

Tourism and Economic Growth in Jammu and Kashmir

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By

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ABSTRACT

Tourism and Economic Growth in Jammu and Kashmir

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From last few decades “Tourism” has been world’s rapidly growing industry. In Jammu and Kashmir, tourism is an important industry as scope of agricultural and industrial development is limited. Present study investigates the role of tourism in the economic growth of Jammu and Kashmir during the period from 2004-05 to 2012-13. It also analyses the impact of tourism on livelihood as well as on the income and expenditure level of the stakeholders involved in this business. Besides secondary data, study is based on the primary data collected from the four tourist destinations namely, Katra, Patnitop, Gulmarg and Pahalgam of the state. Findings of the study reveal that tourism is one of the important sectors of Jammu and Kashmir. Having bi-directional relationship between tourism and economic growth, tourism contributes significantly to the GSDP of the state. The contribution of tourism in income and employment is found to be significant as the stakeholders involved in this business are earning fair income and also the employment provided by this sector is usually permanent. Moreover, average working hours in the tourism business are more for permanent employees than temporary ones, and so is the average monthly income. Income from tourism has positive and significant impact on the expenditure and investment level of the stakeholders.

Irfana Unjum

Dr. Kulwinder Singh

**DEDICATED TO
MY LOVING PARENTS**

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LIST OF ABBREVIATIONS

S.No.	Word	Abbreviation
1	Centre for Monitoring Indian Economy	CMIE
2	Foreign Exchange Earnings	FEE
3	Net State Domestic Product	NSDP
4	Gross State Domestic Product	GSDP
5	Generalized Methods of Moments	GMM
6	Organization for Economic Co-operation and Development	OECD
7	Tourism Satellite Account	TSA
8	United Nations World tourism Organization	UNWTO
9	World Travel and tourism Council	WTTC
10	Jammu and Kashmir Tourist development corporation	J&KTDC
11	Cable Car Corporation	CCC
12	Royal Spring Golf Course	RSGC
13	Pahalgam Development Authority	PDA
14	Sher-i-Kashmir International Convention Centre	SKICC
15	Sonamarg Development Authority	SDA

CHAPTER - I

INTRODUCTION

1.1- Introduction

Tourism is an attractive tool for the economic growth, specifically in the developing world. It is viewed as an export industry of three Gs: “get them, get their money, and get them out”. Tourism has supported many developing countries to move away from a dependency on agriculture and manufacturing sectors. Ability of tourism to earn foreign exchange and to raise income and employment has been recognised in economic literature (Vaugeois , 2000). The tourist industry has been named as a “Smokeless Industry” because disparte other industries it is invisible and non-polluting. Tourism industry has an extraordinary complex integration with many industries spread over many sectors. It is an umbrella industry containing a set of inter-related business participants. For example, industries like Transport, Accommodation, and Travel Companies, Recreation and Entertainment Institutions, Handicrafts business, etc. and provision of many goods and services demanded by tourists (Verma, 2011).

International organizations such as United Nations world tourism organization (UNWTO), World Travel and Tourism strongly supported the fact that the tourism can play a fundamental role for developing countries to achieve economic growth and development. United Nations conference on Trade and Development held in 2004 declared that for many developing countries, particularly least developed countries and small islands, tourism constitutes one of few possible development options and is often the prime source of foreign exchange earnings. Similarly national governments of emerging countries apply policies in favour of tourism expansion under the argument that tourism does not only draw upon the resources of the national economy and could be a promoting tool to economic growth, but it also stimulates the growth of other economic sectors through multiplier and spill- over effects (Gadoo, 2011).

Like all other economic activities, tourism is also an economic activity. Tourism is an organized industry; its dimensions are very large, its locations vary and its benefits

are scattered over large segments of the population (Yadav & Sharma, 2010). Tourism brings a number of economic benefits like creation of employment opportunities, removal of regional imbalances, opening up of new growth centres, expansion of foreign exchange earnings and so on. The major economic benefits that can be obtained by any country includes income generation, foreign exchange, employment generation, infrastructural development, and benefits to local industries, better standard of living, and a balanced regional development (Gadoo, 2011).

1.1.1- Income Generation:

Tourism has proved to be successful in generating income in many economies. As per United Nations World Tourism Organization report (UNWTO), tourism accounts for around 5 per cent of global income (Government of India, 2013) . Being a multi-segment industry, the hotels and restaurants, transportation services, tourist resorts, amusement parks, sales outlets of handicrafts, jewelries etc., provides services to both tourists and non-tourists and contribute in the process of income generation in the state. The process of income generation and also the multiplier effect of the tourism start with the money spent by the tourists. Every unit of money spent by tourists circulates in the economy and brings prosperity in the economy. The money spent by tourists goes into circulation in the economy through accommodation and meals in hotels and restaurants transport for sightseeing, entertainment, gift, photography, drugs, cosmetics etc. With the circulation of money, the value of money goes on increasing.

1.1.2- Employment Generation

Tourism accounts for around 6-7 per cent of global employment both direct and indirect (UNWTO report, 2012). Today no country in the world can underestimate the role of tourism in removing the unemployment problem faced by almost all countries in the world. Tourism generates both direct and indirect employment. It creates jobs from unskilled to the highly specialized jobs. Number of industries like construction, transportation, farming and food supply partly depend upon tourism industry. Moreover the investment required for projects or schemes in the field of tourism is less. Travel and tourism sectors will continue to be the major source of employment

to one out of every fourteen workers worldwide. World Travel and Tourism Council (1994) conducted a study on the Asia Pacific region and indicates that while labor supply is a continuing concern, the most serious issue is not the large amount of the labor force but the lack of workers with appropriate skills. However, in tourism industry the employment is also available for un-skilled labor force, which is a positive point for eradication of unemployment.

1.1.3- Foreign Exchange Earnings

One of the most important economic impacts of tourism is the foreign exchange earnings. It is significant source of earnings for many developed and developing countries. Foreign exchange earnings are a pre-requisite for the economic growth of any country. The field of invisible trade has been largely unexplored and it offered a unique opportunity to the developing economies to meet their increasing demand for foreign exchange. Tourism is an easy source of foreign exchange because the foreign traveler must have to exchange their currency into local currency for spending purposes. It means that primarily, the foreign exchange earnings of the host country increase by the amount of tourism expenditure (Yadav & Sharma, 2010).

1.1.4- Infrastructure development

Tourism plays a crucial role in the development of national economies throughout the world. The growth of tourist infrastructure is a pre-requisite for the development of any nation. Tourists come to the destinations not only for the natural resources or natural beauty of the place, but for the returns they get on the expenditure they do in the tourist place. They want to satisfy their psychological needs like, safe and affordable accommodation, good transport facilities, good water and hygiene and sanitation facilities in and around the tourist place (Lone *et al.*, 2013). So for the tourism infrastructure is an important aspect. The tourist industry needs the basic infrastructure development. If there is a good infrastructure, a good number of tourists are attracted to the place. Government is also taking various steps to develop infrastructure in the country. In India, the Ministry of Tourism introduced a scheme of “capital investment subsidy” in 2002 to 2007 which has the aim to increase the number of hotels of 1, 2, 3 category (Ministry of Tourism, 2007).

1.1.5- Tourism at International level

Tourism emerged as a global phenomenon in the 1960s. Over the past six decades, tourism experienced continued expansion and diversification, becoming one of the largest and fastest growing economic sectors in the world. Many new destinations have emerged apart from traditional favorites of Europe and North America. International tourist arrivals are increasing rapidly in recent times, topping the 1 billion mark globally for the first time in the history in 2012. Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and 1035 million in 2012. International tourist arrivals worldwide exceeded the 1 billion mark for the first time ever in 2012, with 1,035 million tourists crossing borders, up from 995 million in 2011. With a 4 per cent increase in real terms, the growth in international tourism receipts matched the growth in arrivals. International tourism receipts reached US \$ 1,075 billion worldwide in 2012, up from US\$ 1,042 billion in 2011. Asia and Pacific recorded the fastest growth across all UNWTO regions, with a 7 per cent increase in international arrivals. Africa saw an increase of 6 per cent, equivalent to 3 million more tourist, reaching 50 million for the first time ever (UNWTO, 2013). Tourism is emerging both at international and national level as it is an easy source of foreign exchange earnings. According to the estimates of the World Tourism Organization (WTO, 2000), the number of international tourist movements around the world will rush to 1602 million by 2020 and tourist receipts will reach some US\$ 200 billion (Lee & Chang, 2008).

1.1.6- Tourism in India

Tourism is one of the important sectors of Indian economy and contributes significantly in the country's Gross Domestic Product (GDP) as well as Foreign Exchange Earnings (FEE). It has a vast impact on the national economy and plays a major role in other aspects of the country's growth and development, especially the creation of jobs (Khatik & Nag, 2012). As per Tourism Satellite Account (TSA) data 2009-10, the contribution of tourism to India's GDP was 6.8 per cent (3.7 per cent

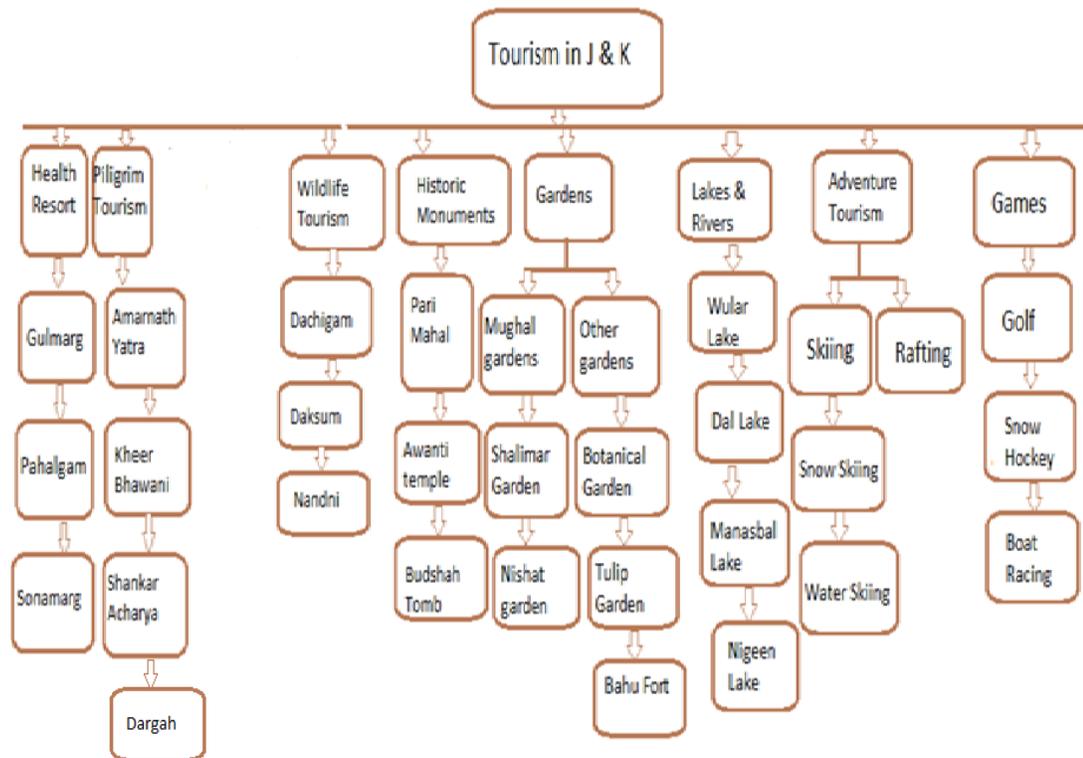
direct and 3.1 per cent indirect) and its contribution to total employment generation was 10.2 per cent (direct 4.4 per cent and indirect 5.8 per cent). As per 12th five-year plan approach, India's travel and tourism sector is estimated to create 78 jobs per million rupees of investment compared to 45 jobs per million rupees in the manufacturing sector. Foreign tourist arrivals in India grew by 9.2 per cent in 2011. However due to Euro zone crisis and global slowdown, foreign tourist arrivals growth moderated to 5.4 per cent to reach 66.48 lakhs arrivals in 2012.

1.1.7- Tourism in Jammu and Kashmir

In Jammu and Kashmir, tourism has a great potential for employment generation, even for people without specialized skills. Due to its spill over effect, it provides impetus to allied sectors like Handicrafts, Handlooms and Transport. It is an income augmentation of people in vicinity of established resorts (Gulmarg, Pahalgam, and Sonamarg) during peak tourist seasons. It has the capacity to provide jobs in the unorganized sector and acts as an incentive to preserve cultural and heritage assets (Government of J & K, 2013). In the state like Jammu and Kashmir where the scope of large-scale industrialization is very limited and the potentialities of agricultural development are scarce, the role of tourism is immense in the development of the economy. It is a notable source of income for Jammu and Kashmir. Being labour-intensive service industry, it has vast potentiality to provide jobs to people with minimum of investment, which may be an added advantage to labour surplus economies over the world (Mukhtar, 2013). Jammu and Kashmir is known as the 'Paradise on Earth'. There are several tourist spots with breath-taking scenic beauty located throughout the length and breadth of the state that attracts thousands of domestic and foreign tourists. The picturesque beauty, large natural lakes, the snow clad mountains surrounded by thickly populated pine forests with rivers flowing through have made Jammu and Kashmir as a prime tourist attraction. There are a large number of hotels, guesthouses, lodges and houseboats providing lodging and boarding facilities to both domestic and foreign tourists (Government of India, 2001). There are about 696 tourist attractions in the three regions of the state viz,

Jammu, Kashmir and Ladakh. Jammu and Kashmir provides various types of tourism for the tourists. Some of them are Health tourism, Adventure tourism, Ecotourism, Pilgrim tourism, Wildlife tourism etc. The different types of tourism are summarized below:

Figure-1: Types of tourism in Jammu and Kashmir



Source: Gadoo, 2011.

1.2- Relevance of the Study

Presently, the tourism is a very interesting area of research at both international and national level. The economic impacts of tourism are more as it has great potential for employment generation, income generation, infrastructure development etc. It is an easy source of foreign exchange earnings for developing countries like India to correct current account deficit. Despite tourism being the important sector of the Jammu and Kashmir economy, the available literature in this respect lacks various dimensions. The literature lacks in finding out the impact of tourism on the state income and employment generation and further on expenditure and investment

pattern of the stakeholders mainly involved in tourism business. Moreover, there is a need to find out the contribution of different departments involved in tourism sector in revenue generated in Jammu and Kashmir. So, the research on this topic is going to be substantial contribution in these dimensions.

1.3- Objectives of the Study

This study is based on the following objectives:

1. To highlight the role of tourism sector in the economic growth of Jammu and Kashmir.
2. To find out relative role of different state organizations/ departments involved in revenue earned by tourism sector.
3. To analyze the relationship between tourism and economic growth in Jammu and Kashmir.
4. To make an assessment of the role of tourism on the livelihood of various stakeholders in Jammu and Kashmir.
5. To explore the impact of tourism on the expenditure and investment of the stakeholders.

1.4-Hypotheses of the Study

Followings are the hypothesis set to be tested under this study:

1. Tourism is one of the important sectors of Jammu and Kashmir economy.
2. Tourism expansion has bi-directional relationship with economic growth in Jammu and Kashmir.
3. Tourism has a significant role for economic livelihood of various stakeholders in Jammu and Kashmir.
4. Tourism has a positive impact on investment and expenditure of the various stakeholders in Jammu and Kashmir.

1.5- Data and Methodology

The study is based on both primary and secondary data. The secondary data has been collected from various sources. Primary data has been collected through field survey of four tourist destinations of Jammu and Kashmir. Tourist destinations are selected on the basis of popularity in respective three divisions of Jammu and Kashmir. The sample includes three stakeholders viz. Hoteliers-cum-restaurant-owners-cum-restaurant owners, Travel Agencies and Handicraft Shopkeepers. Multi-stage sampling has been used for the selection of areas and stratified random sampling for selection of stakeholders at selected tourist destinations. Issues related to data methodology are discussed in detail in chapter III of this dissertation.

1.6- Chapter Review

This study comprises of six chapters. In chapter Ist, meaning, importance and types of tourism are given and brief idea about the tourism at both international and national level and in Jammu and Kashmir has presented. Theoretical evidences regarding economic impacts of tourism are also discussed. This chapter also briefly explains the importance, objectives, hypothesis and methodology of the study.

In chapter IInd, various previous studies related to tourism have been reviewed. To fulfil the purpose of analysis, already available studies on tourism of different areas, several articles, books and reports were selected. Chapter IIIrd deals with methodology and data (both primary and secondary) related issues. It demonstrates sources of data and the model specification.

Having base of secondary data, chapter IVth highlights role of tourism for economic growth in Jammu and Kashmir. It also discusses recent trends in international tourism with special reference to India. Role of tourism in Jammu and Kashmir has been discussed in detail and bi-directional relationship between tourism expansion and economic growth has also been examined in this chapter.

Chapter Vth is entirely based on the primary survey and examines the role and impact of tourism on livelihood of various stakeholders in Jammu and Kashmir. Important issues highlighting level of income, nature of employment, and working hours are

discussed in detail. This chapter evaluates the impact of tourism on expenditure and investment of various stakeholders in Jammu and Kashmir. Finally, summary, conclusions and policy suggestions are presented in chapter VI.

1.7- Limitations of the Study

This study examines the role and impact of tourism on economic growth in Jammu and Kashmir. No particular sources of secondary data of tourism are available. So, for highlighting its contribution in state income, the indicator namely 'Hotels, Trade and Restaurants' has been utilised. Moreover, there is variety of stakeholders involved in tourism in Jammu and Kashmir. But the study is limited in its scope to include only three stakeholders and presents results with respect to them only. Moreover, Ladakh region of the state, which is one of the famous tourist destinations in the state, has not been surveyed due to on-going bad climatic conditions during the period when primary survey was undertaken.

CHAPTER – II

LITERATURE REVIEW

2.1- Introduction

Literature reviews are written occasionally in the humanities, but mostly in the sciences and social sciences, literature review surveys scholarly articles, books and other sources (e.g. dissertations, conference proceedings) relevant to a particular issue, area of research, or theory, providing a description, summary, and critical evaluation of each work. The purpose is to offer an overview of significant literature published on a topic. It discusses published information in a particular subject area, and sometimes information in a particular subject area within a certain period. It might give a new interpretation of old material or combine new with old interpretations. Alternatively, it might trace the intellectual progression of the field, including major debates.

