

## **Impact of Tourist Arrivals on Revenue Generation In Jammu and Kashmir**

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**Abstract:** The present study examined the impact of tourist arrivals on revenue generation. The results revealed that tourist arrivals accounts 51 per cent variation in revenue generation. Jammu and Kashmir State has a tremendous potential to become a major global tourist destination. Importance of tourism in J&K economy is known for decades now and its role in economic development has been an area of great interest from policy perspective. The tourism is being the key contributor in the economic development of J&K state. To understand the economic impact of tourism in the J&K state, present paper uses secondary sources of data and tries to examine the economic development such as tourist inflow, revenue generation.

**Keywords:** Tourist, Arrivals, Revenue, Development, Impact

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### **Introduction**

Tourist industry can play a major role in overall development of state in general and valley in particular and can prove a basic source of employment and that way growth and development will take place in socio-economic sector of the region. The paper shall be figuring out at length role of the tourism sector in income generation and

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economic development of the region. The paper shall be helpful to the planners in viewing out and shaping the future prospects of the industry.

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

Tourism industry in J&K is also of much significance in the sense that J&K is considered as one of the industrially backward states of the country. Apart from agriculture, tourism industry is the most popular source of income in J&K. **R. Dube (1987)** in his study confirmed that tourism contributes to better income generation. Estimates show that the amount of revenue generated by tourism mainly in the form of Taxes, Foreign exchange, Export earnings is more than Rs.3000 crore (Expert Group Report-2011,GOI) and contributes about 15%-20% to the State Gross Domestic Product (SGDP) (**Choudhary,2002**) which is expected to rise further provided the situation in Kashmir remains normal.

Lee and Kang (1998) demonstrate that the tourism sector helps create a moderate equal distribution of earnings and is more likely to improve the living standards of people. This sector can also potentially provide greater opportunities for income growth i.e, where people join the tourism sector there seems to be higher upward mobility in employment skills and in wages than in other sectors (WTTC, 2013). The seasonality of tourism could also play a part in the sector’s income distribution. During peak tourism season, income inequality (within the sector) tends to decrease

whilst during low seasons, income inequality tends to increase. Where the tourism sector offers a greater variety of products, income inequality tends to be lower than where the sectors offers more limited products (**Fernandez-Morales, 2003**). In contrast, research by **Perez-Dacal (2012)**, argues that seasonality may not have such large income impacts on tourism wages but the specialisation of tourism activities may actually have a positive impact on wages. A study looking at tourism multiplier effects (**Horvath & Frechtling, 1999**), showed that tourism had varied impacts on incomes across different countries i.e. in Australia (in 1984), tourism had a 25% greater effect on incomes than in Turkey (in the same year), whilst in 1990, tourism's effect on incomes in Bermuda were twice as large as in Samoa (also for 1990). This suggests that income effects vary across countries. In terms of rural incomes and livelihoods, a study by **Tanrivermis & Sanli (2007)** looking at tourism in rural Turkey, found that the sector accrued for around a quarter of average household incomes (26%) whilst the majority of household incomes (73.5%) was still down to agricultural activities carried out by the region's inhabitants. Similarly, Jamaican tourism plays a large role in supplementing agricultural incomes within the country (**Oxford Economics, 2012**).

### **Research Methodology**

For the estimation of the impact of tourism sector on the economy of Jammu and Kashmir Regression analysis has been used where revenue generation (Rs in Lacs.) has been taken as dependent variable while as tourist arrival (Domestic and Foreign) as independent variable. The following regression equation

$$\text{Log}y = \beta_0 + \beta_1 \text{log}x + U_t$$

Where

Y = Revenue

$X$  = Domestic and foreign tourist arrival

$U_t$  = Error Term

$\beta_0$  = Intercept

$\beta_1$  = Regression parameter

### **Results and Discussion**

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 (Ministry Of Tourism, GOI).

### **Revenue Generated by Tourism Industry**

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. As per the J&K Economic Survey, 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.

Below are some of the estimates of revenue generated (In lakhs) from tourism JKTDC visited during last 17 years.

