Ayurveda. It is estimated that handicrafts (Paper machie, Wood carving, Pashmina shawl) in J&K generate a revenue of more than Rs.1000cr with about 4-5 lakh artisans being employed in this sector (J&K Economic survey).

### STRENGTHS OF J&K TOURISM

Scope of tourism in J&K is better than many states of the country. There are many factors responsible for the huge potential of tourism in J&K. Some of them are listed below.

1. J&K is well known destination for its great hospitality, rich cultural heritage and scenic beauty.
2. J&K is a suitable destination for several other types of tourism which are yet to be exploited like Adventure tourism, Medical tourism, Eco-tourism, Polo tourism and Leisure tourism.
3. Handicrafts of J&K like pashmina shawl & paper machie is famous in the whole world. J&K is also well known for its Cricket bat industry.
4. Famous Kashmiri cuisine, "WAZWAN" with its unmatched taste is a source of attraction to every tourist, visiting the state.

5. The local residents of J&K have lot of experience in tourism related activities.

It is evident that J&K tourism has vast potential by looking through the prism of strengths which can out way the weaknesses like unexplored destinations, low govt. Spending, poor infrastructure and security concerns provided the strengths and opportunities are properly maintained.

### **SUGGESTIONS FOR IMPROVEMENT**

From the above findings it is clear that tourism is an important sector of development for J&K economy but there are some weaknesses which if sougheed out properly could become main strengths of J&K tourism. Following are some of the suggestions with regard to the future development of tourism in J&K.

1. The first and the foremost thing in this regard would be to have a well documented tourism policy because J&K does not have a tourism policy which should give equal rights to all the stake holders involved in tourism related activities like local people, private sector and NGOs.

2. As tourism is mainly a private sector driven industry, it is important for J&K govt. to act as a facilitator and not a regulator with respect to tourism.

3. Infrastructure development with regard to tourism is lacking. We do not have enough space in hotels and resorts to handle the tourist rush in peak seasons, transport facilities are meagre and sanitary conditions are pathetic. So there is a need for proper maintenance and development of infrastructure in J&K.

4. 'Institute of Hotel Management (IHM), Srinagar, is playing a crucial role in imparting training to the local residents and hence enhancing their skills which matchup with international standards. There is a need to open more such institutions which will provide proper training to the local people engaged in tourism related activities like guides, tour operators and chefs etc so that they may be better equipped in handling tourist inflow.

5. There are number of unexplored tourist destinations in J&K because of which it is also known as, "Paradise Unexplored". Such new unexploited attractive destinations need to be explored more and more.

6. J&K tourism needs enough measures to provide proper security to tourists so that a sense of safeness will be felt by the tourists.

7. J&K is one of the best destinations with regard to some new areas which include Adventure tourism, Medical

tourism, Polo tourism etc which needs to be explored and thus giving a new sense of hope to tourism.

8. Most of the tourist destinations with lot of tourist potential are occupied by Indian armed forces thus incurring a heavy loss on govt. exchequer and environment. State should make sure that such tourist spots are not misused at any cost by anyone.

9. State should take steps to revive the traditional Handicrafts sector via new innovative methods which will regain its old reputation in the international arena.

10. All the new projects, having an impact on tourism and environment should be carried out in a sustainable way without damaging the fragile ecology of the state.

### **CONCLUSION**

It is evident from the above summary that tourism has been an important source of economic development for J&K economy from over several decades and will continue to be a significant contributor in future also because of the changes taking place on both demand and supply sides. Supply side changes are due the growth of new areas like Adventure tourism, Science tourism, Spiritual tourism and Medical tourism. Moreover the factors which increase its scope from demand side include, change in the standard of living, rise in disposable income, late marriages, long leisure time and better education. Owing to the growth of tourism industry in J&K, economic parameters like employment, income, infrastructure and competition will improve, leading to the entry of new products in the market and thus resulting in better services and more satisfaction to the people of the state as a whole. This will be possible only if the situation in the state remains normal and the organisations mainly responsible for the development of tourism like, Jammu and Kashmir Tourism Development Corporation (JKTDC) and Directorate of Tourism (Jammu/Kashmir) are able to beautify and maintain the existing attractive tourist spots by providing better and affordable facilities to the visitors in the form of good infrastructure, better sanitary conditions, decent entertainment avenues and proper security measures which are presently lacking. While several plans and programmes have already been framed for tackling these challenges, successful implementation would be critical to accelerate them. All the stakeholders whether from centre or state should work in a coordinated manner and effective measures need to be taken in exploring strengths and reducing weaknesses, thus providing new opportunities to the state in becoming an attractive tourist destination all over the world.

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