In development economics, tourism is considered as the most exciting and progressive industry. Tourism can be especially important in the regional development because it diversifies the economic base of the areas and also expands the employment market. Many developing economies focus on the development of the tourism as it is an easy source for the economic growth and development of any country (developing and developed). In economic literature, there are various theoretical and empirical studies which analyse the contribution of tourism in economic growth. As the focus of this chapter is to summarize and synthesize the arguments and ideas of studies in respective area so as to make foundation of present study particularly in case of Jammu and Kashmir economy. Some of these studies relevant to the topic are reviewed as under:

This chapter is organised into four sections. Firstly, section 2.1 gives introductory remarks and section 2.2 presents theoretical evidence related to tourism and economic growth. As the literature review is mainly divided into two groups viz; theoretical evidence and empirical evidence, section 2.3 provides an overview of empirical works in concerned area. Empirical evidence is further divided into following three sub-groups, i.e. Tourism and Economic Growth; Environmental impacts of

Tourism; and Sustainable Tourism. Lastly, section 2.4 concludes the discussion pertaining to reviewed works.

2.2- Theoretical Perspectives on Tourism and Economic Growth

Candela & Figini (2010) highlighted the importance of economics of tourism. They gave the definition of tourism as 'Tourism is the total sum of operators, mainly of an economic nature, which directly relate to the entry, stay and movement of foreigners inside and outside a certain country, city or a region'. While as the tourist is the individual that spends a period of time of at least 24 hours in a country different than that of residence. Tourism is a highly composite phenomenon. Tourism can be fully understood only by adopting a multidisciplinary approach. Tourism has been studied by many disciplines like, in Economics, Geography, Sociology, Management and History. The economics of tourism establishes its ancestry in the Economics of outdoor recreation, which mainly deals with the holidays and short trips to public gardens and natural parks.

Yadav & Sharma (2010) presented the history of tourism in early times and concluded that the travel was only for religious purposes. After that people also travel for the trade purposes. According to them the modern era of travel started from the 4000 B.C when the money was invented by "Sumerians". The first appearance of tourism in the world had a cultural motivation. Tourism has emerged as a major global service industry, governed by the laws of supply and demand. The increase in global tourism was due to the expansion in transport and communication. As per the authors, tourism was recognized as a means of economic expansion after world war second and is considered as renewable resource. The tourism industry has much positive economic impacts on the host country. Besides the contribution of tourism in economic growth, the labour-intensive nature of the tourism industry contributes significantly in the increase in employment level.

Gokovali & Bahar (2006) studied the contribution of tourism to economic growth. They concluded that the tourism is one of the rapidly growing sectors of the world. The development of the tourism sector not only increases economic growth directly, but also stimulates the growth of other sectors through backward and forward linkages

and increases domestic incomes and effective demand. Since the tourism sector plays a major role in economies, it is crucial to empirically verify the positive relation hypothesis as is commonly accepted. Verification of this hypothesis leads to very important policy consequences. Once the positive relationship is verified, governments need to become actively involved in fostering the tourism sector. Tourism can be especially important for developing countries where foreign exchange earnings are a constraint on import of raw and investment goods for industrialization.

Gray (1974) presented the economic analysis of tourism policy. The author concludes that many nations have a great potential for tourism and had made tourism as an important vehicle for economic growth. While in some countries, tourism can act as a main path by which reasonable prosperity can be attained. The degree of dependence upon tourism reflects the alternative opportunities available and the less the alternatives, the greater must be the proportionate dependence upon tourism in those nations blessed with rent earning resources. Perhaps it is the natural perversity of an imperfect world that makes those nations that have greatest need of tourists most prone to become aggressive to them. The author suggested that all those nations for which tourism can be an important earner of foreign exchange, it is important that the visitor not be separated by hostile coolness on the part of his hosts. This prevention of separation is an important ingredient in tourism policy that is, most fortunately, also a spur to a more rational industry policy. This policy must explicitly weigh the contribution of foreigners to the national economy and pay them their marginal revenue product and no more.

2.3- Empirical Evidence on Tourism and Economic Growth

On the basis of impact of tourism on the different indicators, this section is further divided into following three sub-sections:

2.3.1- Tourism and Economic Growth

2.3.2- Environmental Impacts of Tourism, and

2.3.3 Sustainable Tourism

2.3.1- Tourism and Economic Growth

Vaugois (2000) described the importance of tourism as a tool for economic development. The author reveals that differing from the traditional industries of agriculture and manufacturing, the service industry especially of tourism is a viable alternative for developing the economies of many third world economies. The author suggested that the state must take into account non-economic ramifications as well - for without governmental involvement, short-term developments can foster long-term problems. Governments in the developing world generally have the responsibility of formulating and enforcing tourism policy, and for many, sustainable tourism goals are central to their tourism plan. Therefore, there will be increase in the economic impact of tourism to the local economy by reducing the leakage of foreign exchange earnings.

Samimi *et al.*, (2011) attempted to examine the causality and long-run relationship between economic growth and tourism in developing countries using P-VAR approach during 1995-2009. The findings reveal that there is a bilateral causality and positive long-run relationship between economic growth and Tourism development. In other words, the tourism-led growth hypothesis is confirmed, as well as, output level which relates to economic well-being and level of development is important in attracting tourist. The significant impact of tourism expanding on developing countries economy justifies the necessity of governments intervention aimed, at promoting and increasing tourism demand by providing the tourism facilities. As well, the economic expansion in developing countries affects the tourism growth, which is reflected by the development in infrastructure and tour. The economic expansion in developing countries affects the tourism growth, which is reflected by development in infrastructure and tourism resorts.

Jimenez *et al.*, (2010) examined the hypothesis of tourism led growth on two developed countries, Spain and Italy during period 1954-2000, and used Cobb-Douglas production function and Granger causality test. They found that both inbound tourism and exports Granger cause economic growth, meaning that both components foster the Spanish economic growth. Hence, both the Tourism-Led Growth hypothesis

and the Export-Led Growth mechanism are empirically supported for Spain. For Italy, they observed that both inbound tourism and exports Granger cause economic growth in the long term for Italy. Furthermore, it is observed that physical and human capital Granger cause economic growth in the long term. Moreover, they found that tourism is an important channel to enhance economic growth. They concluded that international tourism expansion plays a relevant role for the economic growth of these two countries.

Gupta & Raina (2010) made an assessment of the economic impact of tourism in the Katra region of Jammu and Kashmir from 2006-07. The authors examined the economic impact of tourism on different people like shopkeepers, hoteliers-cum-restaurant-owners, ponywalas etc. The analysis of the research has revealed that with the increased inflow of the pilgrims, the economic activities are growing manifold in Katra and the varied activities have led to generate immense opportunities of generation of income and employment for the local people. It is estimated that numerous types of economic activities in Katra would generate an income nearly around Rs. 4750 million per annum and provide employment to as many as 26978 persons. The study concludes that firmly that there is significant direct contribution of the shrine related tourism on the economy of Katra as well as Jammu and Kashmir.

Tang *et al.*, (2009) examined the tourism- economy causality in United State. He used Granger-causality test, and found that there exists unidirectional causality from gross domestic product to industry performance. The results suggest that tourism industries in the U.S. generally benefit from economic development in the short term while lacking long-term equilibrium with the economy due to the lack of co integration between series may reflect the small contribution of the overall economy to these industries in short-run. The author suggested that by improving the general economic/business environment, related industries could benefit from the favourable economic situation and offer better service and goods, which may in turn strengthen the pull factors of the country as a destination and eventually benefit the overall economy.

Cai & Mak, (2006) found the forward and backward linkages of tourism with other industries of the economy. They used input-output model and found that the web of inter-industry relationships differs whether industries produce goods and services for tourism consumption or for non-tourism use. Indeed, they find that except for a few tourism related industries such as hotels and air transportation, which sell most of their output directly to tourists, in most other industries the web of forward linkages tend to be greater when producing for tourism than for non-tourism consumption.

Khatik & Nag (2012) studied the role of tourism industry in economic development of India and found that the tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange. They found that tourism contributes 6.23 per cent to the national Gross Domestic Product (GDP) and is providing 8.78 per cent of the total employment. The author suggested that tourism in India should be developed in such a way that it accommodates and entertains visitors in such a way so that it could have minimal destructive impact on the environment of the host country. Moreover, tourism is a multidimensional activity, and a service industry, so it would be necessary that all the wings of Central and State governments, private sector and voluntary organizations become active partners in the endeavour to attain sustainable growth in tourism.

Lee & Chang (2007) examined the long-run and casual relationships between tourism development and economic growth in OECD and non-OECD countries (including those in Asia, Latin America and Sub-Sahara Africa) for the 1990-2002 periods. They conclude that there is a solid evidence of the panel co integration relations between tourism development and GDP in the sample countries, both OECD and non-OECD countries. The panel causality test shows that in the long run unidirectional relationships exist from tourism growth to economic development in OECD countries, but bidirectional causality are found between two variables in non- OECD countries. In terms of policy recommendations, they suggested that if policy makers want to encourage growth, they should expand their tourism industry as much as possible and focus their attention on long-run policies. They also recommend that government should try to upgrade, develop and enhance the domestic tourism economy by implementing strategies to alleviate initial risks and provide capital needs for private

firms operating in tourism, to stimulate private investment in the tourism industry by lowering costs to acquire capital and land, including loan rates.

Sharma (2013) examined growth of tourism industry in India using RRA (Rapid Rural Appraisal) method. She concluded that India's tourism potential is incredible and Tourism is the world's most rapidly growing industry all over the world. In India, tourism contributes 6.23 per cent to the national GDP and providing 8.78 per cent of the total employment. The author suggested that the emphasis should be given on public-private partnership, more marketing of tourism products and on making the availability of average cost tour packages. The government must have to focus on the establishment of more and more tourist information centres. Moreover all these efforts the safety and security of tourists should be taken care. Despite of several efforts by the Central and State government the growth of tourism industry is not getting that status which actually Indian tourism deserves.

Srivastava (2011) tried to find out the revenue and foreign exchange earned by the tourism sector for the period September 2008-February 2009. He used Chi-square method for data analysis and found that tourism has significant contribution in revenue and foreign exchange earnings. He suggested that number of budget hotels with better amenities along with well-trained and well-cultured guides should be made available to the tourist's folks all along 24 hours services in a descent and a respectable ways. Some arrangements should be made to develop Agra, as a meeting or a conference centre for beaurocrates and for businesspersons. So that people from different part of the country and even outside country visits for the purpose of meetings, seminars, conferences and stays for two or three days.

Wagner (1997) examined the economic effects of tourism in a Brazilian region "Guaraquecaba" for the period of 1989-1994. For this purpose the author used Social Accounting Matrix technique. The author assumes the same expenditure pattern both at national and international level. Two types of result came out there viz; tourist expenditure per day and the number of tourists visited the region per year. It was estimated that a tourist spend \$15.15 per day. This information was combined with the predictive ability of Social accounting matrix to estimate the number of tourist

days necessary for generating one full time equivalent job. The estimates showed that approximately 233 tourist days are needed to generate one Full time equivalent job, 1371 tourist days to generate 1 minimum salary employee working without a formal employment contract and 214 tourist days to generate 1 minimum salary for employee working with a formal employment contract. It was found that in Guaraquecaba 7,500 tourists visited there. Their combined expenditures were estimated to generate \$244,575. These expenditures will create 32 Full time Equivalent jobs and a combined salary payment of \$19,425.

Balaguer *et al.*, (2002) examined the tourism-led growth hypothesis in Spanish for the period of 1975-1997. To test this hypothesis the author used the Co integration and causality testing techniques. The results showed that there was a sensible increase in the economic growth through the expansion of international tourism in Spain. The expansion in international tourism creates multiplier effects in Spain's economy. He finally concludes that there is a long run stable relationship between economic growth and tourism expansion.

Chen & Chiou, (2009) the author investigates the links between tourism, tourism uncertainty and output growth using quarterly observations over the period of 1975:Q1–2007:Q1 for the two countries. The author chooses Taiwan and Korea. The author chooses these two countries because they share a similar economic structure such as being export oriented and tourism is not a leading industry in either country. The variables used are real GDP, real exchange rates relative to the US dollar and the tourism receipts respectively. The author used EGARCH_M model in the traditional Granger causality test for finding out the casual relationship between tourism expansion and economic growth. The causality tests showed that the tourism-led economic growth hypothesis was supported for Taiwan with a reciprocal causal relationship for South Korea. The tourist arrivals in South Korea are 6.16 million which is quite higher than in Taiwan i.e.3.52 million in 2006, but tourism receipts for both countries are similar i.e.US \$ 5.12 billion for South Korea and US \$ 5.12 billion for Taiwan. The author suggested that government should allocate more resources to the travel and tourism industry, prior to other sectors, if tourism led economic growth is supported. If economy – drive tourism growth exists, then more resources should

be allocated to leading industries rather than the travel and tourism industry and the tourism industry will in turn benefit from the resulting overall economic growth. When a reciprocal causal relationship is found, an appropriate resource allocation of planning for the travel and tourism industry and other industries is important and necessary.

Wang *et al.*, (2012) tried to find out the real relationship between China's domestic tourism and economic growth. To achieve this objective, they used co-integration analysis and Granger causality test by using annual time series data from 1984 to 2009. When they used these techniques, they concluded that there exists long-term and stable equilibrium relationship (co-integration relationship) between the China's domestic tourism and economic growth. They estimated that China's GDP would increase by 0.810 per cent if China's domestic tourist arrivals increase by 1 per cent in long-term. They also found that there exists short-term disequilibrium relationship and bidirectional Granger causality between the development of China's domestic tourism and economic growth. They also estimated that China's GDP will increase by 0.229 per cent if China's domestic tourist arrivals increase by 1 per cent in short-term. Finally, they reached the conclusion that the development of domestic tourism in China contributes significantly to the economic growth of China. They suggested that if China wants to improve its economic growth, it should invest not only on the traditional sources of growth such as investment in physical and human capital and trade, but also by purposefully harnessing the contribution of tourism industry and improving their governance performance.

Schubert *et al.*, (2010) assessed the dynamic economic impact of tourism for Island economies. They used panel data of 19 island economies for the period of 1990-2007. The author uses the dynamic panel data framework called generalized methods of moments (GMM) method. The results show that tourism development is an important factor for explaining the economic performance of Island economies. Further, author also uses panel granger causality test, which shows that tourism causes economic growth, but development of the tourist destination is more important for attracting the tourists from different places/countries. There exists bi-causal effect between tourism and investment. The author concludes that, tourism will remain a

good development strategy in Island economies due to their exclusive natural, social, cultural charm that usually valorised through tourism. The author suggested that Island economies should invest not only on traditional sources of growth such as human capital, physical capital etc. but also advantageously harnessing the contribution of the tourism industry that leads to economic growth. He further recommended that National development policies must be developed for the development of tourism and appropriate incentive plans and procedures should be followed so that there should be development in infrastructure, like roads, buildings etc. due to which tourists can easily reach to the island economies. Moreover, government should ensure the security for both domestic and foreign tourists.

Connely (2011) examined the economic contribution of Tourism in Indian state of Jammu and Kashmir. The author uses both primary and secondary data. The primary data was collected from different stakeholders like; shopkeepers, tourist guides, travel agents etc. and the secondary data was collected from Jammu and Kashmir Tourist development corporation, Tourist reception centres, Directorate of tourism, govt. of Jammu and Kashmir etc. The results show that tourist inflow to Jammu and Kashmir has increased from 69.12 lakh in 2004 to 96.43 lakh in 2009 and about 107.53 lakh tourists visited Jammu and Kashmir in 2010. Out of total tourist 85 per cent to 90 per cent visit Shri Mata Vaishno Devi, this shows that the pilgrim tourism is most in the state. The author finally concludes that Jammu and Kashmir is an important tourist destination and it attracts thousands of both domestic and foreign tourists. The tourism sector of Jammu and Kashmir generates more than Rs. 300 crore revenue and provides employment to about 5 lakh people. Due to the spill over effects of the tourism industry, it has positive externalities on other sectors, which is an important factor for economic growth of Jammu and Kashmir.

2.3.2- Environmental Impacts of Tourism

Davies & Cahill (2000) examined the environmental implications of the tourism industry. They identified tourism-related transportation, tourist related development and direct impacts of lodging and cruise industries. They found that there is an insignificant impact of lodging and cruise industries and tourist related transportation,

but, significant impacts of tourist activities. They also found that tourism utilizes 72.1 Gw hours of energy and 93.9 billion gallons of water per year in United States which is a very small amount of total U.S energy consumption. Tourism related water utilization in the lodging industry accounts for about 46.2 billion gallons per year. They also found that there are opportunities for downstream and upstream leverage by hotels and cruise industry by providing environmentally sound products and by improving environmental quality of shipboard products. The author finally suggested that educational efforts should be utilized in order to frame the tourism according to the targeted people. Educational efforts are also important for awareing the people about the economic potential of tourism and environment.

Mbaiwa (2002) examined the environmental, social and economic impacts of tourism development on the Okavango Delta, north-western Botswana". The author argued that the tourism in Okavango is foreign owned, so it can be described as enclave tourism. In enclave tourism, there are both socio-economic and environmental problems. The tour operators will get maximum profits but at the environmental cost. Once the natural resources are fully utilized, the tour operators go to another tourist boom place and this process continues in a cyclical way, due to which negative impacts of tourism goes on increasing. In Okavango Delta the tourist camps, lodges etc. are established in a specific area, which causes negative impacts on the environment of that particular place like noise pollution, water pollution. The author suggested that tourism infrastructure should be controlled in order to avoid the negative environmental impacts, which can be possible through the implementation of management plans and efforts should be made to make optimum utilization of land and other resources in Okavango Delta. The author further argues that such policies should be made in which local people and all stakeholders are involved in order to monitor the tourism industry and ensure the sustainability of tourism in the Okavango Delta.

