

An Economic Analysis of Income and Employment Generation in the Tourism Industry of Jammu and Kashmir

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Abstract: Tourism plays an important role in the economy of almost every country through global GDP. Nowadays, few economies in the world are considered purely tourism. Similarly, the economy of Jammu and Kashmir can also be referred to as a tourism economy, or tourism-based economy. It is estimated that nearly 50-60% of J&K's total population are directly or indirectly involved in tourism-related activities. Tourism contributes about 15% of the state's gross domestic product (SGDP). With huge potential and a growing economy, Jammu and Kashmir has tremendous potential to support the tourism industry. Tourism tags have always attracted the attention of J&K employees at home and abroad. In addition to the agricultural sector, we find that the tourism sector is the most attractive source of income and job creation for the J&K economy. 2011 broke all previous records of tourists and pilgrims arriving in the country. Data analysis shows that the influx of tourists has a constructive effect on employment. In other words, an increase in the influx of tourists also increases total employment. 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, and income generation.

KEY WORDS: *Tourist Inflow, GSDP, Employment, Income Generation.*

STATE PROFILE: Jammu and Kashmir is strategically located in the northwest of India. It is bordered by China to the east, Pakistan to the west, Afghanistan and Russia to the north, and the Punjab and Himachal Plains to the south and southeast. Jammu and Kashmir is between 32°17'

and 37°05'N latitude north and 72°31' and 80°20'E longitude east. It stretches from east to west for 640 km long and 480 km wide from north to south. The total area of the state is 2,222,236 square meters. kms. But the area under actual control is 1, 01,387 sq. kms only, as the great portion of the territory is under illegal occupation of Pakistan and China. The state of Jammu and Kashmir is conferred with lofty snow mountains, fascinating valleys, sparkling streams, rushing rivers and emerald forests. The state is exalted with diverse ecosystem. To the south lies the Jammu region with hot summers and cold winters, and the northwest region between Pir Panjal and Zojila is the Kashmir Valley, considered a "heaven on earth". This enchanting valley that captivates visitors is a museum of nature and beautiful scenery. To the northeast lies the majestic landscape of Ladakh, surrounded by snow-capped peaks and friendly people. It is a place of indescribable desire.

INTRODUCTION:

Tourism in the world is considered as the main engine for economic development and in recent times, tourism has confirmed its potential by becoming the fastest growing industry, contributing about 9% to the Gross Domestic Product. gross domestic product (GDP) worldwide and generates 8.7% of total employment. According to estimates by the United Nations World Tourism Organization (UNWTO), global tourism reached a record high, earning US\$1075 billion in 2012. Vibrant cultural life, unparalleled glaciers , fast currents, sparkling streams, Chinese shade, abundance of famous spas and finally traditional hospitality attracts every tourist. Tourism is considered the lifeblood of Jammu and Kashmir. In 2006, the Jammu and Kashmir Development Task Force recognized tourism as one of the key drivers of growth in the region. The development of the tourism industry can have a significant impact on the overall growth of the state due to its ability to create direct and indirect jobs, as well as the growth of related industries. Tourism will likely add to the growth of secondary sectors such as handicrafts, which have historically benefitted from visitors to the state (Planning Commission: Government of India, 2003). By generating new employment and creating sources of income, especially for unemployed youth, tourism can undercut the sources of separatist recruitment. As tourism is widely identified as a major mechanism of employment generation, especially in the service sector (World Trade Organization, 2010), it holds significant potential for improving youth

unemployment, thereby grind down separatist support. In 1987 India received 1.164 million tourists out of which Jammu and Kashmir accounted for 7.21 lakh and valley alone 5.11 lakh of it thereafter the tourist inflow started dwindling and the tourism almost came to a crush halt from 1989 onwards. Those who depended on this industry in one or the other way unexpectedly found themselves without an occupation and no means of livelihood. From a total of 5.5 thousand tourists in 1989, this number decreased to 8.52 thousand in 1995, 9.98 thousand in 1996 and 16.13 thousand in 1997 due to political instability in Vietnam. Valley. According to aggregate data from Economic Survey 2014-15, the number of tourists visiting Kashmir Valley in 2012, 2013, 2014 was 13.09 thousand, 11.71 thousand and 11.68 thousand respectively. The calendar opens a new door for resources, both investment and income generation, job creation as well as socio-economic development of local people.

