

Economic impact of Tourism in Jammu and Kashmir

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Abstract

Background/Objectives: Jammu and Kashmir State has a greater potential to become a major tourist destination in the world. The role of tourism in the economic development of J&K state has been an area of immense interest from policy perspective. To understand the economic impact of tourism in the J&K state, present paper tries to examine various parameters of economic development such as tourist inflow, employment generation, State Gross Domestic Product, development of infrastructure and regional development.

Methods/Statistical analysis: The study is based on secondary data. Data has been collected from various sources like Ministry of Tourism Government of India, Jammu and Kashmir Tourism Development Corporation and Directorate of Tourism, Annual Economic survey of J&K, United Nations World Tourism Organisation, World Travel and Tourism Council and other published research papers and official reports.

Findings: We found apart from agriculture sector, tourism sector is the most popular source of income and employment generation for the J&K state economy. The Year 2011 has made history in terms of surpassing all previous records of tourists and pilgrim arrivals in the state. Our analysis shows that except in 2008-09 when there was greater political instability in the state, the revenue earned from Director Tourism Kashmir/Jammu has shown a continuous increasing trend and has increased around three fold from 2006-07 (Rs 32.25 Lakh) to 2011-12 (Rs 93.3 lakh). Further the analysis of our data shows that there is a positive impact of tourist inflow on employment i.e. with the increase in tourist inflow, total employment also rises.

Keywords: Tourism, Employment, Tourist Inflow, Revenue, Infrastructure, Regional Development.

1. Introduction

Over the past six decades, tourism has experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world [1]. As per the estimates of World Travel and Tourism Council, Travel & Tourism's total contribution to the global economy in 2014 was US\$7.6 trillion, which equates to 9.8% of total economy GDP in 2014. In 2014, 2.1 million new jobs were generated directly in the sector, and in total 6.1 million new jobs were created as a result of total direct, indirect and induced activity. The total contribution of Travel & Tourism to employment grew 2.3% in 2014, while the total GDP contribution grew 3.6%, faster than wider economy in 2014 and registering positive growth for the 5th successive year. In total, Travel & Tourism supported 277 million jobs in 2014, 1 in 11 of the world's total [2]. This is again evidence that Travel & Tourism is a key engine for continued global growth and job creation. As per the estimates of United Nations World Tourism Organisation (UNWTO), global tourism receipts hit a record by earning US \$1159 billion in 2013. Despite intermittent shocks, international tourist arrivals have shown virtually continual growth from 25 million in 1950 to 278 million in 1980, 528 million in 1995, and 1087 million in 2013 and are expected to reach 1.8 billion by 2030 [3].

In India the number of foreign tourist arrivals in 2013 showed an increase of about 4.1 % over 2012. During the period January - December 2013, 68.48 lakh (Provisional) tourists visited India against 65.78 lakh in 2012. Foreign Exchange Earnings (FEE) from tourism in terms of US\$ during January to December 2013 were US\$ 18.133 billion with a growth of 2.2%, as compared to US\$ 17.737 billion with a growth of 7.1% during January-December 2012 over the corresponding period of 2011[4].

In Jammu and Kashmir, the northern most state of India, tourism has been identified as an industry with potential of development next to agriculture and horticulture [5]. The lush green forests, sweet springs, perennial rivers, picturesque alpine scenery and pleasant climate of Kashmir valley, also known as “the paradise on earth” has remained an internationally acclaimed tourist destination [6], whereas Jammu region-the land of temples is attracting a large number of pilgrims. Ladakh region, the moon land, has been a much sought-after destination especially for the foreign tourists and is famous for adventure tourism [7].

2. Objectives of the Study

The study is based on two objectives: 1. To analyse the tourist inflow of J&K state. 2. To study the economic impact of tourism in the economic development of J&K in terms of employment, income generation, infrastructure development and regional development.

3. Methodology

The present study is based on secondary sources. Information has been collected from various official sources like Ministry of Tourism Government of India, Jammu and Kashmir Tourism Development Corporation and Directorate of Tourism, Annual Economic survey of J&K, United Nations World Tourism Organisation, World Travel and Tourism Council. In addition to this, data have also been collected from other reliable online sources like articles, journals and newspapers.

4. Analysis and Discussion

4.1 Tourist inflow

Tourism has emerged as an important and one of the major contributors to the state economy. Till 1989, tourism has been the major economic activity of the state. However it was hard hit following the outbreak of militancy during the past two decades. This has affected the economic stability as well as employment opportunities of its people. However tourism in the state has revived recently. Year 2011 has made history in terms of surpassing all previous records of tourists and pilgrim arrivals in the state. It is estimated that almost 13 million tourists visited J&K in 2012 which placed J&K on 17th position where as Andhra Pradesh is ranked no.1 in the list of major tourist destinations of India [8]. The tourist arrivals of Jammu, Kashmir and Ladakh from 2008 to 2014 are presented in table 1.