**Table No.3 Revenue Generated by Tourism Industry and Tourists Visited from 2000**

Year	Rs in Lacs.	Tourists Visited
2000-01	564.79	111912
2001-02	621.34	72591
2002-03	655.15	27356
2003-04	559	191164
2004-05	623.87	376729
2005-06	629.28	605382
2006-07	630.79	432888
2007-08	550.5	441840
2008-09	615.8	572629
2009-10	943.85	601253
2010-11	1144.72	736488
2011-12	1242.06	1314470
2012-13	1318.58	1311840
2013-14	1557.42	1172008
2014-15	1673.23	11677618
2015-16	1793.7	927815
2016-17	1752.8	1299112

Source: Economic Survey-Directorate of Economics & Statistics, J&K.

The analysis of table 3 shows that revenue generated has increased over the years. The above table shows that except in 2007 and 2008 when there was greater political instability in the state, the revenue earned from Director Tourism Kashmir/Jammu has shown a continuous increasing trend from 2006-07 to 2015-16. Again in 2016, the revenue decreased as the number of tourist arrivals decreased because of disturbance in Kashmir valley.

Keeping in view the significance of Dal lake at Srinagar in tourism industry, it is pertinent to mention here that the house boats of Dal lake have a great role in the income generations, as a good number of tourists prefer to reside in house boats during the visit to valley and hence boosting the economy of the house boat and shikara owners. Houseboats are source of income for hundreds of families who work

and run these houseboats. Apart from houseboats are the taxi shikaras in which tourists sail to see the beauties of the Dal Lake. The number of taxi Shikaras has increased rapidly. It has been realized that shikaras of the Dal Lake are also playing a role in tourism development and thereby generating a good amount of revenue and feeding a number of families.

### **Impact of Tourist Arrivals on Revenue Generation**

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Dev.</b>	<b>Sig.</b>	<b>R-Square</b>
<b>Revenue</b>	<b>.242</b>	<b>.0607</b>	<b>.001</b>	<b>51</b>

From the results, it is revealed that the tourist arrivals significantly influencing the revenue generation. Thus, there is positive correlation between the tourist flow and income generation. Therefore, with the increase in tourist arrivals, the income has increased accordingly. The tourist arrival accounts 51 per cent in revenue as R-Square is 51 %. This is due to the fact that tourism is an important factor in combating unemployment. It is a labour-intensive technique. The provision of tourists' services generates employment. Direct jobs are generated in hotel entrepreneurs, workers at resorts. Guides in transport and handicraft industries. Thus, the level of income increases with employment.

One of the important economic features of the tourism industry is that an income earned in places of residence is spent in places "visited" (Holloway & Robinson, 1995). Tourism is an instrument in transferring a vast sum of money from "income generating" countries to "income receiving" countries. The money spent by tourist does tend to percolate through many levels. Tourism as a source of income is not easy to measure at least with any degree of accuracy. However, the most common method for estimating the income generated from tourism is to determine the "multiplier

effect" in a destination. The flow of money generated by tourists by tourist spending, multiples, as it passes through various segments of the economy. A tourist makes an initial expenditures into the society, which is received as income by local tour operators, shopkeepers, hotels, taxi drivers etc. Thus, money spent by tourists generates income in multiple times than the original spending. This is called "multiplier effect"

### **Conclusion**

It is evident from the above analysis that Tourism is the leading industry in the J&K economy and proves to be bench strength of the state economy. Since J&K state is one of the leading attractions for the domestic as well as international tourists, it tends to bring huge inflow of tourists who travel to seek pleasure. The Tourism sector has greater employment potential and generates sufficient revenue which has shown significant increase over the years. The revenue generation is expected to increase manifold provided the situation remains normal and the tourist influx increases in a desired manner.

Moreover, tourism in Kashmir has a very high potential because of lot many factors like natural beauty, spots for adventures, pilgrimages and so on it offers. But the need of hour is to improve efforts coming from all quarters of stakeholders in an efficient and effective manner. Even these efforts are being halted because of the status of Kashmir being a conflict area. The recent turmoil has descended down the growth of tourism sector in the state especially since 2015. Tourism in the J&K state demands for the political stability for its development. If the peace is maintained in the state, then tourism in J&K would have no other comparison in the whole world.

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