Pickering *et al.*, (2003) tried to find out the environmental impacts of tourism. The author examined the Australian Alps Protected Areas. The author surveyed the Ski resorts of Australian Alps. The author studies the both negative and positive impacts of tourism industry. The results shows that Ski resorts have negative impacts on the

natural resources of that area than tourism related activities. The water, wildlife and Vegetation were also affected by Ski resort areas.

Rad & Aghajani, (2010) tried to find out impacts of tourism on environment. They find out the positive and negative impacts of tourism on environment. In negative impacts, they discussed about Resource usage and Pollution. In resource usage they talked about the optimum utilization of resources. Due to more tourist visits there occurs the destruction of the natural resource. In pollution, they talked about the noise, water pollution. Besides negative impacts, tourism has enormous positive effects. It helps environment in various ways. It can help to protect the environment, conserve the biological diversity etc. it also helps the government to generate revenue by direct or indirect ways. It also help to aware people for the importance of environment and how they can protect the environment. They finally concluded that due to various dimensions of tourism like social, cultural, economical, educational etc. tourism has become a multidimensional phenomenon. In order to achieve a desirable relation between environment and tourism, many challenges will arise. However, these challenges differ from country to country or place to place. But when these challenges combined with each other it becomes a global problem. Tourism brings various benefits to the host country. To obtain these benefits and avoid its negative effects, the cooperation of community representatives, tourism operators, property owners etc. is compulsory. And by following this, a country will achieve a sustainable tourism industry and also will help to protect the natural resources for both present and future generations.

2.3.3- Sustainable Tourism

From the above school of thought it is concluded that besides negative impacts, tourism has enormous positive impacts on environment. The positive impacts can be achieved by making the optimum utilization of the natural resources, so from here the concept of sustainable tourism came into existence. Saarinen (2006) examined the importance of sustainable tourism. As per the author, in tourism sustainability has become an important policy issue. So it is important to understand the sustainability of tourism. Sustainability in tourism is achieved only when there is cooperation among the members of the host society, and other organizations involved in the tourism. In

tourism the term “sustainable tourism” is defined as the tourism which is economically viable but cannot destroy the resources in such a way so that there will remain no future for tourism. The author also argues that in sustainable tourism, concept of carrying capacity arises automatically. Because the negative impacts of tourism mostly occurs due to high tourist inflow and low carrying capacity. The author finally concludes that sustainability is not a one way street. Some authors named it sustainable development and some other called it sustainable tourism. Due to multidimensional nature of tourism, sustainable tourism needs the strong human relations and ethics at both local and global levels. Besides this tourism related activities, local-scale needs to be decentralized, otherwise sustainable tourism remains meaningless.

Miller (2000) used the Delphi survey of tourism in order to find out the indicators of development for sustainable tourism. The author used the Delphi survey technique, which is defined as a method in which a group of people discusses about a complex problem”. In other words it is a communication process in which individuals are permitted to give their views regarding a certain issue. The author tries to develop some indicators that help the consumers for making choices for holidays which will help to maintain sustainable tourism. The author argues that it is difficult to develop indicators for sustainable tourism because there is no perfect definition available for sustainable tourism. The author finally concludes that besides the general agreement on tourism in long term, there is also agreement on what policies should employ over this period. The survey identified a strong support for the involvement of local people in the development of tourism. The author also talks about the equity which is an important aspect for achieving sustainability. In order to find out the indicators for sustainable tourism, various issues regarding consumer satisfaction, staff training and environmental arises. By this survey the author examines that the answers regarding these questions varies.

Forsyth (1997) examined the sustainable tourism and the impact of tourism and other industries on environment as a case of sustainable tourism. The author argues that like other industries tourism has environmental impacts. The author has surveyed 69 companies and institutions in the UK, in order to find out the amount of voluntary

practices adopted for environmental responsibility. The results shows that various practice has been adopted by various companies and most of them perceived the need for environmental regulation for the tourism development. The voluntary environmental responsibility is ineffective. A small number of respondents argue that by self-regulation, both environmental protection and competitive advantage will be achieved if it was presented as “quality” not “environmental”. Due to this the sustainable tourism would be more readily applied to the mass market. The author also argues that sustainable tourism needs to be redefined. The author concludes that the sustainable tourism will be achieved by change in discourse of both campaigners and industry in order to find out the common ground and to communicate this more effectively to the market place. To achieve sustainable tourism one should not wait because it will cause in the loss of opportunities and also risk for environment. The author suggested that some legislative measures should be made to avoid “free riders” action. The responsibility of sustainable tourism is shared between government, people and other industries.

2.4- Concluding Remarks

By examining the literature, it is concluded that tourism has a great impact on the economic growth of the economy. All the studies above show the positive impact of the tourism on the economy. The theoretical evidence from the literature prevails that tourism has long lasting roots. As per the literature the modern tourism started from the 4000 B.C. Tourism can be studied under various dimensions like Economics, Geography, sociology etc. Under Empirical evidence of tourism, several authors worked on different issues regarding the contribution of tourism in the economic growth of different countries. Almost all the studies concluded that the tourism contributes significantly to the growth of the economy. Under environmental impacts of tourism the authors concluded that the tourism has both positive and negative impacts on the environment. It has its negative impacts if the tourist arrivals are more than the carrying capacity of the destination place. But it has its great economic impacts on the destination economy. In case of Sustainable tourism the authors predict that the tourism should be utilized sustainably. The local people should

participate in the decision making. The sustainability of tourism is important because it has great impacts on the environment and economy of the host country.

CHAPTER – III

DATA AND METHODOLOGY

3.1- Introduction

Present study aims at revealing role of tourism on promoting economic growth and development in Jammu and Kashmir. For this both primary and secondary data, are required. This chapter deals with issues related to the data, data sources and model specification used in the study. The chapter constitute five sections. Beginning with introduction in section 3.1, it describes the issues related to primary data collection in section 3.2. Section 3.3 gives a look at secondary data sources and model specification and variable identification has presented in section 3.4. Lastly, miscellaneous methodological issues are discussed in section 3.5.

3.2- Primary data

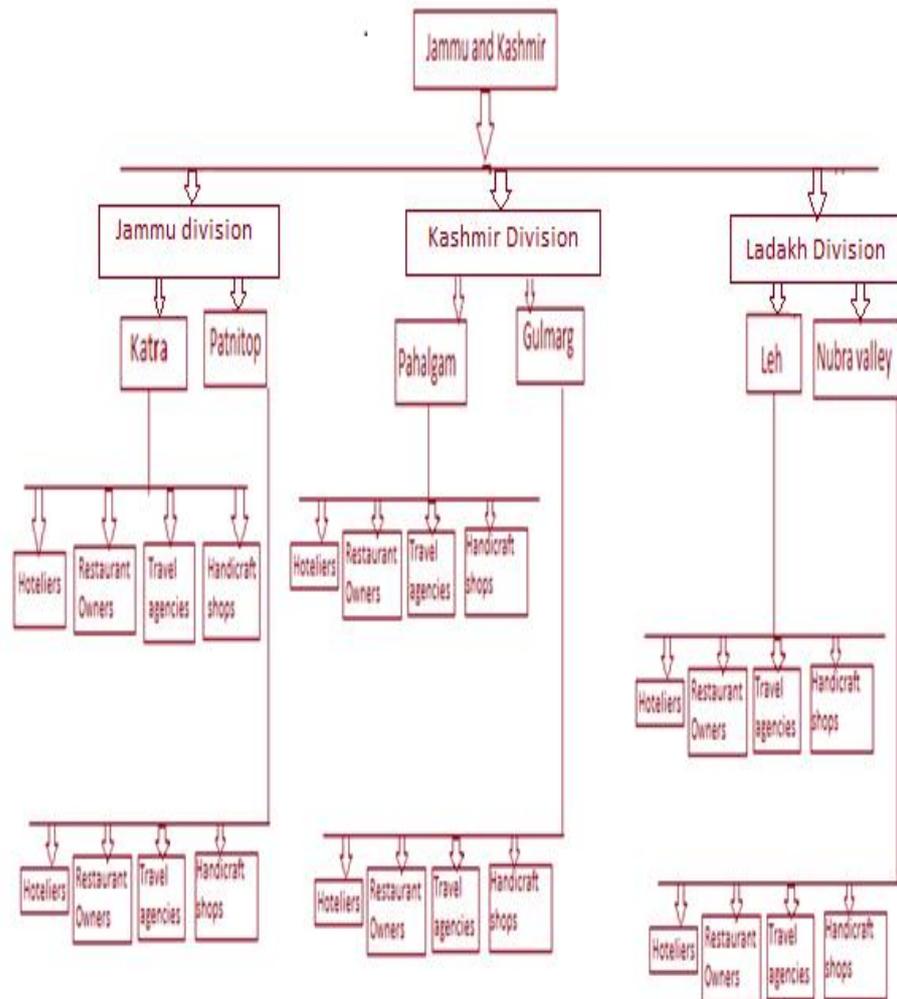
Primary data has been collected in the months of November-December, 2013. To fulfil the purpose of primary survey, interview schedule had been prepared containing 11 sections (Annexure -1), and questions were asked from the respondents. 160 respondents were selected to conduct a survey and were done successfully. Interview schedule has been divided into eleven different sections; section I includes personal information of respondents; section II deals with status in tourism industry; section III was about impact of tourism on expenditure, investment. (Section IV to X) were ratings related questions which deals with employment, income, occupancy, regional development, role of government and peoples participation respectively and also includes cost of transport; section XI comprises of suggestions from respondents, however some suggestions were already given in interview schedule.

Some problems have been faced during primary data collection in Jammu and Kashmir as respondents refused to give answers to the questions related to income and expenditure. Even some hotels were closed due to bad climatic conditions in the month of December. But despite such problems, all relevant data required for research work has been collected while bearing all such pains and climatic bottlenecks.

3.2.1 Selection of the Areas

The areas were selected on the basis of importance using multi-stage sampling. There are three divisions namely Jammu, Kashmir and Ladakh in Jammu and Kashmir. Two famous tourist destinations from each division i.e. Katra and Patnitop from Jammu division, Pahalgam and Gulmarg from Kashmir and Leh and Nubra valley from Ladakh division (where the tourist arrivals and tourism related activities are much prevailing) have selected for primary survey. However, Ladakh division was left due to bad weather conditions during the primary survey (Figure.2).

Figure-2: Selection of Stakeholder



3.2.2- Brief Description of Selected Tourist Places

(i) Jammu Division:

Vaishno Devi and Patnitop tourist destination have selected from Jammu Division.

Vaishno Devi:

Jammu is known as the city of temples so Vaishno Devi (in Katra) is taken in this division as it is famous for the religious tourism. People from all over the country visit the holy temple of Vaishno Devi in lakhs every year. Vaishno Devi Shrine is one of the most Religious and Hindu Pilgrimage destinations in India. The holy cave shrine of Vaishno Devi is snuggled in a beautiful departure of the Trikuta Mountains forming a part of the lower Himalayas. It is located 61 km north of Jammu at a height of 5,200 feet above the sea level in the state of Jammu and Kashmir. In the cave, there are images of three deities' viz. the Mahakali, Mahalakshmi and Mahasaraswati (Bansal Travels Corporation, 2013).

Patnitop:

Another tourist place selected for survey is Patnitop, which is situated on the way from Jammu to Kashmir. The hill resort of Patnitop is most suitable for the long walks in the lush green forest tracks where the chirping of birds, cool mountain breeze, panoramic beauty of the Chenab basin and never hot weather reinvigorates the souls of the people from plains and relieves the urbanites from the maddening crowd and noise of their cities. This charming plateau is situated 110 kilometres from Jammu along the Jammu-Kashmir National Highway, at an altitude of 6,640 feet. It is also the highest point on the highway. Patnitop is the best hill station in Jammu and Patnitop tourism is growing day by day. Patnitop was discovered in the 20th century, as compared to other hill stations of the state that had been discovered centuries ago. The unchanged beauty of this resort, well-guarded by the Patnitop Development Authority, invites the worldwide travellers to have a fun filled holiday on this hill station and explore the adventure, cultural, religious and recreational tourism options that are unique to this place. Patnitop is a great place to visit. It is a famous hill station of

Jammu (Anonymous, 2013). People who visit Kashmir visits Patnitop also. It is a hill station, so people enjoy trekking and skiing there. Usually in Jammu division, there is no snow fall. But, it is famous for its awesome climate and snowfall.

(ii) Kashmir Division:

Following two famous tourist destinations are survey from Kashmir Division.

Gulmarg:

From Kashmir division, two places were taken one from north i.e. Gulmarg and one from south i.e. Pahalgam. Gulmarg is well known for Asia's highest and longest cable car project. However, Jammu and Kashmir is the World's second highest operating cable car after Venezuela (Anonymous, 2013). It is famous for skiing, trekking, snow cycling etc. One can visit Gulmarg throughout the year. Gulmarg is taken because it does not have any impact of season whether it is summer or winter. It is twelve months destination place. It has different importance in different seasons. In winter, it is famous for winter sports. People from all over the world came to enjoy the winter games. Gulmarg winter sports department organizes several events of winter sports and people enjoy it. In summer, it is famous for Gondola. It is the largest (area-wise) destination place of Kashmir. It is a hill station of Kashmir.

Pahalgam:

Pahalgam is number one of the most beautiful places in India. It is called a valley of shepherds. It is a health resort. It is a starting point of the annual pilgrimage to the holy cave of Amarnath. It provides an ideal setting for activities like hiking, fishing, horse race etc. It is famous for its natural beauty. It is famous for two purposes one for its natural beauty and another for religious purpose. It is famous for Amarnath Yatra also. Every year bulk of people came there for Amarnath Yatra.

3.2.3 The Sample: Selection of Stakeholder

A sample is that part of the universe which we select for the purpose of analysis. The main focus of the study is to analyse the impact of tourism on the economic growth of

Jammu and Kashmir, so the top four tourist destinations of the state were selected where the tourist arrivals and tourism related activities are much prevailing. Out of the selected ones, two tourist destinations were taken from Jammu and other two from Kashmir. However division Ladakh has not been included due to unfavourable weather in the respective region.

A representative sample of 160 stakeholders has been taken for primary survey. The survey has been restricted to particular four destinations as per the objectives of the study. To select the respondents in selected tourist destinations, stratified random sampling has been used. Stakeholders are stratified into four strata's viz. Hoteliers, Restaurant-owners, Travel-agencies and Handicraft-shops. Strata are formed on the basis of prevalence of stakeholders in the selected tourist places. 40 stakeholders were planned to interview from each category during primary survey. However, as restaurant owners were not found in the field as all hotels were providing restaurant facilities too. So, the hoteliers and restaurant owners were merged and the category were named as Hoteliers-cum-restaurant owners. In addition, the number of hotelier has been increased to 80 for compensating the left-stakeholders. Stakeholders pertaining to each stratum were randomly selected from the field. Sampled respondents within each stratum include Working Men and Women, Shopkeepers, Salesman, Shop Workers, Hotel-Owners, Hotel-Managers, Hotel-Receptionists, Hotel-Front-Office Assistants, Hotel-Workers, Hotel-Chowkidar, Travel-Agency Owners, Travel-Agents and Travel-Agency Managers.

3.3- Secondary data

To highlight the role of tourism for economic growth in Jammu and Kashmir, secondary data has also been utilised. In case of secondary data, study covers the period since 2004-05 up to 2012-13. The period covered under the study is characterised by political stability as compared to past and it is helpful to highlight the importance of tourism for Jammu and Kashmir so as to present symmetrical results. Otherwise tourism got badly affected due to political instability. Before studying impact of tourism on economic aspects of people in Jammu and Kashmir, it is important to present existing contribution of tourism in the Gross state domestic

product and as compared to other macroeconomic indicators in Jammu and Kashmir. For this, data has been obtained from various secondary data sources. Websites of India stat Database and Centre for Monitoring Indian Economy (CMIE) have been utilised to collect data. To study the current scenario of tourism in Jammu and Kashmir, data has been obtained from Directorate of Economics and Statistics Department, Srinagar and Economic Survey of Jammu and Kashmir.

3.4- Model Specification

As per the need of the study, following two models has been used to examine the role and impact of tourism on economic growth and development in Jammu and Kashmir.

3.4.1- Economic Growth and Tourism

Theoretical evidence establishes that tourism could be an essential tool for economic growth for an economy. For examining the degree of bi-directional relationship and interdependence between tourism and economic growth, following equation has been estimated using following Ordinary Least Square (OLS) regression equation. This equation established that income from tourism determines the economic growth in a particular economy.

$$(EG)_i = a + b (YT)_i + u \dots \dots \dots (i)$$

Where,

$(YT)_i$ = Income of tourism

$(EG)_i$ = Economic Growth in ith year

u = Error Term

a = constant

b= regression coefficient

On the other, economic growth is also considered to have desirable effect on development of tourism in an economy. To find out the causality between economic

growth and tourism, following equation has been estimated using Ordinary least square (OLS) regression equation. Similar to the equation (i), following equation also proclaims that economic growth determines the income from tourism in a particular economy.

$$(YT)_i = a + b(EG)_i + u \dots \dots \dots (ii)$$

The variables are similar to equation (i). However, there is a change in functional relationships among variables.

3.4.2- Impact of Tourism on Expenditure and Investment of Sampled Stakeholders

Tourism is the main occupation of the sampled stakeholder and income from tourism has been found to be distributed by stakeholders on expenditure and investment activities. To find out the impact of income from tourism occupation on expenditure and investment following two regression equations are estimated respectively using following two OLS regression equations on cross-sectional data of 160 stakeholders, collected through primary survey in the year 2013.

$$(EXP)_i = a + b(YT)_i + u \dots \dots \dots (iii)$$

$$(INV)_i = a + b(YT)_i + u \dots \dots \dots (iv)$$

Where,

$(YT)_i$ = Income from tourism of ith stakeholder

$(EXP)_i$ = Expenditure of ith stakeholder

$(INV)_i$ = Investment of ith stakeholder

u = Error Term

a = constant

b = regression coefficient

3.4.3- Variable Identification

To estimate the specified models, Gross State Domestic Product (at constant prices in million Rs.) has been taken as an indicator of economic growth and income of the hotel, restaurant and Trade' has been taken as indicator of income from tourism. Data of income, expenditure and investment of sampled stakeholder has been utilised to estimated (iii) and (IV) regression equations respectively.

