

A Study Regarding Impact of Tourism Industry on Employment and Revenue Generation in Jammu and Kashmir

Abstract

Jammu and Kashmir has enormous potential to become a major tourist destination of the world. From decades importance of tourism in Jammu and Kashmir economy is known. To understand the impact of tourism sector on Employment and Revenue generation in Jammu and Kashmir, the present paper uses secondary sources of data and tries to examine various parameters such as tourist inflow, employment generation. We have found that apart from agriculture sector, tourism sector is the major sources of income and employment generation for the economy of Jammu and Kashmir.

Keywords: Tourism, Employment, Revenue Generation, Economic Development.

Introduction

Tourism Industry is a significant agent in the socio-economic development. It is a service industry and provides services to different classes of people. For many times it is depicted as panacea for so many problems such as unemployment, poverty, and so on. Kashmir is known for its beauty, hospitality to everyone. Its green forests, grasslands, backwaters, and beaches, its beautiful rivers and lakes, attracts people from all around the world also from different parts of the world. Kashmir valley is known as "a land of paradise on earth". Throughout the globe, tourism brings money. The growth of tourism in Jammu and Kashmir has been improved astonishingly. The development of tourism industry may promote economic growth both directly and indirectly, first by stimulating the growth of other sectors and secondly by increasing domestic incomes and effective demand. Tourism industry has a enormous capacity to generate employment opportunities, foreign exchange earning and revenue generation for the Jammu and Kashmir economy. THE WORLD TRAVEL AND TOURISM COUNCIL estimated that tourism generated INR 6.4 trillion (6.6% of the nations GDP) in 2012. It supported 39.5 million people by providing jobs. It is predicted that tourism sector will grow at an average annual rate of 7.9% from 2013 to 2023. Tourism industry brings billion of dollars into the economy of Jammu and Kashmir. The growth in the tourism industry is mainly due to increase in the number of domestic tourists as well as to the rise in the arrival of more and more foreign tourists. Jammu and Kashmir is known as the "Switzerland of east". Foreign Tourists arrivals during 2016 were 88.9 lakhs (provisional) as compared to the foreign tourists arrivals of 80.3 lakhs during 2015. The foreign exchange earning from tourism in rupee terms during 2016 were RS 155650 crore (provisional). Tourism sector accounts for about 7% to the GDP of the Jammu and Kashmir economy. It has also significant economic multiplier effects and for generating employment both direct and indirect even for the people that do not have specialized skills e.g Tourists guides, Ponywallas, Travel agents, Travel Agents, Jobs in hotels and houseboats etc. So tourist inflow is a major source of development. The state of Jammu and Kashmir consists of three regions viz Jammu, Kashmir and Ladakh. All the three regions have tourism potential. Jammu is an important destination for pilgrimage tourism and is known as "city of temples". Famous pilgrimage sites located in Jammu are Raghunath Temple, Bahu Fort and Vaishno Devi Temple. Kashmir is known for pleasant weather, landscape, rich heritage and natural beauty is one of the preferred tourists destination. People from all around the world come to Kashmir. Important tourists spots in Kashmir are Amarnath cave, Pahalgam, Gulmarg, Sonmarg, Dal lake,



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Wularlake, and Mughal gardens. Ladakh with its naked peaks and barren land is a famous destination for adventure tourism. Ladakh is also known as "Moon on earth". Tourism is a strategic sector in the economy of Jammu and Kashmir because it has many benefits, it provides employment, earns foreign exchange, infrastructure development and development of local industries like Handicrafts and handloom.

Review of Literature

Tourism is considered the most progressive industry contributing to economic growth. It is important for the regional development because it expands employment and diversifies the economic base of the areas. There are various empirical and theoretical studies that study regarding the contribution of tourism in economic growth. Khatik and Nag (2012); Gupta and Raina (2010); Balaguer et al (2002); are prominent studies which assert that tourism has a significant contribution in the economic growth and development of various countries. Regarding the causality relationship between tourism and economic growth have been analyzed by several studies. Tang et al, (2009); Wang et al (2012); Lee and Chang (2007) are the well known studies that examine the relationship between tourism and economic growth.

