



Tourism and Economic Development

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ABSTRACT

Tourism as an industry has a huge potential. It not only affects social, cultural and environmental aspect but also has a huge impact on the overall economy by raising national income and contributing to the growth of employment, infrastructure and giving recognition to the place and the country. Moreover it is also a way to bring people closer from different culture and helps in developing international understanding along with concern for natural, historical, cultural and traditional aspect of the country.

KEYWORDS: Tourism, Development, Income, payment, Service Sector etc

Introduction:

Tourism now-a-days has acquired importance in modern economy in which both private and public sector play important role. It is an effective tool of economic growth which is based on nature, economic resources or condition created by our forefathers. No doubt with emergence of globalization, liberalization and opening of economy and development of information technology whole world has converted into global village. Now in one click anyone can information about any place, people, culture of a place lying thousands of kilometers away. It has also led to increase in tourism as a result tourism and related sectors have become important component in the economic development process.

Let us discuss its role in the development one by one.

1. Foreign Exchange Earner - One of the major economic benefits from tourism arises in form of income from foreign exchange. As an invisible export it adds to national income and play important role in overall financial sector of the country and assumes great significance in balance of payment calculation.
2. Increase in income – Earning from tourism helps in increasing national income. Due to the multiplier effect of the flow of money generated by tourists passes through various sections of the economy part of which gets converted into development of infrastructure like airport, roads, water supply, schools, colleges etc. and development of facilities like hotels, guest houses, restaurants, museums etc. which provides employment to large section of people and thereby increase income of people. It also provides revenue to the government in the form of tax revenue both directly or indirectly through tax on property, profits, sales tax, excise tax etc. In this way money spent by tourist may be several times extended into various sectors of economy.
3. Impact of tourism on employment – Unlike other industries tourism industry is highly labour intensive industry as it employs large number of people from unskilled, skilled and highly specialized group of labour. Further it has a high forward and backward linkage due to which it leads to increase in employment of people in related sectors like small scale and handicraft industries, food processing industries, horticulture, floriculture, agriculture and allied activities. Similarly it leads to growth of construction industries providing employment of large number of people in infrastructure development sectors like roads, airport, public utilities etc. It also helps in development of means of transport and people engage in it in the form of taxi drivers, porters, guides, shopkeepers etc. Hence promotion of tourism can be of great help in promotion of employment.
4. Impact on development of infrastructure – Development of new infrastructure and improving in existing infrastructure which are undertaken to attract tourists is also widely shared by other sectors of the economy which provide impetus to the process of economic growth and diversification. Due to it variety of sectors may be promoted which will attract tourist and general economic growth.
5. Development of Agriculture – Tourism can help in the diversification and growth of the agricultural sector. By incurring expenditure on development of floriculture, horticulture not only income and employment of people will increase but also lead to development of food processing industries which will lead to specialization of the area in particular food products, fruit products and will become a source of attraction to tourist which will further boost this sector leading to growth of agriculture and other sectors.
6. Development of small scale, medium scale and cottage industries – tourism also provide benefit to people engaged in handicrafts, small scale industries and cottage industries in the area as tourist spend money on these items to take with them as souvenirs to their places. It not only helps in improvement and growth of this sector but also help in preserving our traditions, culture and knowledge. This further helps in development of other related industries and infrastructures.
7. Growth of Service Sector – It also helps in creation of demand for various services like travel and tour agents, guides, hotels, restaurants and resorts. This helps in development of other related sectors like roads, telephone, connectivity, electricity, local food products, agricultural products, handlooms and handicrafts etc. which helps in growth of income, employment, investment in different sectors leading to increase in demand and further development of service sectors and other related sectors leading to growth in tourism industry and overall economic development of the country.
8. Solving problem of regional imbalance – In many areas which are isolated and less developed tourism is one of the important means by which economic development can take place. Many economically backward areas like Laddakh, Andaman & Nikobar in India has areas of high scenic beauty and cultural attraction. Tourism development in these areas can be a significant factor to check regional imbalances as tourist expenditure helps in the development of the area around. These areas if developed for tourism purpose can provide jobs for a large number of people – skilled as well as unskilled. It can generate work for construction, industries and can be source of prosperity for the local people.
9. Development of training and educational institutes – Growth in tourism leads to demand for skilled, semi skilled personnel due to which need of training institutes and educational institutes catering to such demand is felt. As a result of it there is growth of such institutes in which student get education and training regarding different aspect of tourism and tourist. It also leads to specialization in different aspect making this industry more professional and attractive. This not only helps in attracting tourists but also increase employment opportunities to many people through construction, services, transport and other allied areas. In this way tourism also contributes to growth with knowledge in the industry as well as leading to improvement in quality of manpower in the country.
10. Growth in alternative tourism sector in the form of medical tour-

