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Tourism and Economic indicators

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Introduction:

Indian economy being the seventh-largest economy in the world is measured by its nominal GDP and the third largest by purchasing power parity (PPP). In the last two decades India is classified as a newly industrialized country and one of the G-20 major economies. The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The Indian economy has the potential to become the world's third largest economy by the next decade by its contribution to the service sector. Tourism is a major source of income for many countries and affects the economy of both the source and host countries. Tourism can be domestic or international, and international tourism has both incoming and outgoing implications on a country's balance of payments. Tourism has now been accepted as an industry like all other industries that earn foreign money from the tour-loving people of the world. Today tourism is the largest service industry in India with a contribution of 6.23 per cent to the national GDP and providing 8.78 per cent of the total employment. The tourism industry in India generated about US \$100 billion in 2008 and that is expected to increase to US \$275.5 billion by 2018 at 9.4 per cent annual growth rate. The ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the "Incredible India" campaign.

Objectives:-

1. To review the literatures related to tourism.
2. To identify tourism development impact indicators as independent variables
3. To measure the relationship between standard of living of the local community and tourism development

Methodology:-

“Tourism and Economic indicator” this piece of research work has used both the Secondary and Primary data. Secondary data is taken into consideration for collection of data from the report and for the purpose of analysis primary data is collected with help of well structured questionnaire and analyzed using statistical tools.

A structured questions has been prepared and it consists of 14 questions. Out of these questions three questions are related to demographic variables such as gender, age, occupation. Other eleven questions are on contribution of tourism on local community like economic benefit, creation of income source, job benefit, investment opportunity, hike in price level, improvement of education system, standard of living etc. Sample size is 50 and respondents answered the questions with help of Google forms.

Those factors are selected based on discussion with expert, environment analysis and based on some past studies conducted by Beban & Ok, 2006; Eraqi, 2007; Aref, Redzuan and Gill(2009); Mohammadi, Khalifah & Hosseini H., (2010); Ramseook-Munhurrin and Naidoo (2011) and Hasan, Ullah & Chowdhury (2013). Five point Likert scale is used in questionnaire to collect data where 1 stands for Strongly Disagree, 2 stands for Disagree, 3 stands for Neither Disagree nor Agree, 4 stands for Agree and 5 stands for Strongly Agree. Convenience sampling technique has been used because it is readily available, convenient and generates relatively low cost (Malhotra, 2008).

Review of Literature:

Anandan.D (2004) in his study entitled “Marketing of tourism products”, his study described about the tourism product, market and market research techniques in tourism and the function of marketing in tourism and also study the role of marketing is to create awareness about the product in the minds of existing as well as prospective customer in the overall market area. Study recommended in all tourism promotional activities, an effective and meaningful communication with the consumer and trade intermediaries is essential and it is possible through advertising and public relations.

Kumar Sandeep and Kumar Vinod (2014) in their study entitled “Perception of Socio-Culture Impacts of Tourism: A Sociological Review”, studied the social roles of tourist, tourist impact on society, tourist behaviour, and factors affects the society norms, beliefs, thoughts and traditions etc. at the destination. This study investigated the socio-cultural and sociological effects of contact between tourists from developed nations on the host of a developing country. Study highlighted the positive and negative impacts of tourism on the basis of findings and researches available in the form of cultural impacts of tourism at a destination and discussed how tourism development can be helpful for social and cultural development at a destination and how negative impacts can be minimize at the destination

Mukesh Ranga and Priyanka Pradhan (2014) in their study entitled “Terrorism terrorizes tourism: Indian Tourism effacing myths”, presented how terrorist attacks affect tourism. Various statistics on the Foreign Tourist Arrivals, in the study show the direct relationship of the effect of terrorism on tourism during 2006 to 2012. In spite of terrorist activities the figures are in upward directions. Both the government and other sections of society interested in promoting tourism, both domestic and inbound, must have a forward-looking policy on dealing with terrorism that does not hurt tourism.

Tourism Development Impact Indicators

According to Kreag (2001) tourism creates positive economic impacts like job opportunity, infrastructure development for local community, increased income and economic benefit, increase source of recreation, business initiatives and expansion, cultural development and improve education system thus assure improvement of standard of living and some negative impacts like increasing in price level, traffic, noise & pollution etc. The study aims at measuring the impact of tourism development on the local community development. In this purpose, standard of living has identified as the dependent variable (Eraqi, 2007) and ten independent variables have chosen as tourism development impact indicators.

Hypothesis 1: Tourism increases job opportunities. Various ranges of job from low-wage to high paying job facilities can be available which will generate income and raise standard of living (Kreag, 2001).

Ho: Job Opportunity and Standard of Living are not positively related to each other.

Ha: Job Opportunity and Standard of Living are positively related to each other.

Hypothesis 2: Infrastructure development has a positive effect on the standard of living in the long term (Groote, Elhorst & Tassenaar, 2009). Proper infrastructure development creates economic activities in proper way that promise standard of life enhancements.

Ho: Infrastructure Development and Standard of Living are not positively related to each other. Ha: Infrastructure Development and Standard of Living are positively related to each other.

Hypothesis 3: Increase in income assures proper consumption and proper consumption reassures standard of living (Brewer & O’Dea, 2012).