There are some other studies that highlight economic significance of tourism in India and J&K economy.

Nag and Khatik (2012) found that tourism contributes 6.23% to National Gross Domestic product and is providing 8.78% of total employment.

Sharma (2013) found that tourism contributes significantly in the income and employment of J&K.

Tourists Arrivals in J&K

Table 1 shows the tourists arrival in J&K during the period from 2012 to 2017(October).

(in lakhs)

Year	Kashmir Valley		Jammu	Ladakh	Total State
	Amarnathji	Domestic/Foreign	Mata Vaishno Devi Ji	Domestic/Foreign	
2012	621000	1308765	10394000	178750	12502515
2013	353969	1171130	9287871	137650	10950620
2014	372909	1167618	7803193	181301	9525021
2015	352771	927815	7776604	146501	9203691
2016	220490	1211230	6823540	179142	8434402
2017(OCT)	260003	1050480	5739632	259170	7309285

Source; Directorate of tourism Jammu and Kashmir

Table 1 shows the tourists arrivals in J&K during the period from 2012 to 2017 (oct). Data shows that during 2012, total number of tourists who arrive in the state of J&K were 12502515. Of the total tourists who arrive in the state, 1929765 arrived in the valley of Kashmir. The figure 1929765 included 621000 tourists who came to Amarnath ji and 1308765 who visited other tourists spots. The table 1 shows that during 2013, total tourists who visited the state were 10950620. Thus during 2013, number of tourists who visited state decreased from 12502515 during 2012 to 10950620 during 2013.

The table 1 also depicts data regarding year 2014, total tourists who visited state during 2014 were 9525021. This can be seen from table 1 that the

Gupta and Raina (2010) made a study regarding assessment of the economic impact of tourism in the khatra region of J&K. Their study revealed that with the increased inflow of the pilgrims, there is manifold increase in the tourism activities in khatra and the varied activities have led to generate immense opportunities of generation of income and employment for the local people.

Connely (2011) examining the economic contribution of tourism in the J&K concluded that J&K is an important tourist destination and it attracts thousands of domestic and foreign tourists.

Kulvinder and Irfana (2016) Tourism has positive externalities and has desirable impact on economic growth of Jammu and Kashmir due to its spillover effects.

The tourism sector of J&K provides employment to about 5 lakh people and generates more than RS. 300 crore revenue.

Objective of the Study

1. To analyze the inflow of tourists in the state of J&K from 2012 to 2017.
2. To study regarding the economic impact of tourism in the economic development of J&K regarding employment, revenue generation.
3. To provide valuable suggestions for the future development of tourism in J&K.

Methodology

The study is based upon the collection of secondary data. The secondary data is collected from various sources such as Incredible India by Santek Consultants private Limited Delhi, Economic survey of J&K 2009-10, 2011-12, 2017, Centre for Monitoring Indian economy (database) and Directorate of Economics and Statistics department Srinagar.

arrival of tourists during the year 2014 decreased further from 10950620 during 2013 to 9525021 during year 2014.

During the year 2015 number of tourists who the state of J&K were 9203691, of this 352771 came to Amarnath ji, 7776604 visited Mata vaishno devi and 146501 visited ladakh.

During the year 2016, 8434402 tourists visited the state of J&K, of this 220490 visited Amarnath ji, 179142 visited ladakh and 6823540 visited Mata Vaishno Devi.

During the year 2017(oct) total number of tourists who visited the state of J&K were 7309285, of this 260003 visited amaranth ji, 5739632 visited Mata vaishno devi and 259170 visited ladakh.