Table 1. Tourist arrivals in the state

Year	Kashmir Valley		Jammu	Ladakh
	Amarnath ji	Domestic/Foreign	(Mata Vaishno Devi Ji)	Domestic/Foreign
2008	498075	572100	6576000	72000
2009	373419	601250	8235064	78573
2010	458046	736448	8749000	76055
2011	634000	1314432	10115232	179204
2012	621000	1308765	10394000	178750
2013	353969	1171130	9287871	137650
2014	372909	1167618	7803193	181301

Source: Economic Survey J&K, 2014-15.

4.2 Employment Generation

Broadly tourism generated employment may be classified in to three major heads one is direct employment that sell goods and services directly e.g. hotels, restaurants, shops etc. Second one is indirect employment, which generally supplies goods, services to the tourism business and thirdly investment related employment in construction and other capital goods industries [9]. As per World Travel and Tourism Council (WTTC) estimates, an investment of 10 lakh in travel and tourism industry will generate about 90 jobs which are much higher than its competing sectors like Agriculture and Manufacturing which generate 45 & 13 jobs per 10 lakh respectively [10]. Santek Consultants Private Limited, Delhi, [11] in her report “20 years perspective plan for the sustainable development of tourism in the

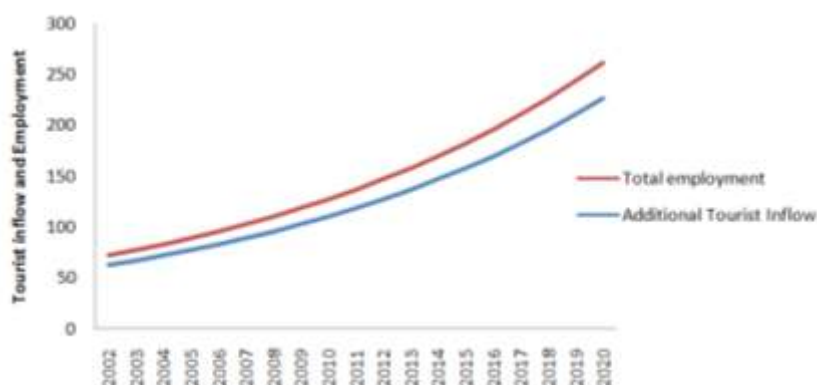
State of J & K” projected impact of tourist inflow on employment generation of J&K from 2002 to 2020 which is presented in table 2 and figure1.

Table 2. Generation of Employment on Implementation of Tourism Development Plan

Year	Additional Tourist Inflow (In lakhs)	Direct Employment (in lakhs)	In-Direct Employment (in lakhs)	Total employment col. (2)+(3)
1	2	3	4	5
2002	62.83	1.57075	7.85375	9.4245
2003	67.43	1.68575	8.42875	10.1145
2004	72.36	1.809	9.045	10.854
2005	77.66	1.9415	9.7075	11.649
2006	83.36	2.084	10.42	12.504
2007	89.48	2.237	11.185	13.422
2008	96.06	2.4015	12.0075	14.409
2009	103.13	2.57825	12.89125	15.4695
2010	110.73	2.76825	13.84125	16.6095
2011	118.91	2.97275	14.86375	17.8365
2012	127.7	3.1925	15.9625	19.155
2013	137.16	3.429	17.145	20.574
2014	147.34	3.6835	18.4175	22.101
2015	158.29	3.95725	19.78625	23.7435
2016	170.09	4.25225	21.26125	25.5135
2017	182.78	4.5695	22.8475	27.417
2018	196.46	4.9115	24.5575	29.469
2019	211.2	5.28	26.4	31.68
2020	227.08	5.677	28.385	34.062

Source: Santek Consultants Pvt. Ltd. New Delhi.

Figure 1. Impact of Tourist Inflow on Employment from 2002-2020



Source: Constructed on the basis of table 2.

The upward sloping curves in the figure 1 shows that there is a positive impact of tourist inflow on employment i.e. with the increase in tourist inflow, total employment (Direct & Indirect) also rises. It means that if the current trend continues, total employment would reach to 34.06 lakhs from a tourist inflow of 227.08 lakhs till 2020. However it is important to note here that in order to meet the needs of such tourist inflow, there is a need to carry forward the developmental process in a coordinated manner [8].

4.3 Revenue Generation

The tourism industry in Jammu and Kashmir is one of the most flourishing industries in the state. This industry plays an important role in the development of all the regions of Jammu, Kashmir and Ladakh. As the industrial sector is not very much developed in the state so the activities related to tourism is considered with much seriousness by the state government. Apart from agriculture sector, tourism sector is the most popular source of income for the state.

