

CHAPTER-VII

ECONOMIC IMPACT

Tourism occupies an important place in the economy of Himachal Pradesh. The Government of Himachal Pradesh has accorded high priority to the tourism industry. The Government has developed an appropriate infrastructure for the future growth of tourism and made special provision of finance in every budget. With a view to promote tourism in the unexplored areas of the state, the Tourism Development Corporation is going to set up its new complexes at these places. Special attention has been given to provide quality services to the pilgrims at different religious places of the state. To encourage the private entrepreneurs, the Department of Tourism has selected various sites all over the state and offered these sites to the private entrepreneurs for the construction of aerial ropeways. The Department of Tourism is providing training to youths in various adventure sports activities like water sports, paragliding, river rafting and trekking etc. keeping in view all the above mentioned development programmes initiated by the tourism department the study of economic impacts of tourism becomes essential. Thus this study aims to find out these impacts and is divided into two parts. The first part deals with the economic development through tourism in Himachal Pradesh and is based on the secondary data.

The secondary data is taken from the various published annual reports, journals and magazines etc. The information taken from secondary sources are about Indian and foreign tourists, number of hotels and number of beds, total income from the trade, hotel and restaurants, employment generation, total revenue collected from the tourism and Net Domestic Product (NSDP) etc. The second portion of this chapter deals with the analysis and interpretation, which is based on the primary data. The primary data is collected through schedules from 800 respondents i.e. 400 tourists and 400 local people to know the impact of tourism on the state economy collected through schedule includes the stay of tourist in the different tourist places, estimated budget for the tour, pattern of expenditure on traveling, staying, on sight seeing and food and beverages, opinion about facilities enjoyed etc. The responses of above mentioned questions are asked from the tourists. Whereas the questions related direct and indirect employment, income earned from the tourism, illegal activities like smuggling, gambling, price rise due to tourist inflows, decline in the quality of goods

and services, increase in GDP, foreign exchange flow to state are asked from residents. Thus the information so collected from both the sources are interpreted here in this chapter in details to find out the economic impacts of the tourism on the economy of the state.

7.1 Tourism Growth and Economic Development

Recreational travel induces growth at three levels – national, regional and local, although the quantum of this growth will be different at each level. These include enhancement in employment and income in several sectors of the economy, development of infrastructure and number of industries, which are flourishing chiefly due to tourism. This tourism may pave the way for total development of the region, which could not be achieved otherwise. Various operational costs and socio-cultural problems may sometimes offset such benefits of tourism. However, the growth generated with compensates more than the loss in the long run. There has been a progressive rise in the number of tourists coming to the hills of Himachal Pradesh during the past few years and the increase in tourist activities has definitely changed the economy of the region.

Tourism in some major tourist cities of the state especially Shimla, Manali and Dharamshala and their environ is well developed and has markedly influenced the economy of the area. It is expected to be even more visible in the coming years as a result of its planning on a scientific basis, which has already accelerated the pace of a development of hotels & restaurants, travel agencies, means of communication and transportation, manufacture of local handcrafts. Opening of new enterprises, and other related infrastructural development with the phenomenal growth of tourism and increase in the number of hotels & restaurants and employees are earning quick money and per capita income of the local people employed in them is increasing day by day without better transport facilities tourism can not get momentum. Well – developed tourism transport facilities in some major cities of the state attract many tourists on the one hand and on the other influence the economy of local people by encouraging the bus owners, ensuring employment opportunities for local young youths and opening of workshops. Employment opportunities are also linked up with construction of more hotels, shopping centres and roads. Consequently, the problem of unemployment is being solved locally with the flourish of tourism industry. Tourism also influences and gives incentives to local manufacturers. Wooden

carvings, Tibetan carpets, Kullu Shawls, Kullu Caps, Kangra paintings, tweeds, blankets etc are being manufactured in the state. Thousands of local artisans and skilled labourers are engaged in such cottage industries. The manufacturing of such unique and attractive pieces of handicrafts has who worldwide acclaim for the Himachal artisans. They have on the one hand become means of propagation of regional values and on other a source of earning money by selling them at remunerative prices.