REVIEW OF RELEVANT LITERATURE:

A lot of related literature has been published about the growth; development and employment generation of tourism sector in the state of Jammu and Kashmir. Some of the noteworthy contributions are as follows:

Dr. Nawaz Ahmed (2013), Said tourism has always been an engine of economic growth in the state of Jammu and Kashmir and has contributed a lot to the development of the economy, especially in the Kashmir valley. The sector employs a large number of workers and generates economic activity, especially in tertiary sectors. Tourism opens a new door for resources, both investment and job creation, job creation as well as socio-economic development of local people in general. Tourism in the state has led to the development of an entire service industry including transportation, hotels, camp shops, horticulture and in small-scale sectors by creating jobs, but he still quite sensitive to small changes in the law and order situation in the state. . To develop visitor infrastructure, it is essential to plan ahead in each industry sector to open new facilities.

Darzi (2016), studied that the tourism sector is playing a tremendous role in the overall development of Jammu & Kashmir State of India. With its backward and forward linkages with other sectors of the economy, like accommodation, transport, telecommunication, handicrafts

etc., tourism has the potential to not only be the economy driver, but also become an effective tool for poverty alleviation and ensuring growth with

Equity. Infrastructure development holds the key to sustained growth in the tourism sector. The development of any sector in the economy needs more and more investment. Tourism sector is not an exception; it certainly needs continuous and huge investment.

Jammu & Kashmir being a developing state with limited infrastructure and lack of accumulated capital seriously requires huge investment in tourist infrastructure and Investment.

Singh and Magray (2017) stated that the tourism is highly labor intensive in comparison to other sectors of economy. The tourism has a higher potentiality for employment generation. It can create stable, permanent and fulltime jobs but the demand of the man power in tourism industry during previous years in the state is not encouraging. It also indicates that the number of jobs generated depends the type of tourists, international tourists creates more jobs than domestic tourists. Since the international tourist flow to the State is low the employment generation in tourism sector is not up to the desired level. This paper is an attempt in this direction to find out the role and contribution of tourism related departments in the state. In this study different models/techniques were used for the desired result which concludes the evidence of long-run unidirectional causality from tourism activities to economic growth of the country. Therefore, as a part of the policy implications it is necessary that all wings of the state government, includes private bodies and voluntary organizations should become the active partners in the endeavor to attain sustainable growth in tourism and overall economy as well.

OBJECTIVES OF THE STUDY:

The study is based on two objectives:

1. To analyze the tourist inflow and growth of tourism in J&K state.
2. To study the economic impact of tourism in the economic development of J&K in terms of employment and income generation.

DATA AND METHODOLOGY:

In the present study mostly secondary data have been used. Secondary data have been collected from following sources:

- Economic census, Govt. of India, various issues.
- Digest of statistics; Directorate of Economics and statistics; Govt. of j&k, various issues.
- Directorate of tourism Jammu and Kashmir-2013-2014.
- Ministry of tourism Government of India.
- Jammu and Kashmir tourism development corporation
- World travel and tourism.
- In addition to this, data have also been collected from various journals, articles, newspaper archives. The research is also based on the referred sources – published, unpublished and electronic.

The following appropriate statistical tools and formulae have been used to analyze the data:

1). Percentage share of tourism sector to GSDP

$$X = (TS \div GSDP) \times 100$$

Whereas; X=Percentage share of tourism sector to GSDP

TS=Income from tourism sector

GSDP=Gross State Domestic Product

1. The Tourist Inflow of Jammu & Kashmir State.

The tourism industry in Jammu and Kashmir is believed to be one of the most flourishing industries in the state. This industry is very imperative for the development of the regions of Jammu, Kashmir and Ladakh of Jammu And Kashmir State. Tourism has appeared as an important and one of the major donors to the state economy. Till 1989, tourism has been the chief economic activity of the state. However it was hard hit following the outburst of militancy during the past two decades. This has affected the economic stability as well as employment opportunities of the people of Jammu and Kashmir. However tourism in the state has rejuvenated recently. Year 2011 has made history in terms of exceeding 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. In the state of Jammu and Kashmir there are not much industrial developments in the other sectors of this place so the industry related to tourism is considered with much seriousness by the state government. Apart from agriculture economic activities