3.5- Miscellaneous Methodological Issues:

Growth rates have been calculated by using the exponential function of the following form.

$$y = ab^t$$

The Growth rate (r) has been computed as under

$$r = \{Antilog (\log b) - 1\} * 100$$

or

$$r = b^{-1} * 100$$

Where,

b = Slope of semi-logarithmic trend

a = constant

r = Growth rate

The growth rates are computed for the whole period i.e. from 2003-04 to 2012-13 and for some of the sub-periods. For assessment of relationship and interdependence between tourism and economic growth; and impact of tourism on expenditure and investment of stakeholders, Ordinary Least square (OLS) regression equations have been estimated using both primary and secondary data.

CHAPTER – IV

TOURISM AND ECONOMIC GROWTH IN JAMMU & KASHMIR

4.1- Introduction

Economic growth is defined as an increase in a country's productive capacity, which is measured by comparing Gross National Product (GNP) in a year with the GNP of previous year (Business Dictionary.com). Economic growth leads to the improvement in the technology, increase in capital stock and increase in literacy rate in a country. Without economic growth, it is impossible for any country or state to achieve economic development. So, economic growth is a pre-requisite for the economic development of any country. For achieving the economic growth, a country has to focus on certain industries which needs fewer investments and gave more profits. Tourism is among one of such industries included in the service sector which has a great potential for employment generation and also has a spill over effects (O'Sullivan, 2012).

Presently, tourism is one of the world's fastest growing industries. Tourism is a third largest export industry after gems, jewellery and readymade garments in India and its share of the world's tourist circulation is a mere 0.51 per cent. Tourism is more important in the case of Jammu and Kashmir. Tourism is not only boosting the economy of Jammu and Kashmir, but also act as a major force for the conservation of its cultural heritage, and also provide significant opportunities for women and young people and offer educational training and skills development and protect and regenerate traditional arts and crafts. Looking at its economic returns, comparatively light investments and the potentialities of development and limitations of adequate natural resources in other fields of economic growth, tourism in the Jammu and Kashmir has always been an area of attention and is required to be encouraged further.

This chapter describes the role of tourism in Jammu and Kashmir economy and also examines bi-directional causality between tourism expansion and economic growth. For this, the chapter is divided into five sections. Sections 4.1 deals with introduction and section 4.2 provides a brief overview of trends in international tourism with special reference to India. After presenting overview of its economy in section 4.3, comprehensive scenario of tourism in Jammu and Kashmir has

been presented in Section 4.4. Lastly, results and discussions are concluded in section 4.5.

4.2- Recent Trends in International Tourism with special reference to India

Seeking the need, recent trends in international tourism are presented before proceeding to Jammu and Kashmir tourism. The scenario of the international tourist arrivals and international tourist receipts are given in table 4.1 and 4.2 below:

Table 4.1: Trends in International Tourist Arrivals from 1990 to 2012 (in Millions)

Year	World	Advanced Economies	Emerging Economies
1990	436	297	484
1995	529	336	465
2000	677	420	443
2005	807	459	348
2010	949	506	443
2011	995	530	465
2012	1035	551	484
Growth rate (1990-2012)	3.83	2.72	0.00

Source: UNWTO Tourism Highlights, 2013.

In table 4.1 data shows trends in international tourist arrivals (in millions) during the period from 1990 to 2012. The world tourist arrivals have registered consistent increase from 436 million in 1990 to 1035 million in 2012 with annual growth rate of 3.83 per cent. Tourist arrivals in advanced countries also increased rapidly from 297 million in 1991 to 551 million in 2012 with annual growth of 2.72 per cent. On the other hand, in emerging economies, the foreign tourist arrival decreased up to the period 2005 to 348 million from 484 million in 1990. But they have registered continuous rise since the period 2005. The tourist arrivals in emerging economies increased from 348 million in 2005 to 484 million in 2012. However, there is no growth in tourist arrivals from emerging economies during from 1990 to 2012. So, it is held that the foreign tourist arrivals experienced continuous increase during the period. However, advanced economies recorded higher increase in their tourist arrivals as compared to emerging economies during concerned period.

Table 4.2 shows the international tourist receipts during the period from 1990 to 2012 (in billions of US \$ and Euro). Tourism receipts hit a record of US \$ 1075 billion worldwide (Euro 873 billion) with annual growth of 6.33 per cent (in US \$) and 6.29 per cent (in Euro). This increase in receipts was mainly due to the increase in tourist arrivals during the period. This phenomenon also confirms the correlation between the two key indicators viz. tourist receipts and tourist arrivals. Despite ongoing economic challenges, the growth of international arrivals worldwide is expected to continue at a similar to slightly slower pace (3 per cent to 4 per cent) in 2013. The international tourism will grow by 3.8 per cent per year during 2010 to 2030 (UNWTO, 2013). So it is concluded tourism receipts also experienced consistent increase during concerned period.

Table 4.2: International Tourist Receipts (In billions of US \$ and Euro)

Years/ Currencies	Tourist Receipts (In US \$)	Tourist Receipts (In Euro)
1990	262	206
1995	403	308
2000	475	515
2005	680	547
2010	930	702
2011	1042	749
2012	1075	837
Growth Rate (1990-2012)	6.33	6.29

Source: UNWTO Tourism Highlights, 2013.

In India, tourism is an important sector of the economy and contributes significantly in the country's Gross Domestic Product (GDP) as well as foreign exchange earnings (FEE). The foreign tourist arrivals and foreign exchange earnings from tourism in India are given in table 4.3 and 4.4 respectively.

Table 4.3 shows tourist arrivals in numbers in India from year 2004 to 2012. Data show that tourist arrivals in India have risen continuously from 3457477 in 2004 to 6648318 in 2012 with annual growth of 7.94 per cent. However, there was a mild decrease in tourist arrivals in India in the year 2009 which is highlighted by declining value during the concerned year to 5167699 from 5282603 in the year

2008. Thus, tourist arrivals in India increased rapidly during the concerned period, which is the clear cut indicator of tourism expansion in India.

Table 4.3: Foreign tourist Arrivals in India from 2004 to 2012

Year	Tourist Arrivals (in numbers)
2004	3457477
2005	3918610
2006	4447167
2007	5081504
2008	5282603
2009	5167699
2010	5775692
2011	6309222
2012	6648318
Growth Rate (2004- 2012)	7.94

Source: Indiastat Database, available at: www.Indiastat.com.

Table 4.4: Foreign Exchange Earnings (FEE) from Tourism in India during 2004-2012.

Year	FEE (in Crore)	% Change	FEE (in US \$ million)	% Change
2004	27944	--	6170	--
2005	33123	18.53	7493	21.40
2006	39025	17.81	8634	15.20
2007	44360	13.67	10729	24.30
2008	50730	14.35	11747	9.50
2009	54960	8.33	11394	-3.00
2010	64889	18.10	14193	24.60
2011	77591	19.60	16564	16.70
2012	94487	21.80	17740	7.10
Growth Rate	15.52	--	13.61	--

Source: India stat Database, available at: www.Indiastat.com.

Table 4.4 shows the foreign exchange earnings from tourism in India during the period 2004-2012. Foreign exchange earnings are shown in Crore and US\$. Data show that FEEs have increased from 27944 crore in 2004 to 94487 crore in 2012 with growth of 15.52 per cent, registering double digit growth during the period. However, FEEs experienced rapid increase in their value from US \$ 6170 million to US \$ 17740 million with annual growth of 13.61 per cent. However, FEEs (in US \$) has faced decline in 2009 with percentage change of (-3.00) per cent. Hence, it is concluded that importance of tourism in terms of FEEs in India from tourism have been continuously increasing since 2004 which highlights increasing economic importance of this sector for the country as a whole and Jammu and Kashmir in particular.

4.3- Overview of Jammu and Kashmir Economy

Jammu and Kashmir is the northern most state of India. On the north side of Jammu and Kashmir, there lie China and Russia. On the east is Chinese Tibet and on the South and South-West lie the states of Punjab and Himachal Pradesh. On North West boundary of Jammu and Kashmir there are Pakistan, China and Russia provinces respectively (Map 1). The State of Jammu and Kashmir consists of three divisions' viz. Jammu, Kashmir and Ladakh. The state of Jammu and Kashmir has two capitals, Jammu and Kashmir. Jammu is the winter capital of the state and Srinagar is the summer capital of the state. The state of Jammu and Kashmir is a home of various Himalayan glaciers and rivers. The main rivers flowing through the state are: Jhelum, Indus, Tawi, Ravi and Chenab. The state is blessed with lush green forests, which are the most important natural resources of the state. Huge number of valuable trees grows in these forests like Deodar, Poplar, Fir, Mulberry, Pine, Chinar and Walnut. In these forests, some herbs having great medicinal value are also found in these forests such as Menthol, Digitalis, Rubus and Artemisia. These forests also provide excellent shelter to the various rare species of animals and birds (Anonymous, 2011).

Figure-3: Jammu and Kashmir



Source: (Anonymous, 2011).

4.3.1- Growth and Structure of Jammu and Kashmir

As per 2011 census, Jammu and Kashmir has population of 1.25 crore with population density of 12 square kilometre. Total geographical area of the state is 2.22 Square Kilometre. The state has 22 districts. Sex ratio of the state is 883 females per thousand of males and the literacy rate is 68.74 per cent. Jammu and Kashmir the Jammu and Kashmir has maintained and accelerated its growth during the period from 2009 to 2012 (Government of J & K, 2013). The Gross State Domestic Product (GSDP) of the state is expected to grow at 7.01 per cent (advanced estimates) at constant prices (2004-05) during 2012-13 as compared to 6.22 per cent and 5.96 per cent in 2011-12 and 2010-11 respectively. Following tables present brief overview of growth and structure of Jammu and Kashmir economy during the period from 2004-05 to 2012-13.

Table 4.5 reveals the trends in growth of GSDP and NSDP of Jammu and Kashmir during the period from 2004-05 to 2012-13. It is clear from the table that GSDP of Jammu and Kashmir increased from Rs. 2730460 million in 2004-05 to Rs. 7611530 million in 2012-13 with an average increase of Rs. 4636900 million. Percentage change in the GSDP has remained more than 10 per cent during study period with average of 13.70 per cent. Growth rate of GSDP during 2004-05 to 2008-09 was found to be 11.59 per cent and it was recorded at the level of 15.83 per cent during the period from 2008-09 to 2012-13. Overall growth rate of GSDP was recorded as of 13.95 per cent. Similarly, NSDP of Jammu and Kashmir increased from Rs. 2329220 million in 2004-05 to Rs. 6072350 million in 2012-13 with an average increase of Rs. 3762000 million.

Table 4.5: Growth of Gross (GSDP) and Net State Domestic Product (NSDP) in Jammu and Kashmir during 2004-05 to 2012-13 (At Constant Prices 2004-05).

Year	GSDP (In Rs. Millions)	% Change	NSDP (In Rs. Millions)	% Change
2004-05	2730460	--	2329220	--
2005-06	2991990	9.58	2527810	8.53
2006-07	3323010	11.06	2765210	9.39
2007-08	3709680	11.64	3072010	11.09
2008-09	4231480	14.07	3429030	11.62
2009-10	4838450	14.34	3871820	12.91
2010-11	5697590	17.76	4533030	17.08
2011-12	6597870	15.80	5257550	15.98
2012-13	7611530	15.36	6072350	15.50
Averages	4636900	13.70	3762000	12.76
Average Annual Growth Rates				
2004-05 to 2012-13	13.95	--	12.86	--
2004-05 to 2008-09	11.59	--	10.29	--
2008-09 to 2012-13	15.83	--	15.48	--

Source: Centre for Monitoring Indian Economy, New Delhi.

From 2005-06 to 2010-11, it showed an increasing trend and after that it decreased. Growth rate of NSDP during 2004-05 to 2008-09 was found to be 10.29 per cent and it was of 15.48 per cent during the period 2008-09 to 2012-13. Overall growth rate of GSDP was found to be of 12.86 per cent. Henceforth, it is held that State Domestic Product (both gross and net) of Jammu and Kashmir economy have registered rapid growth during the study period which was considered as outstanding economic performance of any economy. However, the growth of State Domestic was more during 2008-09 to 2012-13 as compared to 2004-05 to 2008-09, remaining unaffected by the occurrence of financial crisis in the global economy and its influence of Indian economy during the period.

Table 4.6: Growth and Structure of Jammu and Kashmir Economy during 2004-05 to 2012-13 (at constant prices 2004-05)

Year	Overall GSDP (in Rs. Millions)	GSDP Agriculture (in Rs. Millions)	% Share	GSDP Industry (in Rs. Millions)	% Share	GSDP Services (in Rs. Millions)	% Share
2004-05	2730460	610030	22.34	770800	28.23	1193510	43.71
2005-06	2991990	641060	21.43	856080	28.61	1324800	44.28
2006-07	3323010	672450	20.24	979470	29.48	1494900	44.99
2007-08	3709680	706320	19.04	1116500	30.10	1698610	45.79
2008-09	4231480	742910	17.56	1261350	29.81	2017440	47.68
2009-10	4838450	815460	16.85	1435300	29.66	2365770	48.90
2010-11	5697590	938760	16.48	1662400	29.18	2863970	50.27
2011-12	6597870	1068830	16.20	1856860	28.14	3426380	51.93
2012-13	7611530	1208000	15.87	2017410	26.50	4126240	54.21
Average	4636900	822650	18.44	1328460	28.86	2279070	47.97
Average Annual Growth Rates							
G1*	13.88	8.76	--	13.20	--	17.11	--
G2**	11.51	5.12	--	13.42	--	13.76	--
G3***	15.83	13.08	--	12.52	--	19.84	--

Note: G1* denotes for 2004-05 to 2012-13, G2** for 2004-05 to 2008-09 and G3*** for 2008-09 to 2012-13

Source: Centre for Monitoring Indian Economy, New Delhi.

Table 4.6 shows growth and changing structure of Jammu and Kashmir economy during the period 2004-05 to 2012-13. Share of agriculture, in GSDP registered decreasing trend. Similar to overall GSDP, agriculture sector recorded increase in its value during the period from Rs.610030 million in 2004-05 to Rs. 1208000 million in 2012-13 with average increase of Rs. 82265 million. Overall growth of agriculture was found at the level of 8.76 per cent. Growth rate in GSDP agriculture was more during period 2008-09 to 2012-13 i.e. 13.08 per cent as compared to 5.12 per cent during the period 2004-05 to 2008-09. Besides the increase in the GSDP of agriculture in value terms, relative share of agriculture in the GSDP has decreased from 22.34 per cent in 2004-05 to 15.87 per cent in

2012-13. However average percentage share of the GSDP of agriculture was found to be of 18.44 per cent during the period.

In case Industrial sector, GSDP Industry has also increased from Rs. 770800 million in 2004-05 to Rs. 2017470 million in 2012-13 with average increase of industry Rs. 1328460 million. Overall growth rate of GSDP industry was of 13.20 per cent during 2004-05 to 2012-13. However, growth rate was more during 2004-05 to 2008-09 i.e. 13.42 per cent as compared to 12.52 per cent during period 2008-09 to 2012-13. Despite rise in value terms, relative share of industry in GSDP decreased to 26 per cent in 2012-13 from 28.23 per cent in 2004-05. However it has increased to 30.10 per cent in 2007-08. Average percentage share of industry in GSDP was found to be of 28.86 per cent during the period.

Similarly to agriculture and industrial sector, service sector also showed an increasing trend in GSDP in value terms. GSDP of service sector increased from Rs. 1193510 million in 2004-05 to Rs. 4126240 million in 2012-13 with average increase of Rs. 2279070 million. Overall growth rate of service sector was found to be 17.11 per cent. Growth rate was more during 2008-09 to 2012-13 i.e.19.84 per cent as compared to 13.76 per cent during 2004-05 to 2008-09. Relative share of the service sector in GSDP showed a rapid increase from 43.71 per cent in 2004-05 to 54.21 per cent 2012-13.

Therefore, all three sectors recoded high growth rate during the study period. However growth of service sector was found to be much higher than that of agriculture and industry. Relative share of agriculture and industrial sectors in state income have been declining, whereas of service sector have been increasing since 2004-05. Relative share of service sector in GSDP was found to be much higher than that of agriculture and industrial sectors during the study period. Thus, it is held that Jammu and Kashmir economy has experienced structural change during the study period as importance of service sector has tremendously enhanced. Moreover Jammu and Kashmir has been turning out to be a service sector economy in terms of relative share of this sector in GSDP. However in case of employment, the picture may be different.

4.4-Tourism in Jammu and Kashmir

The state of Jammu and Kashmir is well known for its natural beauty. Jammu and Kashmir had also been selected for the popular National Tourism Award for 2003 for the schemes adopted by the state to boost tourism activity. It is gifted with necessary resources for flourishing and booming tourism activity like geographical and cultural diversity; beautiful and unspoiled streams; blessed shrines; historic monuments; and the friendly and hospitable people (Yaqoob & Dar, 2007). The state of Jammu and Kashmir witnessed a growth in the tourist arrivals every year.

Table 4.7: Tourist Arrivals in Jammu and Kashmir during 2004-2011.

Year	Foreign Tourist Arrivals (in millions)	% share	Domestic Tourist Arrivals (in millions)	% share	Total Tourist Arrivals (in millions)
2004	4024.2	0.58	688147.3	99.41	692171.5
2005	4434.5	0.60	723948.1	99.39	728382.6
2006	4608.7	0.59	764627.4	99.40	769236.1
2007	5275.4	0.66	791527.1	99.33	796802.5
2008	5469.7	0.71	763897.7	99.28	769367.4
2009	5447.5	0.58	923486.2	99.41	928933.7
2010	4809.9	0.48	99731.9	9.95	1002128.8
2011	7159.3	0.54	1307153.1	99.45	1314312.4
Average	5153.6	0.59	7578148	88.20	8751668.75
Average Annual Growth Rates					
2004-2012	9.73	--	11.20	--	11.23
2004-2007	7.77	--	3.75	--	3.77
2008-2011	7.72	--	17.17	--	17.70

Source: India stat Database, available at: www.indiastat.com.