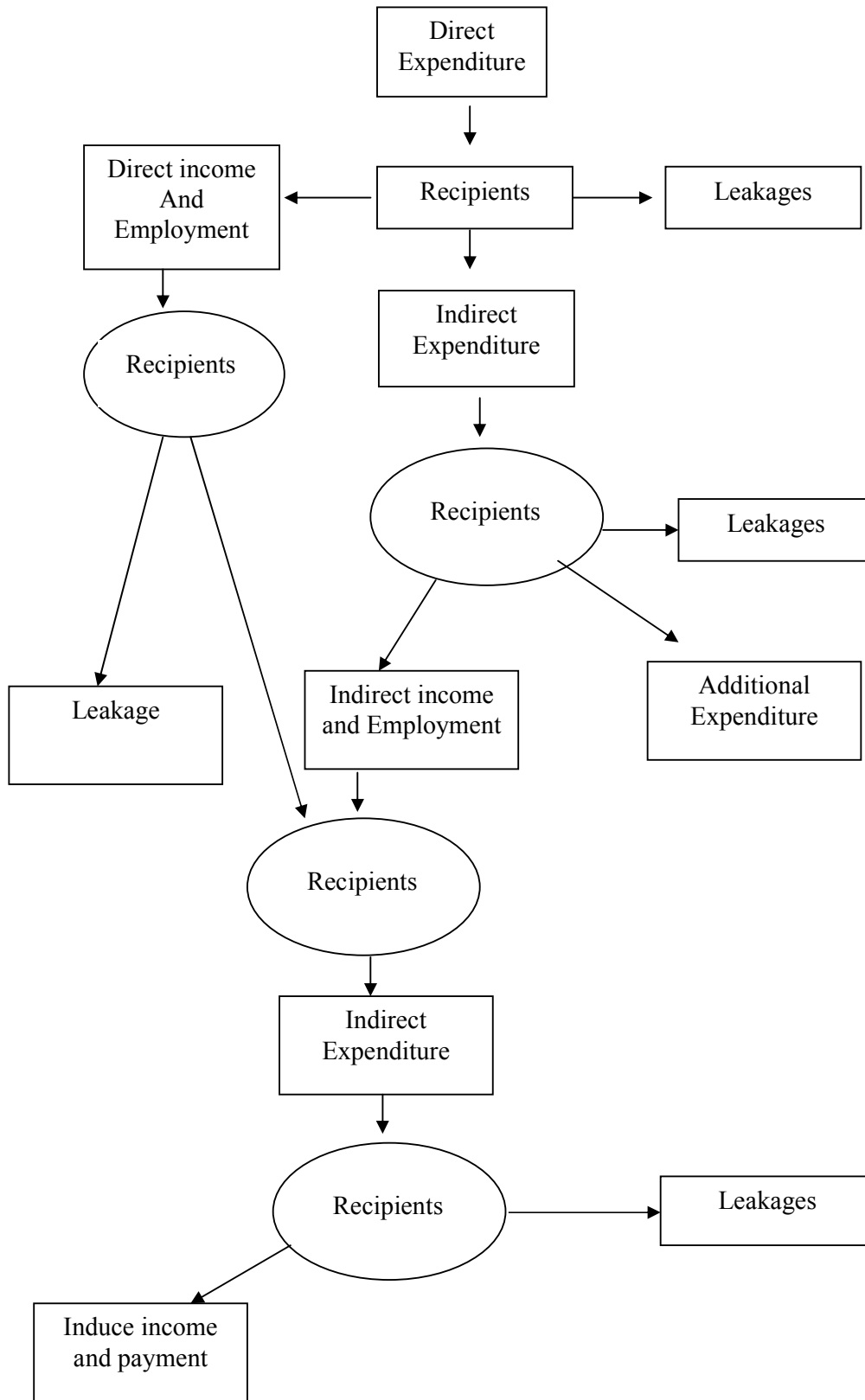
The figure 7.1 is sometimes thought of as the ‘earnings’ from tourists but this is not an accurate assessment because some of these will ‘leak out’ of the economy. On the other hand, simply looking at the initial expenditure figure also neglects the wider economic benefit that stems from income generation that might take place at those parts of the economy not directly associated with providing goods & services to the tourists. Thus, initial recipient of expenditure from a tourist (for example hotel) will in turn need to buy materials, pay wages and purchase utility service from the rest of the economy. The income generated in this way is not reflected in the aggregate level of initial expenditure that takes place by the tourist.