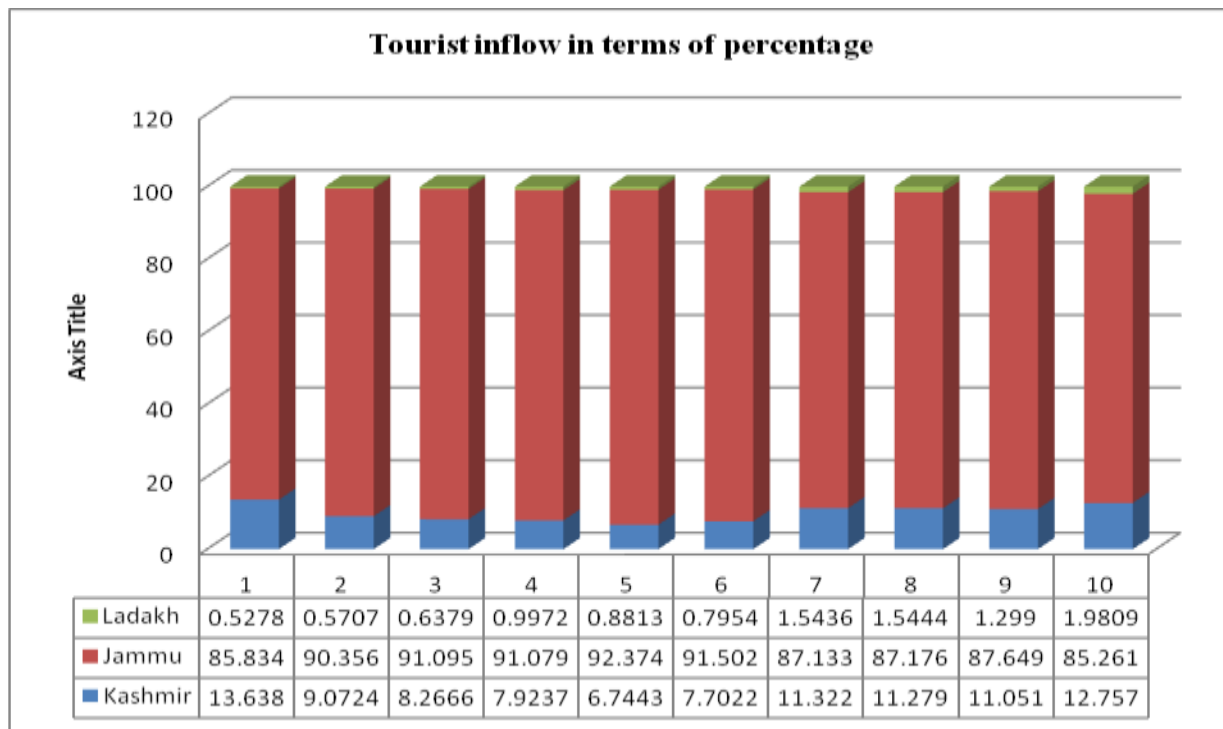
related to Kashmir tourism is the most admired source of income here. The tourist arrivals of Jammu, Kashmir and Ladakh from 2005 to 2014 are presented in table 1.

Table 1: The tourist arrivals of Jammu, Kashmir and Ladakh from 2005 to 2014.

S.NO	YEAR	Kashmir (In %)	Jammu (In %)	Ladakh (In %)
1	2005	13.63819	85.83398	0.527827
2	2006	9.072481	90.35682	0.570696
3	2007	8.26665	91.09539	0.637955
4	2008	7.923713	91.07907	0.997216
5	2009	6.744337	92.37429	0.881368
6	2010	7.70222	91.50235	0.795429
7	2011	11.32265	87.13366	1.543682
8	2012	11.27934	87.17622	1.544436
9	2013	11.05189	87.64912	1.298995
10	2014	12.75791	85.26112	1.980974

Source: compiled from Economic survey j&k, 2014-2015.

GRAPH 1: The tourist arrivals of Jammu, Kashmir and Ladakh from 2005 to 2014.