Tourism and Employment Generation

Tourism plays a significant role in generating employment. The employment opportunities provided by tourism sector can be classified into three major heads (a) Direct employment that sell goods and services directly e.g shops, hotels, restaurants etc .(b)Indirect employment ,which supplies goods and services to the tourism business and (c) Investment

related employment provided by capital goods industries and construction sector. Santek Consultants Private Limited Delhi, in their report "20 Years Perspective Plan for The Sustainable Development of Tourism in the State of J&K" Projected impact of tourist inflow on employment generation of J&K from 2002 to 2020 which is presented in table 2.

Table 2 Shows Generation of Employment from 2002 to 2020 as a Result of Tourist's Inflow (In lakhs)

Year 1	Tourists inflow (in lakhs) 2	Direct Employment (in lakhs) 3	In-Direct Employmen (in lakhs) 4	Total Employment (in lakhs) 5
2002	62.83	1.57075	7.85375	9.4245
2003	67.43	1.68575	8.42875	10.1145
2004	72.36	1.809	9.045	10.1145
2005	77.66	1.9415	9.7075	11.649
2006	83.36	2.084	10.42	12.504
2007	89.48	2.237	11.185	13.422
2008	96.06	2.4015	12.0075	14.409
2009	103.13	2.57825	12.89125	15.4695
2010	110.73	2.76825	13.84125	16.6095
2011	118.91	2.97275	14.86375	17.8365
2012	127.7	3.1925	15.9625	19.155
2013	137.16	3.429	17.145	20.574
2014	147.34	3.6835	18.4175	22.101
2015	158.29	3.95725	19.78625	23.7435
2016	170.09	4.25225	21.26125	25.5135
2017	182.78	4.5695	22.8475	27.417
2018	196.46	4.9115	24.5575	29.469
2019	211.2	5.28	26.4	31.68
2020	227.08	5.677	28.385	34.062

Source- Santek Consultants Private Limited, New Delhi

Revenue Generation

The tourism industry is one of the fastest growing industries in the state of Jammu and Kashmir. This industry plays a significant role in the development of the state of Jammu and Kashmir. After agriculture sector, tourism sector is the most popular source of income for the state of Jammu and

Kashmir .As per the J&K Economic Survey (2013), during the year 2010-11, revenue realized from various sources was recorded as RS.4362.68 lakhs. Revenue realized in the financial year 2011-12 has touched to RS .4692.92 lakhs. The details of revenue realized for period 2006 to 2012 are given in table 3.

Table 3 Revenue Generated by J&K Tourism Development Authorities (2006 to 2012) (in lakhs)

Name of the department	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Gulmarg development authority	32.46	48.5	51.17	34.35	37.32	145
SKICC	52	64	71.2	65	110	114.5
Cable Car Corporation	676	798.81	839.14	1116	1248	1957
Sonamarg Development Authority	36.35	32.5	45	39	79.4	10
Patnitop Development Authority	15.62	79	20	19.54	30	26
Royal Spring Golf Course	34.73	50.06	45.66	44.25	64.35	63.12
Director Tourism Jammu/kashmir	32.25	62.06	54	56.65	72.63	93.3
Cable Car Corporation	676	798.81	839.14	1116	1248	1957
J&K TDC	1765.39	1763	1963	1894	2697.58	2250
Total	2657.75	2916.93	3101.9	3275.47	4362.68	4692.92

Source; Economic Survey J&K (2011-12)