Table 4.7 showed the Foreign and Domestic tourist arrivals (in millions) in Jammu and Kashmir during the period from 2004 to 2011. Table shows that foreign tourist arrivals increased from 4024.2 million in 2004 to 7159.3 million in 2011 with an average increase of 5153.6 million. Growth rate of foreign tourist arrivals from during this period was of 9.73 percent. However, growth rate of foreign tourist

arrivals was almost same during period 2004-2007 and 2008-2011 with a small difference of 0.05 per cent. On the other hand, domestic tourist arrivals in Jammu and Kashmir have shown fluctuating trend. From 2004 to 2007, it registered an increase, but decreased in 2008 and further it increased tremendously in 2009. However, average increase in domestic tourists was remained to be of 757814.8 million. Growth rate of the domestic tourist arrivals was found at the level of 11.2 per cent during the period during 2004-2011. Growth rate of the domestic tourists (17.17 per cent) was high during 2008-2011 as compared to 3.75 per cent during 2004-2008. Total tourist arrivals have increased from 692171.5 million in 2004 to 1314312.4 million in 2012 with annual growth of 11.23 per cent.

Relative share of foreign tourist arrivals remained fluctuating from 0.48 per cent to 0.71 per cent during the study period. It has experienced consistent increase up to 2008 and since then has been declining continuously. Average relative share of foreign tourist arrivals during this period was found at the level of 0.59 per cent. On the other, relative share of domestic tourist arrivals in total followed opposite trend. It has decreased up to 2008 and since then it has been increasing. Relative share of domestic tourist arrivals in total was found to be much higher as compared to foreign one as latter constitutes less than one per cent of the total tourist arrivals during the period.

Growth of foreign, domestic and total tourist arrivals was found to be of 9.73 per cent, 11.20 per cent and 11.23 per cent during 2004-12 respectively. Domestic tourist arrivals have registered higher growth than that of foreign tourist arrivals during this period. Moreover, growth of all three tourist arrivals was found to be higher during 2004-08 as compared to during 2008-12. Henceforth, it is concluded that Jammu and Kashmir has experienced rapid increase in domestic as well as foreign tourist arrivals during the study period. Domestic tourist arrivals constituted significant portion of total tourist arrivals in Jammu and Kashmir and foreign tourist arrivals have only a small portion to contribute.

Tourism industry in the state of Jammu and Kashmir is one of the important sources of income. Jammu and Kashmir has less scope of large-scale industrialization and also the potential of agricultural development is limited. So,

the role of tourism could be immense in the development of the economy (Government of India, 2001). Tourism also contributes in the Gross state domestic product (GSDP) of the state. The contribution of the tourism in Jammu and Kashmir economy is highlighted in following table.

Table 4.8: Contribution of Tourism in GSDP at Factor Cost in Jammu and Kashmir from 2004-05 to 2012-13. (In Rs. millions at Constant Prices 2004-05)

Year	Overall GSDP (In Rs. Millions)	GSDP services (In Rs. Millions)	Hotels, trade & Restaurant (In Rs. Millions)	% Share of HTR* in Overall GSDP	% Share of HTR* in GSDP Services
2004-05	2730460	1193510	190945	6.99	15.99
2005-06	2991990	1324800	205637	7.11	15.52
2006-07	3323010	1494900	223651	7.30	14.96
2007-08	3709680	1698610	249482	7.66	14.68
2008-09	4231480	2017440	278736	8.04	13.81
2009-10	4838450	2365770	272839	7.53	11.53
2010-11	5697590	2863970	294836	7.53	10.26
2011-12	6597870	3426380	293727	7.23	8.57
2012-13	7611530	4126240	299924	6.95	7.26
Average	4636900	2279070	256642	7.37	12.50
Average Annual Growth Rate					
2004-05 to 2012-13	19.86	17.11	6.34	--	--
2004-05 to 2008-09	6.10	13.76	9.19	--	--
2008-09 to 2012-13	8.87	19.84	1.93	--	--

Note: HTR* denotes Hotels, trade & Restaurant.

Source: Indiastat Database, available at: www.indiastat.com.

Table 4.8 shows the contribution of tourism in GSDP in value terms and relative share in GSDP and service sector of Jammu and Kashmir during the period from 2004-05 to 2012-13. The importance of tourism sector has been highlighted using Hotels, trade & Restaurant (In Rs. Millions) as proxy as this indicator constitutes

the income of people working in tourism sector especially. Contribution of tourism to GSDP in value terms has increased from Rs. 190945 million in 2004-05 to Rs. 299924 million in 2012-13 with an average increase of Rs. 2566420 million. Growth of Hotel, trade and restaurants has found to be of 6.34 per cent during study period. However, growth was higher during the period 2004-08 (9.19 per cent) than that of the period 2008-13 (1.93 per cent). However relative share of tourism in total GDP remained fluctuating from 6.99 per cent to 8.04 per cent during the study period, but it constitutes significant portion of on an average of 7.37 per cent of state GSDP. Relative share of tourism in service sector also declined from 15.99 per cent in 2004-05 to 7.26 per cent in 2012-13. Hence, it is clear that contribution of tourism in state income has been gradually increasing. Tourism both in terms of share in GSDP and services sector constitute significant portion but contribution has been declining consistently. Some natural disaster in Uttrakhand and case of Afzal Guru may be some of the reason for unsatisfactory performance of this sector especially during later two years. But in overall, results make a strong case serious attention at policy level by centre and state governments so as to improve the performance of tourism in the state.

Table 4.9 reveals growth of different sectors viz-a-viz tourism in Jammu and Kashmir during the period 2004-05 to 2012-13. GSDP of the Jammu and Kashmir increased from Rs. 2730460 million in 2004-2005 to Rs. 7611530 million with an average increase of Rs. 4636900 million. Agriculture registered increase from Rs. 610030 million to Rs. 1208000 million from 2004-05 to 2012-13 with an average increase of Rs. 822650 million. The GSDP of industry recorded an increase from Rs. 770800 million to Rs. 2017410 million during the study period 2004-05 to 2012-13 with an average increase of Rs. 1328460 million. The growth rate of the industry was found to be 13.20 per cent. Service sector showed a tremendous increase in its value from Rs.1193510 million in 2004-05 to Rs. 4126240 million in 2012-13 with an average increase of Rs. 2279070 million.. However, the tourism sector which is a part of service sector showed an increase from 190945 million in 2004-05 to Rs. 299924 million in 2012-13 with an average increase of Rs. 2566420 million.

Thus, it is clear that all selected sectors have registered rise in value terms at varied levels. Growth of service sector was found to be highest among selected

sector as it has grown at an average of Rs. 2279070 million annually. Being a sub-sector of service sector, tourism has also shown increase in its value. Comparison of growth rates states that tourism sector has registered lowest growth among selected sectors. Growth of tourism was found to be of 6.34 per cent as compared to 8.76 per cent, 13.20 per cent and 17.40 per cent of agriculture, industry and service sector respectively during the period under study. Hence, it is concluded that tourism sector has registered lowest growth as compare to other sectors of Jammu and Kashmir economy during the study period.

Table 4.9: Growth of Different Sectors viz-a-viz Tourism in the Jammu and Kashmir during 2004-2013: Comparative view (At constant prices 2004-05)

Year	GSDP (in Rs. Millions)	Agriculture (in Rs. Millions)	Industry (in Rs. Millions)	Services (in Rs. Millions)	Tourism (in Rs. Millions)
2004-05	2730460	610030	770800	1193510	190945
2005-06	2991990	641060	856080	1324800	205637
2006-07	3323010	672450	979470	1494900	223651
2007-08	3709680	706320	1116500	1698610	249482
2008-09	4231480	742910	1261350	2017440	278736
2009-10	4838450	815460	1435300	2365770	272839
2010-11	5697590	938760	1662400	2863970	294836
2011-12	6597870	1068830	1856860	3426380	293727
2012-13	7611530	1208000	2017410	4126240	299924
Average	4636900	822650	1328460	2279070	256642
Average Annual Growth Rate					
2004-05 to 2012-13	13.88	8.76	13.20	17.40	6.34
2004-05 to 2008-09	11.51	5.12	13.42	13.76	9.19
2008-09 to 2012-13	15.83	13.08	12.52	19.84	1.52

Source: Centre for Monitoring Indian Economy, New Delhi and Indiatat Database, available at: www.indiastat.com

Table 4.10 reveals the contribution of agriculture, industry, service and tourism sector in the Gross State Domestic Product of Jammu and Kashmir from 2004-05 to 2012-13. As shown in above tables GSDP of the different sectors of the Jammu and Kashmir in value terms has shown an increasing trend, but the percentage share showed fluctuating trends. The relative share of agriculture in overall GSDP decreased from 22.34 per cent to 15.87 per cent during 2004-2013. The

contribution of the industry has increased but its relative share in GSDP decreased from 28.23 per cent to 26.5 per cent during same period. However GSDP of the service sector has increased and its relative share in overall GSDP also increased from 43.71 per cent to 54.21 per cent from 2004-05 to 2012-13. Relative share of tourism has increased up to 2008-09 but since then it has been continuously declining. Being a sub-sector, this constitutes a significant portion (7.37 per cent) of state income during the period

Table 4.10: Relative Shares of Different Sectors viz-a-viz Tourism in Jammu and Kashmir economy during 2004-2013: Comparative View

Year	Agriculture % Share	Industry %Share	Services % Share	Tourism % share
2004-05	22.34	28.23	43.71	6.99
2005-06	21.43	28.61	44.28	7.11
2006-07	20.24	29.48	44.99	7.30
2007-08	19.04	30.10	45.79	7.66
2008-09	17.56	29.81	47.68	8.04
2009-10	16.85	29.66	48.90	7.53
2010-11	16.48	29.18	50.27	7.53
2011-12	16.20	28.14	51.93	7.23
2012-13	15.87	26.50	54.21	6.95
Average	18.44	28.86	47.97	7.37

Source: Indiastat Database, available at: www.indiastat.com.

Table 4.11 highlights the revenue generated by different departments/organizations from tourism (in Rs. millions) in Jammu and Kashmir from 2004-05 to 2012-13. The total revenue generated from the different departments/ organizations has increased from Rs. 208.19 million to Rs. 469.29 million from 2004-05 to 2012-13. All the departments/ organizations realised an increase in their revenue except Sonamarg development authority (SDA) and Patnitop development authority (PDA) during the period. Among departments/ organizations, the revenue generated is found to be higher in case of Royal spring golf course (RSGC) and Jammu and Kashmir Tourist Development Corporation (JKTDC). The growth of the revenue earned by the different departments/ organizations from 2004-05 to 2011-12 is 15.67 per cent. As the table highlights the role performed by the tourism sector in the economy of Jammu and Kashmir,

which is the objective of the study. Hence, it proves our objective and the hypothesis that tourism is one of the important sectors also gets accepted.

Table 4.11: Revenue Generated by Different Departments/Organisation from Tourism in J&K (In Rs. millions)

Deptt./ Organization	DTK/J	SKICC	GDA	PDA*	SDA##	PDA**	RSGC	C C C	J & K TDC	Total
2004-05	1.14	4.60	1.97	0.51	0.00	1.10	5.72	28.90	164.24	208.19
2005-06	1.48	4.93	2.18	0.91	1.37	1.01	3.50	75.44	179.64	270.50
2006-07	3.52	5.20	3.24	0.99	3.63	1.56	3.47	67.60	176.53	265.77
2007-08	6.20	6.40	4.85	1.90	3.25	7.90	5.00	79.88	176.30	291.69
2008-09	5.40	7.12	5.11	1.27	4.50	2.00	4.56	83.91	196.30	310.19
2009-10	5.66	6.50	3.43	0.66	3.90	1.95	4.42	111.60	189.40	327.54
2010-11	7.26	1.10	3.73	0.23	7.94	3.00	6.43	124.80	269.75	436.26
2011-12	9.63	11.45	1.45	0.31	1.00	2.60	6.31	195.70	225.00	469.29
Average revenue	5.03	7.15	4.87	1.46	3.00	26.41	4.93	95.97	197.14	322.43
Average Annual Growth Rates										
2004-05 to 2011-12	92.53	18.61	79.50	63.18	-3.91	17.04	1.27	72.14	4.62	15.67
2004-05 to 2008-09	46.40	9.78	36.54	67.77	56.64	154.54	-3.14	44.10	1.83	10.02
2008-09 to 2011-12	19.58	15.20	45.84	35.90	-19.44	7.50	9.55	33.30	3.65	12.82

Source: Indiatat Database, available at: www.indiastat.com.

Note: DTK/J denotes "Director Tourism Kashmir/ Jammu", SKICC denotes "Sher-i-kashmir international convention centre", GDA represents "Gulmarg development Authority", PDA* denotes "Pahalgam development Authority", SDA denotes "Sonamarg development Authority", PDA** denotes "Patnitop development Authority", RSGC denotes "Royal Spring Golf Course", CCC denotes "Cable Car Corporation", J & K TDC denotes "Jammu & Kashmir Tourism Development Corporation"

However, the growth rate was of 10.02 per cent during 2004-05 to 2007-08 and of 12.82 per cent during 2008-09 to 2011-12. Growth of revenue earned by different departments/ organizations was found to be 92.53 per cent in case of DTK/J, 18.61 per cent of SKICC, 79.50 per cent of GDA, 63.18 per cent of PDA*, - 3.91 per cent of SDA, 17.04 per cent of PDA, 1.27 per cent of RSGC, 72.14 per cent of CCC, and 4.62 per cent of J&K TDC. It is held that all the departments and organisation have registered manifold increase in revenue earned from tourism during concerned period. The growth of the revenue earned by the departments from tourism was quite higher.

Table 4.12 shows relative share of different departments/organizations in revenue generated from tourism during the period from 2004-05 to 2011-2012. Data reveals that organisations namely GDA (0.94 per cent to 0.30 per cent), PDA* (0.24 to 0.06), RSGC (2.74 per cent to 1.34 per cent), and J&KTDC (78.88 per cent to 54.33 per cent) have registered significant decrease in their relative shares in revenue generated from tourism during the concerned period. On the other, organisations namely DTK/J (0.54 per cent to 2.05 per cent), PDA** (0.52 per cent to 0.55 per cent), SKICC (2.21 per cent to 2.44 per cent), SDA (0.01 per cent to 0.21 per cent), and CCC (13.88 per cent to 54.33 per cent) have experienced substantial increase in their relative shares in revenue generated from tourism in the state. Moreover on an average, J&KTDC (63.67 per cent) constituted largest share in revenue generated from tourism followed by CCC (29.82 per cent), SKICC (1.89 per cent), RGSC (1.58 per cent) and DTK/J (1.46 per cent) during the study period. On the other, organisation namely PDA* (0.28 per cent) constituted smallest relative share in revenue generated from tourism, followed by PDA** (0.82), SDA (0.95 per cent), and GDA (1.05 per cent) during this period. Therefore, it is established that only two organisations namely J&KTDC and CCC constitute more than 90 per cent share of revenue generated from tourism. However the share of J&KTDC had been falling since 2004-05 and of CCC had been increasing during the study period.

Table 4.12: Percentage Share of Different Departments/Organizations in Total Revenue Earned in Jammu and Kashmir from 2004-05 to 2012-13 in millions.

Deptt/organization	DTK/J	SKICC	GDA	PDA*	SDA##	PDA**	RSGC	CCC	J&K TDC	Total
2004-05	0.54	2.21	0.94	0.24	0.01	0.52	2.74	13.88	78.88	100
2005-06	0.54	1.82	0.80	0.33	0.50	0.37	1.29	27.88	66.41	100
2006-07	1.32	1.95	1.21	0.37	1.36	0.58	1.30	25.43	66.42	100
2007-08	2.12	2.19	1.66	0.65	1.11	2.70	1.71	27.38	60.44	100
2008-09	1.74	2.29	1.64	0.40	1.45	0.64	1.47	27.05	63.28	100
2009-10	1.72	1.98	1.04	0.20	1.19	0.59	1.34	34.07	57.82	100
2010-11	1.66	0.25	0.85	0.05	1.82	0.68	1.47	28.60	61.83	100
2011-12	2.05	2.44	0.30	0.06	0.21	0.55	1.34	54.33	54.33	100
Average	1.46	1.89	1.05	0.28	0.95	0.82	1.58	29.82	63.67	100

Source: Indiatat Database, available at: www.indiatat.com.

Note: DTK/J denotes "Director Tourism Kashmir/ Jammu", SKICC denotes "Sher-i-kashmir international convention centre", GDA represents "Gulmarg development Authority", PDA* denotes "Pahalgam development Authority", SDA denotes "Sonamarg development Authority", PDA** denotes "Patnitop development Authority", RSGC denotes "Royal Spring Golf Course", CCC denotes "Cable Car Corporation", J & K TDC denotes "Jammu & Kashmir Tourism Development Corporation"

4.4.1- Pilgrimage Tourism

Out of various types of tourism, pilgrimage tourism is more in the state. Every year, people in lakhs come to pilgrim places of the state. The number of pilgrims visited to Jammu and Kashmir is shown in the table below:

Table 4.13: Pilgrims Visited to Jammu and Kashmir from the year 2008 to 2011.

Year	Amaranth Holi Cave	Mata Vaishno Devi
2008	373419	6576000
2009	373419	8235064
2010	458046	8749000
2011	634000	10115232
2012	621000	6576000

Source: Economic Survey 2012-13 (Government of J&K).

Table 4.13 shows the number of pilgrim tourists visited to Amarnath holi cave and Mata Vaishno Devi from the year 2008 to 2012. The tourist arrivals to Amarnath holi cave have increased from 373419 in 2008 to 621000 in 2012. Similarly tourist arrivals to Mata Vaishno Devi increased from 6576000 in 2008 to 6576000 in 2012. Thus data reveals that pilgrimage tourism is one of important tourisms' operating in the state, and Amarnath and Mata Vaishno Devi caves have experienced rapid increase in pilgrims since 2008.