1.1 Growth and Contribution of Tourism in Jammu and Kashmir in comparison with different sectors of Economy during 2004-05 to 2012-13: Comparative View

Table no.2 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. GSDP of the different sectors of the Jammu and Kashmir in value terms has shown an increasing trend, but the percentage shares 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 in value terms but its relative share in GSDP decreased from 28.23 per cent to 26.5 per cent during same period. On the other, 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 during 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 sector constitutes a significant portion (7.37 per cent) of state income during the period which cannot be disregarded anyway. Having immense potentials of tourism development in the state, it is very dissatisfying trend which

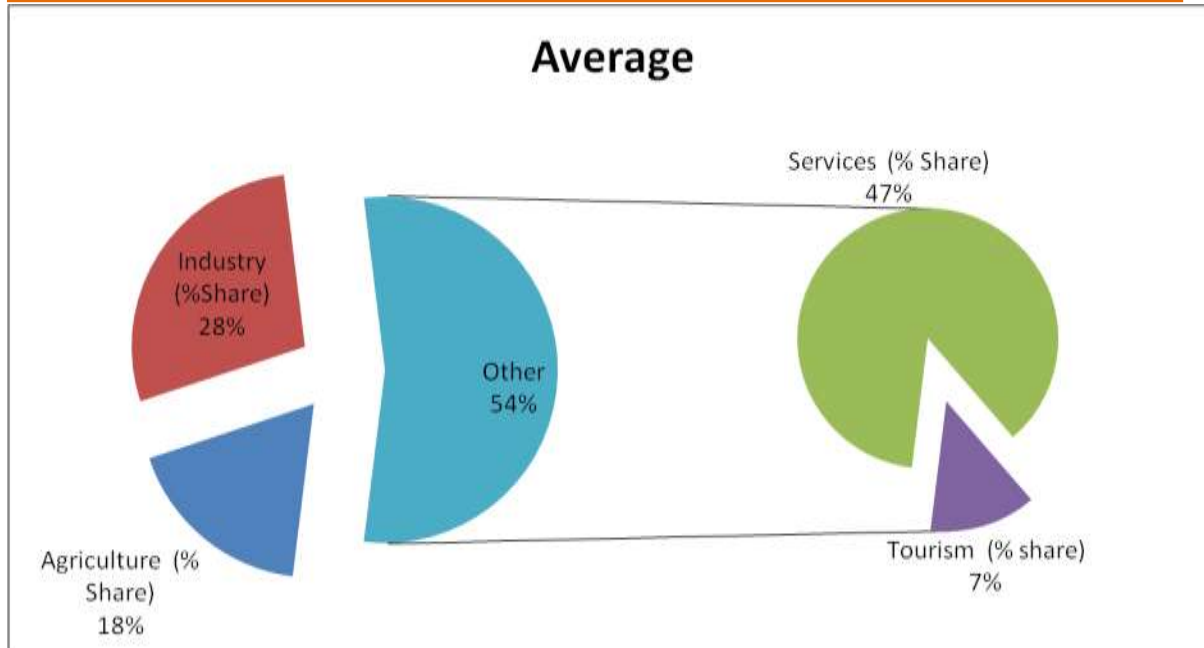
demands awful need of identifying factor responsible for this so that it can contribute more in state income and employment in the future.

Table 2: Growth and Contribution of Tourism in Jammu and Kashmir in comparison with different sectors of Economy during 2004-05 to 2012-13.

Year	Agriculture (% Share)	Industry (%Share)	Services (% Share)	Tourism (% share)	Tourism within GSDP Services (% Share)
2004-05	22.34	28.23	43.71	6.99	15.99
2005-06	21.43	28.61	44.28	7.11	15.52
2006-07	20.24	29.48	44.99	7.30	14.96
2007-08	19.04	30.10	45.79	7.66	14.68
2008-09	17.56	29.81	47.68	8.04	13.81
2009-10	16.85	29.66	48.90	7.53	11.53
2010-11	16.48	29.18	50.27	7.53	10.26
2011-12	16.20	28.14	51.93	7.23	8.57
2012-13	15.87	26.50	54.21	6.95	7.26
Average	18.44	28.86	47.97	7.37	12.50

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

GRAPH 2: Average Percentage Share of Tourism in Jammu and Kashmir in comparison with different sectors of Economy during 2004-05 to 2012-13.



2. The Economic Impact of Tourism in the Economic Development of J&K in Terms of Employment and Income Generation:

2.1 Employment Generation:

Tourism industry has played a significant role in the development of the economy of the state as a whole. The economic activities are created in the primary, secondary and tertiary sector of the valley. Hence 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.