ism – Now a day due to increase mobility, improvement of information technology, and development in the means of transport there is growth in the number of people seeking treatment for various ailments in different parts of the world. For example in India there is growth in the flow of people to avail benefits from our traditional knowledge like yoga, ayurveda, naturopathy, unani etc. Apart from indigenous form of medication there is also rising demand for our doctors and medical facilities. Many people from different part of the world like west Asia, Europe, U.K., U.S.A., and Africa etc. find it convenient to travel to India for the treatment as they find it very economical with the best doctors, better facilities, better infrastructure, cheaper treatments, well qualified and trained medical personnel etc. compared to other countries. For example a heart surgery in India costs \$6,000 and in the U.S. it costs \$20,000 (In this money a patient can visit India with his family, stay in the best hotels, get the treatment, enjoy some days vacation in any part of India then go back). Apart from this the variation in the climate from north to south, the sea, beaches, hill stations, greenery, less polluted sites, All these have contributed to the growth of medical tourism in the country. It further leads to increase in the employment of other non medical personnel as well as leading to increase in income and growth of overall economy.

However in some countries due to some constraints benefits from tourism cannot be accrued to its fullest which is discussed below:

1. Deficiencies in the basic infrastructure is one of the characteristics of the developing country because of the low economic resources and low level of income development of social and economic infrastructure do not take place to the desired level. This is one of the root causes of the low level of tourist inflow in potential areas. Due to it the area gets denied of the opportunity to grow and prosper.
2. Low level of education and awareness also leads to slow growth of tourism. In many areas due to lack of government interest and awareness of the people many valuable sculptures, buildings, ancient monuments and historical remains get destroyed either by natural or through human activities. It not only leads to loss of rich heritage but also denial of people to the opportunities of economic development through tourism and destruction of cultural heritage and knowledge.
3. Leakages in the process of the multiplier effect of income generation of tourists expenditure in the form of import of items from abroad for tourist consumption leads to reduction in the overall income generation and reduces the benefit of increasing income in balance of payment through export invisible as a good portion of the benefits gets used in import of goods and services from abroad for fulfillment of the tourist needs.
4. Government has many special schemes and projects for the development of tourism like the construction of yatri niwas, youth hostel, guest houses, holding camps, Training in adventure sports etc. If all of these schemes are implemented whole heartedly and with a professional touch then it would attract tourists from all over.

5. There is some lack in the proper marketing strategy and political will power to encourage tourism. Besides this there are some other reason which hinders growth of tourism are the gap between demand and supply of hotel accommodation, high taxes on hotel and restaurant industry, lack of proper transport facility etc.
6. It is observed that Government often makes policies and programmes to attract foreign tourists; however domestic tourists also contribute a lot to the growth of tourism. In fact the attitude to trap this section is a bit lethargic. A team must be formed who would only concentrate and work on promoting tourism. Depending on the season, festivals, fairs, school vacations etc. special packages, incentives must be included. The print, electronic media must be involved in creating the awareness through advertisement.
7. There is a huge potential of our medical tourism as Yoga, Naturopathy, Ayurveda, Unani, Allopathy and other forms of treatment to attract people from different part of the country and the world. It requires immense Government support to develop research in these areas and development of training centers, institutes etc. Further it also needs huge advertisement to attract tourist in these areas. It requires growth of awareness about the various forms of medical treatment. Though allopathic sector is getting huge response and there is growth in number of people in this field, still there are a lot of things to be done as there are many areas which are pollution free in developing countries and it has positive impact on health, but due to lack of proper roads, railway connectivity, air connectivity, water supply, electricity etc. these sectors could not grow up to the expected level. Government's efforts in these sectors through giving tax incentives, development of infrastructure, allocation of resources, and deployment of experts in these areas can contribute a lot in the growth of this sector. It will increase the flow of tourist for availing benefits in these areas. This will have a chain reaction effect in the form of new shops, medical stores, medical industries, hotels, restaurants, parks, training institutes, research institutes, cab services and guides for local historical places. All of these will help in increase of income of local people, employment for number of people, increase in Government revenue. All these will help the Government in raising investment for the development of social and economic sectors which will further add to the growth of tourism related sectors also.

CONCLUSION:

Though there are problems associated with development of tourism due to lack of proper planning, resources and policies. As the time passes various improvement are seen and tourism is becoming one of the important source of development. In the time to come tourism will certainly become the fastest growing sector of the country. Government can boost tourism, employment, revenue, foreign exchange etc. by giving tax concession to small, medium scale industries, hotel and restaurant construction, opening tour and travel agencies, encourage public private partnership to develop roads, ropeways, transport sectors through schemes like BOT (Build Operate Transfer).

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