This sector also generates sufficient revenue for government, private sector and public sector undertaking which has shown significant increase over the years, the revenue generations is expected to increase manifold provided the conditions remains normal and the tourist influx to the state increases in a desired manner [12]. As per the J&K Economic Survey [13], during the year 2010-11, revenue realized from various sources was recorded as Rs 4362.68 lakhs showing an Increase of around 33.19% as compared to the previous year. Revenue realized in the financial year 2011-12 has touched to Rs 4692.92 lakhs. The details of revenue realized for the last 6 years are given in the table 3.

Table 3. Revenue generated by J&K Tourism Development Authorities (2006-12)

Name of the department / Organization	Revenue earned during last six years (in lakhs)					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Director Tourism Kashmir/Jammu	32.25	62.06	54	56.65	72.63	93.3
SKICC	52	64	71.2	65	110	114.5
Gulmarg Dev. Authority.	32.46	48.5	51.17	34.35	37.32	145
Pahalgam Dev. Authority	9.95	19	12.73	6.68	23.4	31
Sonamarg Dev. Authority	36.35	32.5	45	39	79.4	10
Patnitop Dev. Authority	15.62	79	20	19.54	30	26
Royal Spring Golf Course	34.73	50.06	45.66	44.25	64.35	63.12
Cable Car Corporation	676	798.81	839.14	1116	1248	1957
J&K TDC.	1765.39	1763	1963	1894	2697.58	2250
Total	2657.75	2916.93	3101.9	3275.47	4362.68	4692.92

Source: Economic Survey, J &K (2011-12)

The analysis of table 3 shows that revenue generated by various authorities has increased over the years. The above table shows that except in 2008-09 when there was greater political instability in the state, the revenue earned from Director Tourism Kashmir/Jammu has shown a continuous increasing trend and has increased around three fold from 2006-07 (Rs 32.25 Lakh) to 2011-12 (Rs 93.3 lakh). Similarly income from SKICC has more than doubled over the same period. The above table further shows except in 2009-10, revenue from Gulmarg Development Authority has also shown positive trend and has increased by more than four times from 2006-07 to 2011-12. Similar trends were found from Pahalgam Development Authority from which revenue has increased from Rs 9.95 lakh in 2006-07 to Rs 31 lakh in 2011-12. The revenue from Cable Car Corporation and J&K TDC has also increased from Rs 676 and Rs 1765 in 2006-07 to Rs 1957 and Rs 2250 in 2011-12 respectively. However the analysis of the table 3 shows that revenue from Sonamarg Development Authority, Patnitop Development Authority and Royal Spring Golf Course has shown discouraging trend. From Sonamarg Development Authority the revenue has decreased to Rs 10 lakh in 2011-12 after reaching at peak level Rs 79.4 lakh in 2010-11. Similarly from Patnitop Development Authority income has decreased from Rs 30 lakh in 2010-11 to Rs 26 lakh in 2011-12.

4.4 Infrastructure Development

Tourism and development of infrastructure are interrelated sectors in the sense that better infrastructure, will provide the way for more tourism related activities. Lack of infrastructure is among the main causes of underdevelopment of tourism [8, 14]. Development of infrastructure includes good infrastructure facilities, better sanitary conditions and more intake capacity during peak seasons and proper human resource development [8]. As per the recent economic survey 2013-14, there are 1508 registered hotels and restaurants in the state apart from 84 tourist bungalows and huts, generating around 8 % of GSDP. The Govt. is taking all possible steps and making all efforts to develop world class tourism infrastructure at tourist destinations and circuits. Development of national and internationally important destinations and circuits through three Mega Circuits i.e. Buddhist Circuit for Leh ii) Sufi Circuit for Kashmir and iii) Spiritual Circuit for Jammu agreed to by Ministry of Tourism, Govt. of India is a judicious mix of cultural, heritage, spiritual and eco-tourism to give tourists a holistic view about J&K [15].

4.5 Regional Development

Tourism acts as a catalyst in the development of backward and far flung regions of a particular area. Development of tourism will lead to the progress in rural / backward regions [16]. It is often seen that most of the scenic & beautiful destinations of a country are located in the backward areas which have a significant contribution in the economic development of these areas through the development of local industries. Same is the case of J&K where tourists are attracted towards the areas which are located in remote regions of state like Daksum valley in Anantnag,

Lolab and Bangus valley in Kupwara, Suru valley in Kargil, Gurez valley in Baramulla, which are known for their scenic beauty and charming climate and for greater tourist potential than those offered by famous destinations like Gulmarg, Pahalgam and Mughal gardens among the likewise. Tourists visiting such unexplored attractive spots can give fillip to the economic condition of the residents by promoting local art like Handicrafts, Handlooms, Cricket bat industry etc.

5. Conclusion

Tourism is the leading industry in the J&K and has great potential for employment and state revenue. The revenue generation is expected to increase manifold provided the situation remains normal and the tourist influx increases in a desired manner.

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