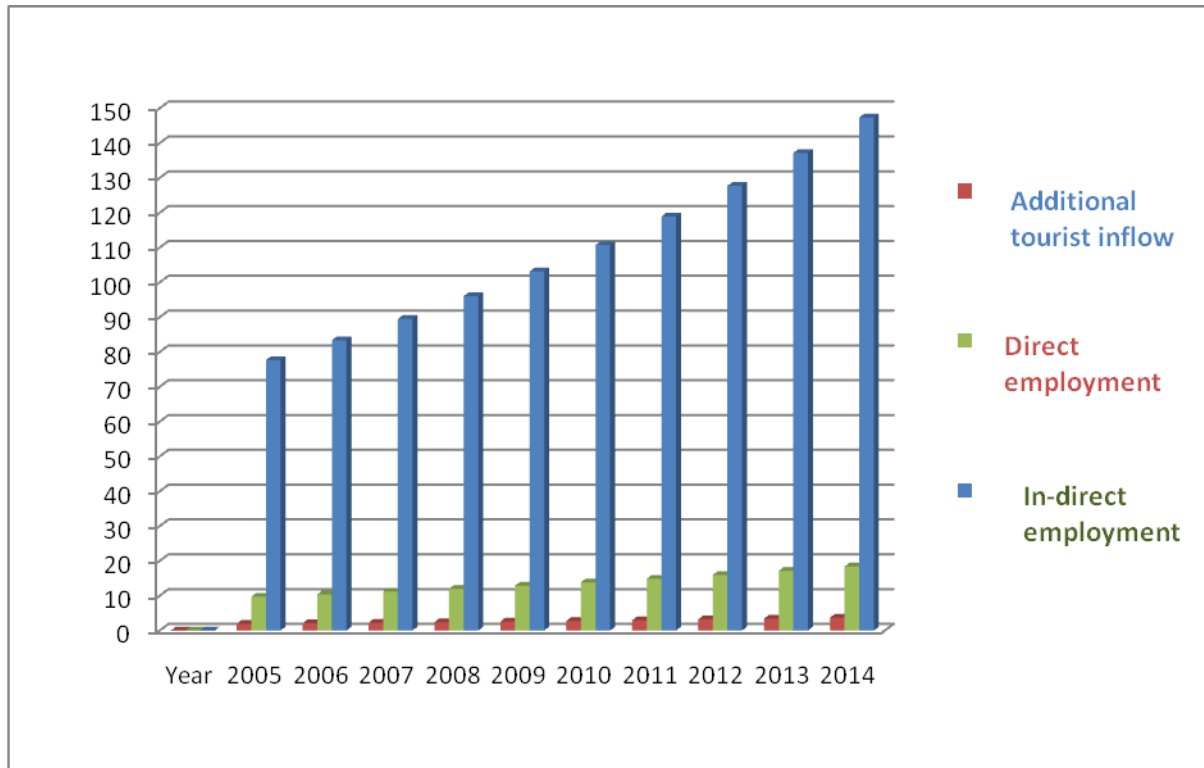
The total employment generation during the year 2005 was 11.65 lakhs for a tourist inflow of 77.66 lakhs which increased 12.51 lakhs in 2006 for a tourist inflow of 83.36 lakhs? The rest of the years also show an increased trend and during the year 2014 the total employment generation was 22.11 lakhs for a tourist inflow of 147.34 lakhs.

Table 3: Economic Impact of Tourism in the Economic Development of J&K in Terms of Employment Generation.

Year	Additional tourist inflow (lakhs)	Direct employment(lakhs)	In-direct employment(lakhs)	Total employment(lakhs)
2005	77.66	1.94	9.71	11.65
2006	83.36	2.08	10.42	12.51
2007	89.48	2.24	11.18	13.42
2008	96.06	2.41	12.00	14.41
2009	103.13	2.58	12.89	15.47
2010	110.73	2.77	13.84	16.61
2011	118.91	2.97	14.86	17.84
2012	127.7	3.19	15.96	19.15
2013	137.16	3.43	17.15	20.57
2014	147.34	3.68	18.42	22.11

Source: Santak PVT. Ltd New Delhi

GRAPH 3: IMPACT OF TOURIST INFLOW ON EMPLOYMENT GENERATION OF J&K FROM 2005 TO 2014.



2.2 Income Generation:

The tourism industry in Jammu and Kashmir is one of the most flourishing industries in the state. This industry plays a significant 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 noteworthy increase over the years, the revenue generations is expected to increase diversely provided the conditions remains normal and the tourist invasion 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. The details of revenue realized for the last 6 years are given in the table 4.