4.4.2- Impact of Tourism income on Economic growth in Jammu and Kashmir: An Econometric Estimation

Empirical evidences on relation and causality between tourism and economic growth in various developing and developed economies of world state that there is strong bi-directional causality between these two. Table 4.14 shows the relationship and causality between economic growth and income from tourism in case of Jammu and Kashmir. Results state that there is no auto-correlation in data as value of D-W statistics (0.66) is closed to less than two. The value of R-square is 0.79 which means that 79 per cent variation in income from tourism is explained by economic the single variable namely economic growth in this analysis and indicates towards goodness of model. The p-value (0.001) which is less than 0.05 means reveals the significance of results. Value of Regression Coefficient has found to be

0.22 which is statistically significant at 1 per cent level. This confirms positive elasticity of income from tourism with economic growth in Jammu and Kashmir. Moreover high value of r-square (0.79) also indicates towards positive correlation between tourism expansion and economic growth. Therefore, it is concluded that economic growth has significant impact on tourism expansion in Jammu and Kashmir during the study period

Table 4.14: Impact of Economic Growth on Tourism Expansion in Jammu and Kashmir.

Dependent variable: Tourism Expansion (In Rs. Millions)							
Independent variable: Economic Growth (Annual in Rs.)							
Constant	Coefficient	p-value	r ²	Adjusted-r ²	D-W Statistics	F-test	Standard Error
1565460.47	0.22*	0.001	0.79	0.7	0.66	26.54	0.04

Note: *, ** and *** denote 1%, 5% and 10% level of significant respectively.

Sources: Author's Calculations

4.15: Impact of Income from Tourism on Economic Growth in Jammu and Kashmir.

Dependent variable: Economic growth (In Rs. Million)							
Independent variable: Income from Tourism (Annual in Rs. Millions)							
Constant	Coefficient	p-value	r ²	Adjusted - r ²	D-W Statistics	F-test	Standard Error
- 4770737.50	0.21**	0.05	0.79	0.76	0.624	26.54	0.04

Note: *, ** and *** denote 1%, 5% and 10% level of significant respectively.

Sources: Author's Calculations

Table 4.15 shows the relationship and causality between Economic growth and Income from tourism in Rs. Million. The value of D-W statistics (i.e.0.624) is close to less than the two (2), which confirms that problem of auto-correlation in given data has been checked. High values of R-square (0.79) and adjusted r-square (0.76) claims that 79 per cent variation is explained by tourism expansion. The p-value is found to be of 0.05 and highlights that regression coefficient is significant at 5 per cent level. Thus, statistics show ideal model fit. Value of Regression Coefficient has found to be 0.21 which is statistically significant at 5 per cent level. This confirms positive elasticity of economic growth with tourism expansion in Jammu and Kashmir. Moreover high value of r-square (0.79) also indicates towards positive

correlation between economic growth and tourism expansion. Therefore, it is concluded that tourism expansion has significant impact on economic growth in Jammu and Kashmir during the study period. The hypothesis that the tourism expansion has the bi-directional relationship with economic growth in Jammu and Kashmir is accepted on the basis of the results shown in these two tables (table 4.14 & 4.15). With this the objective, “to analyse the relationship between tourism and economic growth in Jammu and Kashmir” is proved.

4.5- Conclusions

Above discussion reveals that international tourism has expanded tremendously as foreign tourist arrivals and receipts experienced continuous increase during the study period. However, advanced economies recorded higher increase in their tourist arrivals as compared to emerging economies. In India, tourist arrivals also increased rapidly which is the clear cut indicator of tourism expansion in India. Moreover, importance of tourism in earning foreign exchange have been continuously increasing since 2004 which highlights increasing economic importance of this sector for the country. Jammu and Kashmir economy have registered rapid growth during the study period which is considered as an outstanding economic performance of any economy. It has been experienced structural change during the study period as importance of service sector has (share of service) tremendously enhanced. Moreover Jammu and Kashmir has been turning out to be a service sector economy in terms of relative share of this sector in GSDP.

Jammu and Kashmir has experienced rapid increase in domestic as well as foreign tourist arrivals during the study period. However domestic tourist arrival registered higher growth than that of foreign tourist arrivals. Domestic tourist arrivals constituted significant portion of total tourist arrivals in Jammu and Kashmir and foreign tourist arrivals have only a small portion to contribute. Tourism has been one of the important sectors of Jammu and Kashmir economy as it constitutes a significant portion of 7.37 per cent of state GSDP. However relative share of tourism in service sector and in overall GSDP has been declining during the study period Tourism has been outperformed by other sectors of economy as it has registered lowest growth as compared to agriculture, industry and service sectors. Analysis

established that all the departments and organisation have registered manifold increase in revenue earned from tourism during study period. Only two organisations namely J&KTDC and CCC constitute more than 90 per cent share of revenue generated from tourism. However the share of J&KTDC had been falling since 2004-05 and of CCC had been increasing during the study period. Pilgrimage tourism has come out as one of important tourism among other types in the state. Econometric analysis reveals bi-directional causality between economic growth and tourism and confirms economic growth has significant impact on tourism expansion in Jammu and Kashmir during the study period and vice-versa.

CHAPTER – V

TOURISM AND ECONOMIC GROWTH IN JAMMU AND KASHMIR:

REFLECTIONS FROM PRIMARY SURVEY

5.1- Introduction

Tourism is one of the major drivers of growth and development in the developing economies. It acts as an important tool for economic growth in developing countries by providing employment to bulk of people. Tourism has a spill-over effect on the economy, means that if the tourism related activities are increased in the country, it increases the potential of other sectors also like transport etc. In less developed countries, the large industrialization is very limited and the means of employment is scarce, tourism can help it to take developing path by providing employment opportunities to the people of that country. India is also a developing country, also having great potential of tourism. Being a developing, India has great potential of tourism. Almost six per cent of the country's GDP is accounted to tourism, and the sector provides employment to nearly ten per cent of the country's workforce. Share of domestic tourism in India is considerably large as it constitutes three fourth of its own tourism economy (Vinodan & Manelal, 2012).

The states of India which are famous for tourism are, Himachal Pradesh, Rajasthan, Orissa, Kerala, Jammu and Kashmir etc. Out of these states, Jammu and Kashmir has been selected. Jammu and Kashmir is a state which suffers a lot from militancy. Due to disturbances, it cannot attract outside investors to invest and to improve the industrialization in the state. Moreover, it is accepted that Jammu and Kashmir could not enlarge its agricultural and industrial sectors primarily due to geographical structure and unfavorable climate conditions. But the state has great potential for development of tourism having favorable environment and beautiful natural sights in its sphere.

Analysis of role of tourism in Jammu and Kashmir reveals significant contribution of tourism in promoting economic growth and development in the state. For this, it is necessary to examine impact of tourism on economic welfare of people involved in this sector. Henceforth, the objective of this chapter is to unleash the impact of tourism on three selected stakeholders namely hoteliers-cum-restaurant-owners,

travel agencies and handicraft shopkeepers in Jammu and Kashmir. This chapter is entirely based on primary data collected through field survey of four famous tourism places of J&K.

5.2- Tourism and Economic Growth in Jammu and Kashmir: Reflections from Primary Survey

Impact of tourism on economic life of the selected stakeholders in Jammu and Kashmir has been highlighted with help of following tables and respective results and discussions.

Table 5.1: Composition of Surveyed Stakeholders.

S.No.	Occupation	No. of Stakeholders
1	Travel Agencies	40 (25.00)
1.1	Agent	20 (12.50)
1.2	Manager	5 (3.12)
1.3	Owner	15 (9.37)
2	Hoteliers-cum-restaurant owners	80 (50.00)
2.1	Owner	17 (10.62)
2.2	Manager	30 (19.37)
2.3	Front office assistant	14 (8.75)
2.4	Receptionist	12 (7.50)
2.5	Worker	5 (3.12)
2.6	Chowkidar	2 (1.25)
3	Handicraft shops	40 (25.00)
3.1	Owner	32 (20.00)
3.2	Worker	1 (0.62)
3.3	Salesman	7 (4.70)
	Total	160 (100.00)

Source: Primary Survey, 2013

Table 5.1 shows the composition of sampled stakeholders in selected tourist places. In the table, there are three stakeholders namely Hoteliers-cum-restaurant owners, Travel agencies and Handicraft shopkeepers. In overall sample, there are 40 (25.00 per cent) stakeholders in travel agencies, 80 (50.00 per cent) hoteliers-cum-restaurant owners and 40 (25.00 per cent) handicraft shopkeepers. In travel

agencies, there are three types of jobs namely Agent, Manager and Owners. There are 20 (12.50 per cent) agents, managers 5 (3.12 per cent) and owners 15 (9.37 per cent) within the travel agencies. In case of hoteliers-cum-restaurant-owners, there are six types of jobs namely Owner, Receptionist, Front office assistant, Manager, Worker and Chowkidar. In hoteliers-cum-restaurant owners, highest number is of managers i.e. 30 (19.37 per cent) followed by owners 17 (10.62 per cent), front office assistants 14 (8.75per cent), receptionists 12 (7.50 per cent), workers 5 (3.12per cent) and Chowkidars 2 (1.25 per cent). There are three types of jobs in Handicraft shopkeepers namely owner, worker and salesman. Owners are having highest number 32 (20.00 per cent) followed by salesman 7 (4.70 per cent) and workers 1 (0.62 per cent). Henceforth, it can be said that tourism is providing variety of jobs to people in Jammu and Kashmir and is a good source of employment in the state.

Table 5.2: Age-Structure of Sampled Stakeholders

S.No.	Age-Group	Travel Agencies	Hoteliers-cum-restaurant owners	Handicraft Shopkeepers	Total
1	Below 30 Years	19 (11.87)	39 (24.37)	16 (10.00)	74 (46.25)
2	30-39 Years	14 (8.75)	23 (14.37)	11 (6.87)	48 (30.00)
3	40-49 Years	6 (3.75)	12 (7.50)	9 (5.62)	27 (16.87)
4	50 Years and Above	1 (0.62)	6 (3.75)	4 (2.50)	11 (6.87)
	Total	40 (25.00)	80 (50.00)	40 (25.00)	160 (100.00)

Note: Figures in Parenthesis are the Percentages from Total i.e. 160.

Source: Primary Survey, 2013.

Table 5.2 reveals age-structure of the sampled stakeholders by dividing them into different age groups. There are four age groups viz. below 30 Years, 30-39 Years, 40-49 Years and 50 Years and above. Data show that in travel agencies, 19

(11.87 per cent) stakeholders belonging to age group below 30 years, 14 (8.75 per cent) to age group 30-39 years, 06 (3.75 per cent) to age group 40-49 years and 01 (0.62 per cent) to age group above 50 years in travel agencies. In hoteliers-cum-restaurant owners, there are 39 (24.37 per cent) stakeholders belonging to age group below 30 years, 23 (14.37 per cent) to age group 30-39 years, 12 (7.50 per cent) to age group 40-49 years and 06 (3.75 per cent) to age group above 50 years. There are 16 (10.00 per cent) stakeholders belonging to age group below 30 years, 11 (6.87 per cent) to age group 30-39 years, 09 (5.62 per cent) to age group 40-49 years and 04 (2.50 per cent) to age group above 50 years among handicraft shopkeepers. In overall, there are 74 (46.25 per cent) stakeholders belonging to age group below 30 years, 48 (30.00 per cent) to age group 30-39 years, 27 (16.87 per cent) to age group 40-49 years and 11 (6.87 per cent) to age group above 50 years among sampled stakeholders. Thus, it is held that majority of stakeholders (more than 90 per cent) belong to age below 50 years. It states that tourism is providing employment to young people in selected tourist places in Jammu and Kashmir.

Table 5.3: Education Standard of Sampled Stakeholders.

S.No.	Level of Education	Travel Agencies	Hoteliers-cum-restaurant owners	Handicraft Shopkeepers	Total
1	Illiterate	0 (0.00)	8 (4.37)	4 (2.50)	12 (7.50)
2	Up to Middle Standard	5 (3.12)	4 (2.50)	4 (2.50)	13 (8.12)
3	Senior Secondary Standard	30 (18.75)	41 (25.62)	21 (13.12)	92 (57.50)
4	Graduate Standard	5 (3.12)	23 (14.37)	8 (5.00)	36 (22.50)
5	Post-Graduate Standard	0 (0.00)	4 (2.50)	3 (1.87)	7 (4.37)
	Total	40 (25.00)	80 (50.00)	40 (25.00)	160 (100.00)

Note: Figures in Parenthesis are the Percentages from Total i.e. 160.

Source: Primary Survey, 2013.

Table 5.3 depicts the education level of sampled stakeholders in selected tourist places. Education standard is divided into five groups' viz. illiterate, up to middle

standard: Senior Secondary Standard, Graduate and Post-graduate. Data shows that in travel agencies no one is illiterate and 5 (3.12 per cent) persons are having qualification up to middle standard. While as many of 30 (18.75 per cent) persons lie in senior secondary standard and only 5 (3.12 per cent) are Graduates. There is no post graduate in this category. In hoteliers-cum-restaurant owners, majority of the stakeholders lie in senior secondary standard i.e. 41 (25.62 per cent) followed by 23 (14.37 per cent) graduates. There are 8 (54.37 per cent) illiterates, 4 (2.50 per cent) post-graduates and 4 (2.50 per cent) up to middle standard persons among hoteliers-cum-restaurant-owners category. In the handicrafts stakeholders, the case is similar as that of Travel agencies. The most of the stakeholders lie in senior secondary standard (21 and 13.12 per cent) followed by Graduates (8 and 5.00 per cent), up to middle standard (4 and 2.50 per cent), illiterate (4 and 2.50 per cent) and post-graduates (3 and 1.87 per cent). Hence, it is concluded that the tourism provides jobs to all the type of people, skilled and semi-skilled people. Hence it is held that tourism is an important sector for the employment generation in the Jammu and Kashmir economy.

Table 5.4 reveals Nature of employment of sampled stakeholders. The total number of stakeholders in Travel Agencies) is of 40 (25.00 per cent), out of which 30 (18.75 per cent) are permanent and only 10 (6.25 per cent) are working on temporary basis. Within travel agencies, there three type of employment namely Agents, Managers and Owners. The agents in the travel agencies are 19 (11.87 per cent) in number, out of them 11 (6.87 per cent) and 8 (5.00 per cent) are working on permanent and temporary basis respectively. There are 5 (3.12 per cent) managers in travel agencies, out of which 4 (2.50 per cent) are permanent and only 1(0.62 per cent) is temporary. The owners in travel agencies are 16 (10.00 per cent) and all are working on permanent basis. The total number of hoteliers-cum-restaurant owners in the sample is 80 (50.00), out of them 71(44.37 per cent) are having permanent job and only 9 (5.62 per cent) persons are working on temporary basis. In hoteliers-cum-restaurant-owners there are six types of jobs. Among 30 (18.75 per cent) Managers, 26 (16.25 per cent) are permanent and only 5 (3.12 per cent) are temporary. Majority of Front office assistants 13 (8.12 per cent) (out of 14 and 8.75 per cent) are working on permanent basis. Similarly, majority of the receptionists (12 and 7.50 per cent), owners of hotel (17 and 10.62

per cent), workers, 2 (1.25 per cent) and Chowkidars 2 (1.25 per cent) are getting permanent employment. Out of total Handicraft shopkeepers 40 (25.00), 37 (23.12 per cent) are permanent and only 3 (1.87 per cent) are temporary.

Table 5.4: Nature of Employment of Sampled Stakeholders.

S. No.	Stakeholders	Permanent	Temporary	Total
1	Travel Agencies	30 (18.75)	10 (6.25)	40 (25.00)
1.1	Agent	11 (6.87)	8 (5.00)	19 (11.87)
1.2	Manager	4 (2.50)	1 (0.62)	5 (3.12)
1.3	Owner	16 (10.00)	0 (0.00)	16 (10.00)
2	Hoteliers-cum-restaurant owners	71 (44.37)	9 (5.62)	80 (50.00)
2.1	Manager	26 (16.25)	5 (3.12)	30 (18.75)
2.2	Front Office	13 (8.12)	1 (0.62)	14 (8.75)
2.3	Receptionist	12 (7.50)	0 (0.00)	12 (7.50)
2.4	Owner	17 (10.62)	0 (0.00)	17 (10.62)
2.5	Worker	2 (1.25)	3 (1.87)	5 (3.12)
2.6	Chowkidar	2 (1.25)	0 (0.00)	2 (1.25)
3	Handicraft Shopkeepers	37 (23.12)	3 (1.87)	40 (25.00)
3.1	Shop owner	32 (20.00)	0 (0.00)	32 (20.00)
3.2	Salesman	5 (3.12)	2 (1.25)	7 (4.37)
3.3	Worker	0 (0.00)	1 (0.62)	1 (0.62)
	Total	130 (81.25)	30 (18.75)	160 (100.00)

Note: AMI* denotes the "Average Monthly Income"

Figures in Parenthesis are the Percentages from Total i.e. 160.

Source: Primary survey, 2013

There are three types of stakeholders in this group namely owners, salesmen and workers. Majority of all three types of stakeholders in this category are getting permanent employment. Number of permanent shop-owners is of 32 (20.00 per

cent), and there are 5 (3.12 per cent) salesman and 1 (0.62 per cent) worker working on permanent basis. In overall, there are 130 (81.25 per cent) stakeholders working permanently and that of 30 (18.75 per cent) temporarily amongst total 160 surveyed stakeholders. Hence it is concluded that tourism is providing permanent employment to the people at selected tourist places in Jammu and Kashmir.

Table 5.5: Average Monthly Income of Sampled Stakeholders. (Value in Rs.)

S. No.	Stakeholders	Nature of Employment and Monthly Income		
		Permanent	Temporary	Total
1	Travel Agencies	31000.00	6200.00	24800.00
1.1	Agents	6700.00	6000.00	6368.42
1.2	Manager	8500.00	8000.00	8400.00
1.3	Owner	51812.50	-	51812.50
2	Hoteliers-cum-restaurant owners	22194.83	4722.22	20541.66
2.1	Manager	12640.00	5400.00	12516.66
2.2	Front Office	9115.38	5500.00	8857.14
2.3	Receptionist	5041.66	-	5041.66
2.4	Owner	60019.58	-	60019.58
2.5	Worker	3750.00	3333.33	3500.00
2.6	Chowkidar	3750.00	-	3750.00
3	Handicraft Shops	43638.72	4066.66	40670.82
3.1	Owner	49629.15	-	49629.15
3.2	Salesman	5300.00	3600.00	4814.28
3.3	Worker	-	5000.00	5000.00
	Total	32277.85	4996.29	28670.83

Sources: Primary Survey, 2013.