Ho: Increased Income and Standard of Living are not positively related to each other.

Ha: Increased Income and Standard of Living are positively related to each other.

Hypothesis 4: Economic activity is the key determinant of the standard of living and the quality of life. Small improvements in economic activity like productivity, trade, business opportunities expansion continued for an extended period can positively impact on the standard of living and quality of life (Shaw, 2009).

Ho: Economic Benefit and Standard of Living are not positively related to each other.

Ha: Economic Benefit and Standard of Living are positively related to each other.

Hypothesis 5: Increasing number of attractions palace and recreations sources can improve the quality of life and standard of living (Kreag, 2001).

Ho: Recreation and Standard of Living are not positively related to each other.

Ha: Recreation and Standard of Living are positively related to each other.

Hypothesis 6: Business initiatives by entrepreneurs promote capital formation, regional development and enlarge employment opportunities (Khanka, 2006). Once it can be assured, standard of living will be uplifting.

Ho: Business Initiatives and Standard of Living are not positively related to each other.

Ha: Business Initiatives and Standard of Living are positively related to each other.

Hypothesis 7: General rise in price level reduces purchasing power and impacts negatively on standard of living. Again static or fall of price upturns standard of living (Seth, 2015).

Ho: Increased Price Level and Standard of Living are not positively related to each other.

Ha: Increased Price Level and Standard of Living are positively related to each other.

Hypothesis 8: Peattie (1995) describes environmental cost like noise, pollution, traffic, disease, environmental damage etc. because of business expansion to improve living standard. More living standard people need to achieve requires excessive use

of technologies for productions and thus enhances noise, traffic and pollutions.

Ho: Traffic, Noise, Pollution and Standard of Living are not positively related to each other.

Ha: Traffic, Noise, Pollution and Standard of Living are positively related to each other.

Hypothesis 9: Interactions between local people and tourists can result in creation of new opportunities to learn different cultures (Kreag, 2001). So cultural development can make them introduced with new values, norms, believes, standard, life style etc. and impact on standard of living.

Ho: Cultural Development and Standard of Living are not positively related to each other.

Ha: Cultural Development and Standard of Living are positively related to each other.

Hypothesis 10: Education also affects standard of living. Educated people lead higher standards of living than uneducated people. One cannot expect higher standard of living from illiterate people whatever their income is, high or low (Seth, 2015).

Ho: Education System and Standard of Living are not positively related to each other.

Ha: Education System and Standard of Living are positively related to each other.

Findings:

| Indicators | N | Minimum | Maximum | Mean | Standard deviation |
|----------------------------|----|---------|---------|------|--------------------|
| Standard of Living | 50 | 2 | 5 | 4.06 | .512 |
| Job opportunities | 50 | 2 | 5 | 3.98 | .742 |
| Infrastructure development | 50 | 2 | 5 | 4.00 | .881 |
| Increased income | 50 | 2 | 5 | 3.96 | .699 |
| Economic benefit | 50 | 2 | 5 | 3.80 | .670 |
| Recreation | 50 | 2 | 5 | 4.00 | .712 |
| Business initiatives | 50 | 2 | 5 | 3.94 | .657 |
| Increased price level | 50 | 2 | 5 | 2.24 | .788 |
| Traffic noise pollution | 50 | 2 | 5 | 2.46 | .763 |
| Cultural development | 50 | 2 | 5 | 2.30 | .639 |
| Education system | 50 | 2 | 5 | 3.90 | .505 |

Source: *Primary data*

Table demonstrates that based on the mean score of variable, respondents tend to agree that tourism has created job opportunity for the local community people (mean = 3.98, SD = 0.74) and has contributed to infrastructure development to the local community (mean = 4.00, SD = 0.88). They also agreed that income has increased considerably because of tourism activities (mean = 3.96, SD = 0.69) and has provided economic benefits to the local community (mean = 3.80, SD = 0.67). Local people agreed that tourism development has provided them wide recreation facilities (mean = 4.00, SD = 0.64) and has provided a wide range of business initiatives (mean = 3.94, SD = 0.71).

Respondents did not believe that tourism has resulted increased price level in the local area (mean = 2.24, SD = 0.66) and has resulted in traffic congestion, noise, and pollution in tourist destination areas (mean = 2.46, SD = 0.79). They did not agree that tourism is contributing to the cultural development of the local community (mean = 2.30, SD = 0.76).

Respondents agreed that tourism has contributed to the education system of the local community (mean = 3.90, SD = 0.50).

However, respondents have positive attitudes towards tourism development indicators in general because they agreed that tourism development has improved the standard of living of the local community (mean = 4.06, SD = 0.51).

Conclusion:

Tourism is now a phenomenon, not just a simple holiday activity. It also has to be considered that tourism and tourist are two different characteristics based on the social and economic indicator which strived for different approaches differentiate accordingly and it can be defined according to both understandings. Tourism is a rapidly growing industry and the impacts of tourism are extremely varied. On one hand, it plays an important and certainly positive role in the socio-economic and political development of communities, for instance, offering new employment opportunities. Also, in certain instances, it is contributing to a broader cultural understanding by creating awareness, respecting the diversity of cultures and ways of life. On the other hand, as a tool to create jobs, it has not fulfilled its expectations.

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