Table 4. Income generated by J&K Tourism Development Authorities (2006-12)

Department	DTK/J	SKICC	GDA	PDA**	SDA	PDA***	RSGC	C C C	J & K TDC	TOTAL
2004-05	11.4	46.0	19.7	5.1	0.00	11.0	57.2	289.0	1642.4	2081.8
2005-06	14.8	49.3	21.8	9.1	13.7	10.1	35.0	754.4	1796.4	2704.6
2006-07	32.25	52	32.46	9.95	36.35	15.62	34.73	676	1765.39	2654.75
2007-08	62.06	64	48.5	19	32.5	79	50.06	798.81	1763	2916.93
2008-09	54	71.2	51.17	12.73	45	20	45.66	839.14	1963	3101.9
2009-10	56.65	65	34.35	6.68	39	19.54	44.25	1116	1894	3275.47
2010-11	72.63	110	37.32	23.4	79.4	30	64.35	1248	2697.58	4362.68
2011-12	93.3	114.5	145	31	10	26	63.12	1957	2250	4689.92
Average	49.64	71.5	48.78	14.62	31.99	26.40	49.29	959.79	1971.45	3014.019

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

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”

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 unsteadiness in the state, the revenue earned from Director Tourism Kashmir/Jammu has shown a continuous increasing trend and has increased around three fold from 2004-05 (Rs 11.4 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 2004-05 to 2011-12. Similar trends were found from Pahalgam Development Authority from which revenue has increased from Rs 5.1 lakh in 2004-05 to Rs 31 lakh in 2011-12. The revenue from Cable Car Corporation and J&K TDC has also increased from Rs 289.0 and Rs 1642.4 in 2004-

05 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.

FINDINGS:

The present study has worked within the setup of its prime objectives. And it has found that:

1. Until 1989, tourism was the main economic activity of the state. However, it has been hit hard by the military boom of the past two decades. This has affected the economic stability as well as employment opportunities of the people of Jammu and Kashmir.
2. 2011 made history, surpassing all previous records for tourist arrivals and pilgrimages in the state. It is estimated that nearly 13 million tourists visited J&K in 2012, placing J&K in 17th place, while Andhra Pradesh comes in at number 1 in the list of top tourist destinations in India. .
3. The relative share of the service sector in GDP increased steadily, increasing from 43.71% to 54.21% in the period 2004 - 201213. Significant state budget revenue (7.37%) during that period This period cannot be ignored. Having immense potentials of tourism development in the state, it is very dissatisfying trend which demands awful need of identifying factor responsible for this so that it can contribute more in state income and employment in the future.
4. The total employment generation during the year 2005 was 11.65 lakhs which has continuously increased in the remaining years and during the year 2014 the total employment generation was 22.11 lakhs for a tourist inflow of 147.34 lakhs.
5. The revenue generated by various authorities of tourism sector in the state of Jammu and Kashmir has increased over the years except in the year 200809 it was only 3101.9 lakhs because there was greater political unsteadiness in the state.

CONCLUSION:

Tourism is J&K's main industry and provides huge revenue and employment opportunities for the state. Revenue generation is expected to increase manifold provided the situation remains as

usual and tourism penetration increases in the desired manner. Jammu and Kashmir has proven to be a service sector economy in terms of its relative share in the GSDP, accounting for almost 48% on average between 2004/05 and 2012/13 and the region has also recorded a pace highest growth. Tourism has emerged as one of the important sectors of the Jammu and Kashmir economy as it accounts for a significant share of the overall GSDP (7.37%) and the GSDP of the services sector (12.50%) both in terms of price and value. value and proportion, but the contribution is still steadily decreasing. . Tourism has a lower growth rate than other sectors of the economy when recording the lowest growth compared to agriculture, industry and services. The weakening contribution to the GSDP and the lowest growth rate of 12.2 tourism-related activities in the state indicate disappointing performance in this sector from 2004/05 to 2012/13. In addition to the record disappointingly in the J&K economy, trends in sectors remain bleak due to the presence and volume of foreign tourists to Jammu and Kashmir between 2005-2014. The tourism industry has great potential to create jobs and earn large amounts of foreign currency, while boosting the country's overall economic growth. Given the potential and ability to expand tourism activities, the study argues that due attention should be paid to government policy so that it can make a more significant contribution to the J&K economy in terms of business. income and employment.

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