The analysis of table 3 shows that revenue generated by various authorities has increased over the years . The table 3 shows that except in the year 2008-09 when there was serious political instability in the state of J&K , the revenue earned from Director Tourism has shown a continuous increasing trend and has increased from RS.32.25 lakh in 2006-07 to RS. 93.3 lakh in 2011-12. Also table 3 shows that

income from SKICC has increased from 52 lakh in 2006-07 to 114.5 lakhs in 2011-12. The table further shows that revenue from Gulmarg Development authority increased from 32.46 lakh in 2006-07 to 145 lakhs in 2011-12. Similar trends were found from Pahalgam Development Authority from which revenue has increased from RS.9.95 lakh in 2006-07 to RS 31 lakh in 2011-12.The revenue from cable car

corporation and J&K TDC has also increased from RS.676 lakhs and Rs. 1765 lakhs in 2006-07 to Rs. 1957lakh and Rs.2250 lakhs in 2011-12 respectively. However the analysis of table 3 shows that revenue from Sonamarg Development Authority, Royal Spring Golf course and Patnitop Development Authority has shown discouraging trend. In case of Sonamarg Development Authority the revenue has decreased to RS.10 lakh in 2011-12 after reaching a top level of RS. 79.4 lakh in 2010-11. Same is the case with the Patnitop Development Authority where income decreased from RS.30 lakh in 2010-11 to RS.26 lakh in 2011-12.

Strengths of J&K Tourism

1. The residents of Jammu and Kashmir have hospitality in their nerves.
2. Kashmir is considered as the "heaven on earth" and is called Switzerland of Asia.
3. The lakes, mountains, springs, flora, fauna, pilgrimage places, monuments, horticulture, handicrafts, pashmana shawls, wooden crafts etc make the state a major attraction for visiting the state.
4. The local people are experienced, how to deal with tourists, due to past tourism experience.
5. Many winter sports are available here, attracting visitors from all around the world.
6. The golf courses available in J&K are of international standards.
7. Many types of tourism is available here like Adventure tourism, Medical tourism, Eco-tourism, polo-tourism and leisure tourism.
8. Jammu and Kashmir have rich cultural heritage.
9. Tourism generates employment according to rough estimates.
10. Diversity is found in Jammu and Kashmir having three distinct regions.

Weaknesses

1. Jammu and Kashmir have poor connectivity.
2. Lack of required infrastructure.
3. Government spending on tourism sector is less.
4. There is poor coordination between different departments.
5. There are lot of underdeveloped destinations.
6. Low promotional spending and activities.
7. The focus of government is on only few developed sites.
8. Lack of tourism research.
9. There IS lack of training, infrastructure and hospitality industry.

Suggestions for Improvement

Following are some of the suggestions which can be suggested for the development of tourism industry in j&k.

1. The Jammu and Kashmir government should provide proper security to tourists so that tourists feel safe and comfortable.
2. The J&K government should act as a facilitator of tourism sector in J&K.
3. The state of J&K should have a well documented tourism policy because J&K does not have a tourism policy.

4. Need to explored unexplored tourists destinations in J&K because of which it is also known as "paradise unexplored".
5. Need to explore new areas which include Medical tourism, Adventure tourism, Polo tourism etc.
6. Tourists spots occupied by Indian armed forces should be vacated
7. There is a need to open more institutions like institute of hotel Management (IHM) Srinagar that is playing a crucial role in providing training to the local people engaged in tourism related activities like tour operator, guides and chefs etc so that they may be better equipped in handling tourists inflow.
8. Steps should be taken to revive the traditional handicraft sector.
9. Tourism projects having impact on environment should be developed in a sustainable manner without having a serious impact on environment of the state.
10. There is a dire need for proper maintenance and development of infrastructure in J&K.

Conclusion

The study shows that domestic tourists arrival registered higher growth than that of foreign tourists arrivals. THE analysis also unleashes performance of various state department/organization involved in tourism activities in the state of J&k and it proved that all the departments and organization have registered manifold increase in revenue earned from tourism during the period under study.The share of only two organization namely J&K TDC and CABLE CAR CORPORATION constitute more than 90 percent share of revenue generated from tourism. It is also concluded from the study that tourism industry has vast potential for generating employment and earning large amount of foreign exchange. The study also makes a strong case to give appropriate attention at state policy so that it can contribute more significantly in J&K economy's in terms of income and employment.

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