Table 5.5 reveals average monthly income (in Rs.) of the sampled stakeholders. Average monthly income of travel agencies is found to be of Rs. 24800.00, however stakeholders in working permanently in travel agencies are earning Rs. 31000.00 and those of temporarily are earning Rs. 6200.00. As there are three types of jobs in travel agencies, average monthly income is high among owners

(Rs. 51812.5) followed by managers (Rs. 8400.00) and travel agents (Rs. 6368.42). In hoteliers-cum-restaurant owners, sampled stakeholders are doing six types of jobs. At aggregative level, average monthly income of hoteliers-cum-restaurant-owners is found to be of Rs. 20541.66 (Rs. 22194.83 of permanent and Rs.4722.22 of temporary). The highest average total monthly income is realised by owners (Rs. 60019.58), followed by managers (Rs. 12516.66), front office assistants (Rs. 8857.14), receptionists (Rs. 5041.66), Chowkidars (Rs. 3750) and then workers (Rs. 3500). All the permanent workers among hoteliers-cum-restaurant-owners are getting higher monthly income as compared to temporary ones. In case of the Handicraft shopkeepers, average monthly income is at the level of Rs. 40670.82. However the permanent workers have average monthly income of Rs. 43638.72 and those of temporary of Rs. 4066.66. The handicrafts section provides three types of jobs namely owner, salesmen, and worker. Highest monthly income in this group is realized by owners (Rs. 49629.15) followed by salesmen (Rs. 4814.28) and worker (Rs. 5000). At aggregative level, average monthly income of surveyed 160 stakeholders is found to be of Rs. 28670.83. However it is substantially higher in case of stakeholders working on permanent basis (Rs. 32227.85) than that of temporary basis (Rs. 4996.29). Thus it comes out that all the people involved in tourism are earning a fair monthly income. However the income of permanent job holders in occupation is relatively higher as compared to temporary ones. Moreover, tourism is providing permanent jobs to people in selected tourist places in Jammu and Kashmir. It is one of the main sources of income and has a desirable impact of the economic life of the people involved in this sector. The objective, "to make an assessment of the impact of tourism on the livelihood of various stakeholders in Jammu and Kashmir" is proved using the information given in the table. It also satiates our hypothesis as the role of tourism on economic livelihood of stakeholders is significant.

Table 5.6 shows the average working hours of sampled stakeholders. The total working hours of travel agencies are 11.10 hours, however the permanent employes have 11.20 working hours and those of temporary are having 10.8 hours. Average total working hours are highest realized by managers (11.60 hours) followed by owners (11.06 hours) and then agents (11.00 hours). Working hours are more for permanent employees as compared to temporary ones. But in case

of managers, temporary workers work for 12.00 hours and permanent managers work for 11.50 hours in a day. Average total working hours of the hoteliers-cum-restaurant-owners at aggregative level are 11.90 hours, and of temporary hoteliers-cum-restaurant-owners are 10.66 hours which are lower than the permanent hoteliers-cum-restaurant-owners (12.05 hours). In hoteliers-cum-restaurant-owners, the highest total average working hours are of owners (14.25 hours) followed by managers (13.74 hours), Chowkidar (10.00 hours) and front office assistants (10 hours), workers (8.4 hours) and then receptionists (8.00 hours).

Table 5.6: Average Working Hours of Sampled Stakeholders.

S.N o.	Stakeholders	Nature of Employment and Average Working Hours		
		Permanent	Temporary	Total
1	Travel Agencies	11.20	10.80	11.10
1.1	Owner	11.06	-	11.06
1.2	Agent	11.27	10.66	11.00
1.3	Manager	11.50	12.00	11.60
2	Hoteliers-cum-restaurant owners	12.05	10.66	11.90
2.1	Owner	14.25	0.00	14.25
2.2	Manager	14.07	12.00	13.74
2.3	Worker	8.00	8.66	8.40
2.4	Front office	10.00	10.00	10.00
2.5	Receptionist	8.00	-	8.00
2.6	Chowkidar	10.00	-	10.00
3	Shopkeepers	9.72	9.66	9.67
3.1	Salesman	10.00	10.00	10.00
3.2	Shop Owner	14.25	-	14.25
3.3	Worker	-	9.00	9.00
	Total	10.99	10.37	10.89

Source: Primary Survey, 2013.

Among permanent employs, the working hours are having same path as that of the total average working hours, however the permanent managers are having the working hours 14.0 hours. In case of temporary hoteliers-cum-restaurant owners, managers are having highest working hours (12.00 hours) followed by front office assistants (10.00 hours) and workers (8.66 hours). Total average working hours of the handicraft shopkeepers are 9.67 hours, and for permanent employs, the working hours are slightly more (9.72 hours) as compared to the temporary employs (9.66 hours). Owners (14.25 hours) realized more working hours, followed by salesman (10.00 hours) and workers (9 hours). In overall at aggregative level, all 160 surveyed stakeholder realised 10.89 hours. On an average, permanent and temporary stakeholders respectively realised 10.99 working hours and 10.37 hours individually. Henceforth, it is concluded that hoteliers-cum-restaurant-owners have realised highest total average working hours, followed by travel agencies and handicraft shopkeepers. However the working hours are more in case of permanent employees as compared to the temporary ones in case of every type of stakeholder.

Table 5.7 reveals the per hour income of the sampled stakeholders namely Hoteliers-cum-restaurant-owners, Travel agencies and Handicraft shopkeepers (in Rs). Highest average per hour income is realized by handicraft shopkeepers (Rs.140.19), followed by travel agencies (Rs. 74.47) and hoteliers-cum-restaurant-owners (Rs. 57.53). In case of travel agencies, owners (Rs.156.15) are having highest total average per hour income, followed by managers (Rs.24.13) and agents (Rs.19.29). Permanent stakeholders among travel agencies realized the highest per hour income (115.32) as compared to the temporary stakeholders (Rs. 25.62). Similarly in hoteliers-cum-restaurant-owners, highest total average per hour income was realised by permanent employs (Rs.76.74) than the temporary employs (Rs.18.75) and the highest total average per hour income was realized by hotel owners (Rs.140.39). Handicraft shopkeepers were realizing highest total per hour income among permanent employs (Rs.187.06) as compared to the temporary employs (17.54). The highest total average per hour income was realized by shop owners (Rs. 164.44) followed by workers (Rs.18.51) and

salesman (Rs. 16.52). At aggregate level, all the surveyed 160 stakeholders registered per hour income of worth Rs. 90.73, however it is found to be fairly higher in case of permanent stakeholders (Rs. 126.37) as compared to temporary one (Rs. 20.54). Therefore it is concluded that from all the stakeholders, owners are having more total average per hour income and also per hour income is more among permanent employs as compared to the temporary ones.

Table 5.7: Per Hour Income of Sampled Stakeholders (Value in Rs.)

S.No.	Stakeholders	Per Hour Income		
		Permanent	Temporary	Total
1	Travel Agencies	115.32	25.62	74.47
1.1	Owner	156.15	--	156.15
1.2	Agent	24.77	24.36	19.29
1.3	Manager	30.79	27.77	24.13
2	Hoteliers-cum-restaurant owners	76.74	18.45	57.53
2.1	Owner	140.39	--	140.39
2.2	Manager	37.43	18.75	30.36
2.3	Worker	19.53	16.03	13.72
2.4	Front office	37.98	22.91	29.52
2.5	Receptionist	21.00	--	21.00
2.6	Chowkidar	15.62	--	12.52
3	Shopkeepers	187.06	17.54	140.19
3.1	Salesman	22.08	15.00	16.52
3.2	Shop Owner	145.11	--	164.44
3.3	Worker	--	18.51	18.51
	Total	126.37	20.54	90.73

Source: Primary Survey, 2013

Table 5.8: Average Monthly Income, Average Working Hours and Per Hour Income of Sampled Stakeholders.

S. No.	Stakeholders	Average Monthly Income (In Rs.)			Average Working Hours			Per Hour Income (In Rs.)		
		Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
1	Travel Agencies	31000.00	6200.00	24800.00	11.20	10.80	11.10	115.32	25.62	74.47
1.1	Agent	6700.00	6000.00	6368.42	11.27	10.66	11.00	24.77	24.36	19.29
1.2	Manager	8500.00	8000.00	8400.00	11.50	12.00	11.60	30.79	27.77	24.13
1.3	Owner	51812.50	-	51812.50	11.06	-	11.06	156.15	--	156.15
2.	Hoteliers-cum-restaurant owners	22194.80	4722.22	20541.70	12.05	10.66	11.90	76.74	18.45	57.53
2.1	Manager	12640.00	5400.00	12516.70	14.07	12.00	13.74	37.43	18.75	30.36
2.2	Front Office	9115.38	5500.00	8857.14	10.00	10.00	10.00	37.98	22.91	29.52
2.3	Receptionist	5041.66	-	5041.66	8.00	-	8.00	21.00	--	21.00
2.4	Owner	58520.80	-	60019.60	14.25	-	14.25	140.39	--	140.39
2.5	Worker	3750.00	3333.33	3500.00	8.00	8.66	8.40	19.53	16.03	13.72
2.6	Chowkidar	3750.00	-	3750.00	10.00	-	10.00	15.62	--	12.52
3	Handicraft Shopkeepers	43638.70	4066.66	40670.80	9.72	9.66	9.67	187.06	17.54	140.19
3.1	Shop owner	49629.20	-	49629.20	14.25	-	14.25	145.11	--	164.44
3.2	Salesman	5300.00	3600.00	4814.28	10.00	10.00	10.00	22.08	15.00	16.52
3.3	Worker	-	5000.00	5000.00	-	9.00	9.00	--	18.51	18.51
	Total	32277.83	4996.29	28670.83	10.99	10.37	10.89	126.37	20.54	90.73

Source: Primary Survey, 2013.

Table 5.8 reveals comparison among surveyed stakeholders with respect to Average Monthly Income, Average Working Hours and Per Hour Income. Data show that highest average monthly income and per hour income is realised by people involved in Handicraft Shopkeepers followed by travel Agencies and hoteliers-cum-restaurant-owners amongst three types of stakeholders. On the other, stakeholders working in hotelier group have to work for more hours than that of travel agencies and handicraft shopkeepers. Thus handicraft shopkeeper has come out as most remunerative occupation amongst three selected in this study as people in this are able earn more money by working for lesser hours.

Table 5.9: Estimated Monthly Expenditure of Sampled Stakeholders (Value in Rs.)

S.No.	Stakeholders	Nature of Employment and Estimated Monthly Expenditure		
		Permanent	Temporary	Total
1	Travel Agencies	16074.00	3942.00	13041.00
1.1	Agents	1904.20	3180.00	3410.10
1.2	Manager	8400.00	8500.00	8000.00
1.3	Owner	28944.00	-	28944.00
2	Hoteliers-cum-restaurant owners	5402.81	143.43	5546.24
2.1	Manager	7527.60	2916.00	6759.00
2.2	Front Office	4922.30	2970.00	4782.80
2.3	Receptionist	2722.50	-	2722.50
2.4	Owner	3571.87	-	3571.87
2.5	Worker	2025.00	1800.00	1890.00
2.6	Chowkidar	2025.00	-	2025.00
3	Handicraft Shops	23562.90	2196.00	21960.40
3.1	Owner	25985.40	-	25985.40
3.2	Salesman	2862.00	1944.00	2599.70
3.3	Worker	-	2700.00	2700.00
	Total	15013.24	2093.81	13515.88

Source: Primary Survey, 2013.

Table 5.9 shows the estimated monthly expenditure of the sampled stakeholders in Rs. The estimated expenditure is found to be highest among handicraft shopkeepers (Rs.21960.4) followed by travel agencies (Rs.13041) and hoteliers-cum-restaurant-owners (Rs.5546.24) respectively. Overall estimated expenditure in travel agencies is higher in permanent employs (Rs.16074) as compared to the

temporary employs (Rs.3942). Owners in travel agencies are having highest monthly expenditure (Rs.28944), followed by managers (Rs. 8000) and agents (Rs. 3410.1). Hoteliers-cum-restaurant-owners are having the total monthly expenditure of Rs. 5546.24. In hoteliers-cum-restaurant-owners the highest expenditure is registered by the permanent hoteliers-cum-restaurant-owners (Rs. 5402.81) than the temporary hoteliers-cum-restaurant-owners (Rs.143.43) .Managers in the hotels have registering the highest monthly estimated expenditure i.e. Rs. 6759 (Rs.7527.6 of permanent and Rs. 2916 of temporary) followed by front office assistants having estimated expenditure of Rs.4782.8 (Rs.4922.3 of permanent and Rs.2970 of temporary). After front office assistants, the estimated expenditure is more in owners (Rs.3571.8), followed by receptionist (Rs. 2722.5), Chowkidars (Rs.2025) and workers (Rs.1890). In case of handicraft shopkeepers, the permanent employs are realizing highest estimated expenditure of Rs.23562.9 as compared to the temporary ones (Rs.2196). In handicraft shopkeepers owners are having the highest estimated expenditure of Rs 25985.4 followed by workers (Rs.2700) and salesmen (Rs. 2599.7, Rs. 2862 of permanent salesmen and Rs.1944 of temporary salesmen). In overall, estimated monthly expenditure of all 160 surveyed stakeholders is found to be of Rs. 13515.88. It is Rs. 15013.24 in case of permanent employees and Rs. 2093.81 in case of temporary ones. Hence it is concluded that the permanent employs have more expenditure than that of temporary employs. It may be because the temporary employs have less income as compared to permanent employs.

Table 5.10 reveals the estimated investment of the sampled stakeholders in Rs. Monthly estimated investment is found to be highest in handicraft shopkeepers (Rs.12411.2) followed by travel agencies (Rs. 6957) and hoteliers-cum-restaurant-owners (Rs. 2742.65) respectively. Over all estimated investment in all the three stakeholders is more in the permanent employs as compared to the temporary ones. Owners in the travel agencies are making highest investment of Rs. 15326.2, followed by managers making estimated investment of Rs. 1793.4 (Rs.1631.7 of permanent and Rs.2440 of temporary) and agents are making investment of Rs. 1268.1 (Rs.1738.5 of permanent agents and Rs.745.5 of temporary ones). Hoteliers-cum-restaurant-owners have the estimated monthly investment of Rs. 2742.65.

Permanent employs of the hoteliers-cum-restaurant-owners have monthly investment of Rs. 2711.19 and those of temporary hoteliers-cum-restaurant-owners; the monthly investment is Rs.31.45. Managers in the hotels are making highest monthly estimated investment of Rs. 2821.5, followed by owners (Rs. 2013.51), front office assistants (Rs.1209.1), Chowkidars (Rs. 838.7), receptionists (Rs. 804) and workers (Rs. 427).

Table 5.10: Estimated Monthly Investment of Sampled Stakeholders (Value in Rs.)

S.No	Stakeholders	Nature of Employment and Estimated Monthly Investment		
		Permanent	Temporary	Total
1	Travel Agencies	8971.00	915.00	6957.00
1.1	Agents	1738.50	745.50	1268.10
1.2	Manager	1631.70	2440.00	1793.40
1.3	Owner	15326.20	-	15326.20
2	Hoteliers-cum-restaurant owners	2711.19	31.45	2742.65
2.1	Manager	3287.90	2440.00	2821.50
2.2	Front Office	1173.00	1677.50	1209.10
2.3	Receptionist	804.00	-	804.00
2.4	Owner	2013.52	-	2013.51
2.5	Worker	610.00	305.00	427.00
2.6	Chowkidar	838.70	-	838.70
3	Handicraft Shops	13316.90	1240.30	12411.20
3.1	Owner	15135.60	0.00	15135.60
3.2	Salesman	1677.40	1098.00	15118.50
3.3	Worker	-	1525.00	1525.00
	Total	8333.03	728.92	7370.28

Source: Primary Survey, 2013.

The permanent employs of the handicraft shopkeepers have total investment of Rs. 13316.9 and those of temporary employs; the estimated investment is found to be Rs.1240.3. The estimated investment of owner in the handicraft shopkeepers are making highest investment of Rs.1535.6, followed by the salesmen (Rs.15118.5)

and workers (Rs.1525). In overall, estimated monthly investment of 160 surveyed stakeholders at aggregative level is found to be of Rs. 7370.28. It is Rs. 8333.03 in case of permanent employees and Rs. 728.92 in case of temporary ones. Hence it is held that the permanent workers in the stakeholders are making more investments as compared to the temporary ones. The investments of temporary managers of hotels and that of travel agencies are same. The table 5.9 & 5.10 are related to the study as these tables prove the objective” to explore the impact of tourism on the expenditure and investment of the stakeholders”. The hypothesis that tourism has a significant impact on the expenditure and investment of the stakeholders is also accepted based on the data shown in the tables.

Table 5.11: People’s Perception Regarding Role of Tourism with respect To Various Indicators of Economic Growth

S.No.	Indicators	Strongly disagree	Disagree	Can’t say	Strongly Agree	Agree	Total
1.	Employment	04 (2.50)	0 (0.00)	01 (0.62)	143 (89.37)	12 (7.50)	160 (100.00)
2.	Income	06 (3.75)	0 (0.00)	01 (0.62)	141 (88.12)	12 (7.50)	160 (100.00)
3.	Occupancy*	119 (74.37)	10 (6.25)	09 (5.62)	12 (7.50)	10 (6.25)	160 (100.00)
4.	Regional Development*	113 (70.62)	16 (10.00)	09 (5.62)	18 (11.25)	04 (2.50)	160 (100.00)
5.	Role Of Govt.	22 (13.75)	05 (3.12)	09 (5.62)	33 (20.62)	91 (56.87)	160 (100.00)
6.	People’s Participation	06 (3.75)	04 (2.50)	0 (0.00)	128 (80.00)	22 (13.75)	160 (100.00)

Note: * “denotes the responses to the question that there is insufficient accommodation available for tourists in Jammu and Kashmir” and ** “denotes that tourism has failed to achieve regional development”.

Source: Primary survey

Table 5.11 reveals the perception of people regarding the role of tourism with respect to the various indicators of economic growth. Employments, income, occupancy, regional development, role of government and people’s participation are taken as indicators of economic growth. The answers given by respondents are ratings based. In employment 143 (89.37 per cent) respondents from the total

sample (160) were strongly agree with the statement that tourism provides full time and permanent jobs in Jammu and Kashmir. Regarding income, that tourism is an ideal source of income in Jammu and Kashmir 141 respondents i.e. 88.12 per cent respondents strongly agree the statement. In case of occupancy, the accommodation is insufficient for tourists in Jammu and Kashmir, 119 (74.37 per cent) respondents strongly disagree this statement. Tourism has failed to make regional development in Jammu and Kashmir, 113 (70.62 per cent. Government plays a positive for the development of tourism, 91 (56.87 per cent) respondents were agreeing with this statement. However 33 (20.62 per cent) respondents of the respondents were strongly agreed with this statement. Regarding the people's participation that people are up to mark and are taking efforts for the development of tourism was strongly accepted by 128 (80.00 per cent) respondents were strongly agreed with this statement. Therefore it is found that tourism helps in the growth of the economic indicators in Jammu and Kashmir. It provides full time jobs and is an ideal source of income. Moreover, tourism helps in the regional development of the state.

Table 5.12 shows the suggestions given by the respondents during primary survey. 156 (97.50 per cent) respondents were in favour of political stability that will increase the tourism in the state and 4 (2.50) respondents do not give any response. 139 (86.87) respondents said that due to government policy paralysis, tourism does not grow as per its potential. 141 (88.88) respondents said that due to false media tourism faces problems. 80 respondents i.e. 50.00 per cent of the respondents said that there should be good facilities like, toilets, drinking water facilities which will increase the tourist inflow. Only 10 (6.25) respondents said that roads should be developed, in order to develop tourism in the state. Thus as per the suggestions of the respondents, political instability, government policy paralysis, false media are the main hurdles for the development of tourism in the state.

Table 5.12: Suggestions to Improve Tourism Sector's Performance of Surveyed Stakeholders.

S.No.	Suggestions	No. of responses	No responses
1	Political stability	156 (97.50)	04 (2.50)
2	Govt. policy paralysis	139 (86.87)	21 (13.12)
3	False media	141 (88.12)	19 (11.87)
4	Good facilities	80 (50.00)	80 (50.00)
5	Development of roads	10 (6.25)	150 (93.75)

Note: Values in parenthesis are percentages from total i.e. 160.

Source: Primary survey

5.2- Impact of Tourism on Expenditure and Investment of Stakeholders involved in Jammu and Kashmir: An Econometric Estimation

Following tables describe the impact of income from tourism on expenditure and investment of surveyed stakeholder in Jammu and Kashmir using simple regression analysis as explained in chapter 3.

Table 5.13: Impact of Income from Tourism (in Rs.) on Expenditure of Surveyed Stakeholders (In Rs.) in Jammu and Kashmir.

Dependent Variable: Expenditure (Monthly in Rs.)						
Independent Variable: Income from Tourism (Monthly in Rs.)						
Constant	Coefficient	p-value	r ²	Adjusted-r ²	D-W Statistics	F-test
19.072	0.539*	0.019	0.998	0.996	1.794	28.01

Note: *, ** and *** denote 1%, 5% and 10% levels of significant respectively.

Sources: Author's Calculations based on Primary Data.

Table 5.13 shows impact of income from tourism of surveyed stakeholders on their expenditure. Results confirms that autocorrelation is absent in the data as D-W

value is of 1.794 which is closed to 2. Since the p-value (0.019) indicates significant of coefficient at 5 per cent level. High value of r square reflects the goodness of model fit as 0.99 per cent variation has been explained by this and so is with adjusted r-square. Regression coefficient of income from tourism is found to be 0.539 which confirms positive elasticity of expenditure of stakeholders with income from tourism occupation. Thus it is clear that there is positive impact of tourism in determining the expenditure of stakeholders involved in this occupation.

Table 5.14: Impact of Income from Tourism (in Rs.) on Investment of Surveyed Stakeholders (In Rs.) in Jammu and Kashmir.

Dependent Variable: Investment of surveyed Stakeholders						
Independent variable: Income from Tourism of surveyed stakeholders						
Constant	Coefficient	p-valve	r ²	Adjusted-r ²	D-W Statistics	F-test
-783.763	0.304**	0.002	0.939	0.881	1.638	24.32

Note: *, ** and *** denote 1%, 5% and 10% levels of significant respectively.

Sources: Author's Calculations based on Primary Data.

Table 5.14 shows impact of income from tourism of surveyed stakeholders on their investment. Results confirms that autocorrelation is absent in the data as D-W value is of 1.638 which is closed to 2. Since the p-value (0.002) indicates significant of coefficient at 5 per cent level. High value of r-square reflects the goodness of model fit as 0.93 per cent variation has been explained by this and so is with adjusted r-square. Regression coefficient of income from tourism is found to be 0.3.4 which confirms positive elasticity of investment of stakeholders with income from tourism occupation. Thus it is established that there is positive impact of tourism in determining the investment of stakeholders involved in this occupation.

5.3- Conclusions:

This chapter aimed at examining the impact of tourism on economic aspects of stakeholder involved. It reveals that there is a significant contribution of tourism in providing employment and giving a desirable income to stakeholders in selected tourist places of Jammu and Kashmir. Tourism provides varieties of employment in its sphere to people. Based on the analysis of surveyed stakeholders, it is

established that tourism is the occupation of young working force. Importance of tourism has further enhanced for providing permanent employment to the people in selected areas of Jammu and Kashmir. The number of permanent employees is higher as compared to temporary one. Average monthly income, average working hours and per hour income of stakeholders permanently in this occupation is substantially higher than that of stakeholder working on temporary basis. However, hoteliers-cum-restaurant-owners have to spend more hours on work than travel agencies and handicrafts shopkeepers. Tourism has been come out as occupation of educated people in the state. As per the econometric estimation, the results show that income of tourism has a significant impact on expenditure and investment of the stakeholders working in this sector. Looking at the level of their income from this occupation, it is clear that level of estimated expenditure and investment of selected stakeholder has been found out to desirable and have had significant impact on their economic life. However expenditure and investment of permanent stakeholders is found to be higher as compared to the temporary ones.

CHAPTER - VI

CONCLUSIONS AND POLICY ISSUES

6.1-Introduction

Tourism industry is growing and has vast potential for generating employment and earning large amount of foreign exchange besides giving a stimulus to the country's overall economic growth. Tourism at national level and international level has shown a rapid increase during the study period (2004-05 to 2012-13). The less developed countries have low capital and also less investment for achieving economic growth and development. So, the governments of various developing countries are focussing on the tourism development because it needs fewer investments and gives more economic benefits. As no exception Jammu and Kashmir with agricultural engaged population and political instability has started to focus upon tourism for attaining an economic status that could be called as self-relying and sustaining. The present study has been undertaken in order to highlight the role of tourism sector in the economic growth, relative share of different state organizations/ departments, assessment and impact of tourism on the livelihood, expenditure and investment of stakeholders in Jammu and Kashmir. Besides some suggestions have also been made for improving the performance of tourism sector in Jammu and Kashmir. In order to fulfil these objectives, both secondary and primary data were used and also linear regression model were used for analysis of data. Main findings of the study are summarized as below:

6.2- Findings of the Study

International tourism has expanded tremendously as foreign tourist arrivals and receipts experienced continuous increase during the study period. However, advanced economies recorded higher increase in their tourist arrivals as compared to emerging economies. In India, tourist arrivals also increased rapidly which is the clear cut indicator of tourism expansion in India. Moreover, importance of tourism in earning foreign exchange have been continuously increasing since 2004 which highlights increasing economic importance of this sector for the country. Jammu and Kashmir economy have registered rapid growth during the study period which was considered

as outstanding economic performance of any economy. It has been experienced structural change during the study period as importance of service sector has share of service has tremendously enhanced. Moreover Jammu and Kashmir has been turning out to be a service sector economy in terms of relative share of this sector in GSDP.

The contribution of tourism in economic growth is shown through secondary data. The data reveals that tourism in Jammu and Kashmir has a great contribution in the economic growth. Jammu and Kashmir has experienced rapid increase in domestic as well as foreign tourist arrivals during the study period. However domestic tourist arrival registered higher growth than that of foreign tourist arrivals. Domestic tourist arrivals constituted significant portion of total tourist arrivals in Jammu and Kashmir and foreign tourist arrivals have only a small portion to contribute. Tourism has been one of the important sectors of Jammu and Kashmir economy as it constitutes a significant portion of 7.37 per cent of state GSDP. However relative share of tourism in service sector and in overall GSDP has been declining during the study period Tourism has been outperformed by other sectors of economy as it has registered lowest growth as compared to agriculture, industry and service sectors. Analysis established that all the departments and organisation have registered manifold increase in revenue earned from tourism during study period. Only two organisations namely J&KTDC and CCC constitute more than 90 per cent share of revenue generated from tourism. However the share of J&KTDC had been falling since 2004-05 and of CCC had been increasing during the study period. Pilgrimage tourism has come out as one of important tourism among other types in the state. Econometric analysis reveals bi-directional causality between economic growth and tourism and confirms economic growth has significant impact on tourism expansion in Jammu and Kashmir during the study period and vice-versa.

Impact of tourism on economic life of various types of stakeholders involved is analysed using primary data. The data has come out that the tourism provides variety of employments in its sphere to the bulk of people in selected tourist places of Jammu and Kashmir. Tourism provides desirable income to the people involved in various activities and has emerged out a permanent source of employment in concerned

areas under this study. However it is also providing employment on temporary basis, but level of income of permanent employees is more than that of temporary ones. However, hoteliers-cum-restaurant-owners have to spend more hours on work than travel agencies and handicrafts shopkeepers. Persons engaged in tourism sector in selected tourist places mostly belong to younger age. It is also held that tourism is the occupation of educated people as more than 90 per cent surveyed stakeholders are found having different level of education. Henceforth, study concludes that tourism has an important contribution in the employment generation in Jammu and Kashmir.

Moreover, study also unleashes the impact of tourism on expenditure and investment of stakeholders in the selected tourist places in Jammu and Kashmir. Study reveals that various types of stakeholders realise varied levels of expenditure and investment. However expenditure and investment of permanent stakeholders is found to be higher as compared to the temporary ones. As per the econometric estimation, the results show that income from tourism has a significant impact on expenditure and investment of the stakeholders working in this sector. Looking at the level of their income from this occupation, it is clear that level of estimated expenditure and investment of selected stakeholder has been found out to desirable and have had significant impact on their economic life. It is concluded from the discussion that all the objectives on which the study was undertaken are fulfilled and all the hypothesis upon which analysis is based are accepted

6.3- Policy issues

Study highlights the importance of tourism in the economic well-being of the state. It is seen that economic growth of the state is directly related to the development of the sector. Although, the tourism has a great potential for income and employment generation, but its declining share in GSDP indicates that state is not exploiting this sector optimally. So, the state government must initiate immediate steps to improve the existing infrastructure and provide new facilities so that the sector could reach to its potential.

There are several policy issues for improvement of tourism in Jammu and Kashmir, these are:

- As there is bi-directional relationship between the tourism and economic growth of the Jammu and Kashmir. So, any tourism-oriented policy would automatically lead to the harmonious growth of the state. Hence government should formulate tourism-friendly policies by developing amusement parks, recreational facilities and ensuring security of tourists etc. that would attract tourist inflows and thus growth of the state will be promoted.
- Except CCC and JKTDC, contribution of other departments/organizations in revenue receipts of the state is quite low. Thus, the government must intervene by framing appropriate policies for improving performance and efficiency of public sector organizations working in tourism sector so that they could earn substantial revenues from tourism and further play important role in development of tourism in the state.

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Questionnaire for Primary Survey

on

Tourism and Economic Growth in Jammu and Kashmir

Note: All the information provided will be treated strictly confidential; your identity will not be disclosed at any stage.

Personal Information

Name_____

Address_____

Gender

a). Male () b). Female ()

Age_____

Education a. No Education () b. Primary and Secondary education ()
c. Graduate () d. Post graduate ()

Status in Tourism Industry

1. Occupation.....
2. Working hours
3. Your level of income (estimated monthly or annually or per day):.....
4. Share of income from tourism.....
5. Has share of income from tourism been increasing since last few years? Yes/ No
6. Nature of employment : daily wage labour/ self-business/ permanent employee with any agency (govt./private/cooperative)
7. Your involvement in this occupation is: Permanent/Seasonal/Casual/Other
If not permanent, give details of other occupations:.....
8. Have you shifted your occupation to tourism? Yes/No.

If yes, give details below

Before tourism				Year of shifting	Reason of shifting
Occupation	Working hours	Wages/income	Other facilities		

9. Members of family in tourism.....their details.....

SN	Name Of Member	Relation with Respondent	Age & Male/ Female	Education	Married /Unmarried	Job Status	Esti. Income
1							
2							
3							
4							
5							

10. Are you able earn a fair income for fulfilling all socio-economic needs? Yes/No

11. How many people in your locality are involved in this occupation permanently?

Impact of Tourism

1. Use of income coming from tourism

Sr No.	Expenditure		Investment		Role in Socio-Economic Development	
	items	In Rs.	items	In Rs.	items	In Rs.
1	Repay debt		In Tourism		For School	
2	House construction		On Self-Employment		For Community Health Center	
3	Car/ bike purchase		On Business		For Public Water System	
4	Other durables #		On Land Purchase		For Public Cleanliness	
5	On marriage		On Plot Purchase		For Public Places	
6	health		Education			
7	Any other expenditure		Health Care			

Such as TV, Washing machine, Refrigerator

2. Main problem subject to you in this occupation.....

Rating related Question

The Ratings are as follows:-

<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Can't Say</i>	<i>Agree Strongly</i>	<i>Agree</i>
1	2	3	4	5

Kindly give your assessment by (v) in the appropriate box below statement.

Section I: - Employment

S.No	Scale items	Ratings
1	<i>Tourism creates stable, permanent and fulltime jobs.</i>	1 2 3 4 5
2	<i>The demand of manpower in tourism industry during the previous years is discouraging</i>	1 2 3 4 5
3	<i>In the absence of tourism, there are less alternative sources of employment in your locality</i>	1 2 3 4 5
4	<i>Tourism industry has failed to create more number of jobs compare to other sectors in your locality.</i>	1 2 3 4 5
5	<i>The number of jobs generated by tourism depends upon the type of tourists</i>	1 2 3 4 5
6.	<i>Tourism can be the leading sector for providing employment to the people.</i>	1 2 3 4 5

Section II: - Income

S.No	Scale items	Ratings
1	<i>Tourism is an ideal source of income generation.</i>	
2	<i>The percentage of your tourist income with reference to your total income is low</i>	1 2 3 4 5
3	<i>Tourism related to business is less profitable in Kashmir</i>	1 2 3 4 5
4	<i>You are reinvesting a good percentage of your income into the tourism business</i>	1 2 3 4 5
5	<i>Your income is highly influenced by the seasonality</i>	1 2 3 4 5
6	<i>Your income is highly influenced by the nationality of the tourist.</i>	1 2 3 4 5
7	<i>Your income is highly influenced by terrorism and border tension</i>	1 2 3 4 5

Section III: - Occupancy

S.No	Scale items	Ratings
1	<i>The accommodation available is insufficient to cater present and future demand.</i>	1 2 3 4 5
2	<i>A good number of domestic tourists can be attracted during tourism season.</i>	1 2 3 4 5
3	<i>The less international tourist inflow is because of poor accommodation facilities</i>	1 2 3 4 5
4	<i>The tourist prefers quality accommodation.</i>	1 2 3 4 5
5	<i>There is a very less impact of seasonality on the hotel occupancy.</i>	1 2 3 4 5
6	<i>Tourist could not avail quality food, water etc.</i>	1 2 3 4 5
7	<i>Tourist face problems while interacting to local people</i>	1 2 3 4 5

Section IV: - Regional Development

S.No	Scale items	Ratings
1.	<i>Tourism fails to play the role in the development of your region.</i>	1 2 3 4 5
2.	<i>The tourism can act as a facilitator for the development of your area compared to other developed areas</i>	1 2 3 4 5
3.	<i>The tourism can invite fresh capital from outside areas which indirectly can influence the local development</i>	1 2 3 4 5
4.	<i>Local unskilled people have converted themselves into the skilled manpower due to influence of tourism.</i>	1 2 3 4 5
5.	<i>The political instability has affected the regional development by tourism.</i>	1 2 3 4 5
6.	<i>Tourism has positive impact of infrastructural development in your area.</i>	1 2 3 4 5
7.	<i>Tourism development has many adverse effects on natural environment.</i>	1 2 3 4 5

Section V: Role of Government

S.No	Scale items	Ratings
1.	<i>Government has played a positive role in tourism development</i>	1 2 3 4 5
2.	<i>Tourism is considered as one of the main area in state budget.</i>	1 2 3 4 5
3.	<i>Centre government is providing funds and grants for tourism development</i>	1 2 3 4 5
4.	<i>State tourism department are actively promoting tourism sector</i>	1 2 3 4 5
5.	<i>There is high rate of corruption in respective departments</i>	1 2 3 4 5
6.	<i>Government is actively responding to the demands of peoples and tourists</i>	1 2 3 4 5
7.	<i>Tourism related policies are formulated with the point of view of general interests rather than any particular</i>	1 2 3 4 5

Section VI: - Peoples Participation

S.No	Scale items	Ratings
1.	<i>People attitude towards tourism is up to the mark.</i>	1 2 3 4 5
2.	<i>People are making collective efforts to promote tourism.</i>	1 2 3 4 5
3.	<i>Peoples are actively evaluating govt. policies related to tourism</i>	1 2 3 4 5
4.	<i>People are raising their demands related to tourist arrangement to respective departments</i>	1 2 3 4 5

Section VII: - Suggestions

If you have any other suggestions/comments regarding the role of tourism in economic development of Jammu and Kashmir

- 1. Constraints before the development of tourism industry
Terrorism, Mistreatment of Military Army, Border tension with Pakistan, means of transportation, Illiteracy, any other specify*
- 2. How to promote tourism industry?
More road and railway lines, stop terrorism, stop army intervention, govt. finance through banks or open more banks, any other specify*
- 3. Any types help from Indian Government to promote tourism industry?*

Signature of the Respondent

Thanks for Your Cooperation