It is provided below a summary of the estimate of the total economic impact of tourist expenditure in income and employment terms and then looks more in a little more detail at the generation of income at:

- The direct – or the first round level (the front-line service providers to tourists; hotels, taxis, restaurants, etc);
- The indirect – or second round level (those providing goods and services to front line businesses); and finally at
- The induced – or third round level.

Figure 7.1 provides a summary of the expenditure and income flows described above. The KPMG model used for the study is built around this approach, with separate calculations for each tourist market segment, type of economic activity and type of expenditure.

Fig. 7.1

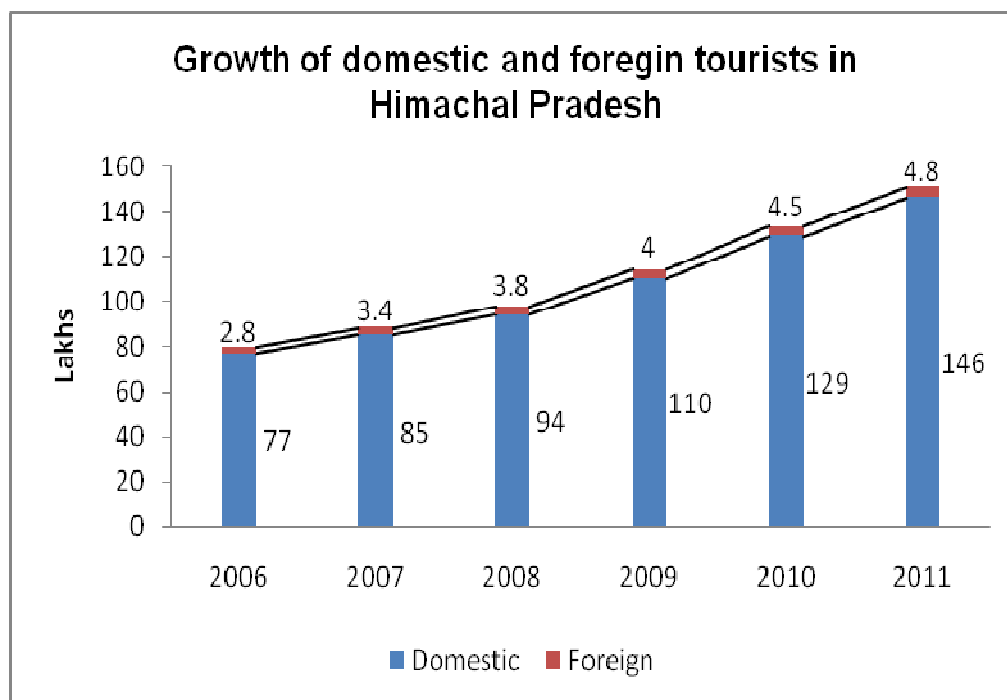


Source: KPMG Strategy, Economics and Marketing, London.

Tourist profile in Himachal Pradesh

The tourist inflow in Himachal Pradesh over 2006-2011 period has witnessed increase in both domestic and foreign tourists. However, domestic tourists contribute the significant proportion of the total number of tourists in the state.

Figure 7.2



The mix of foreign and domestic tourists visiting Himachal Pradesh has stayed almost constant from 2006-2011. It highlights the potential of the state to attract domestic and foreign tourists on a sustained basis.

Foreign tourists by nationality

An analysis of the foreign tourist arrival data in Himachal Pradesh in 2011 shows that visitors from UK comprise the largest proportion of foreign tourists with 15 percent share of the total foreign visitors. Tourists from USA and France comprise the next biggest share with 7 percent share each.

The data highlights that apart from English speaking countries like UK, USA, Australia and Canada, a fair share of foreign tourists arrive from non English speaking countries like France, Germany, Italy and Japan. Thus, providing tourist related information on the Himachal tourism website and at the tourist information centers in multiple languages may add to the convenience of the foreign tourists.

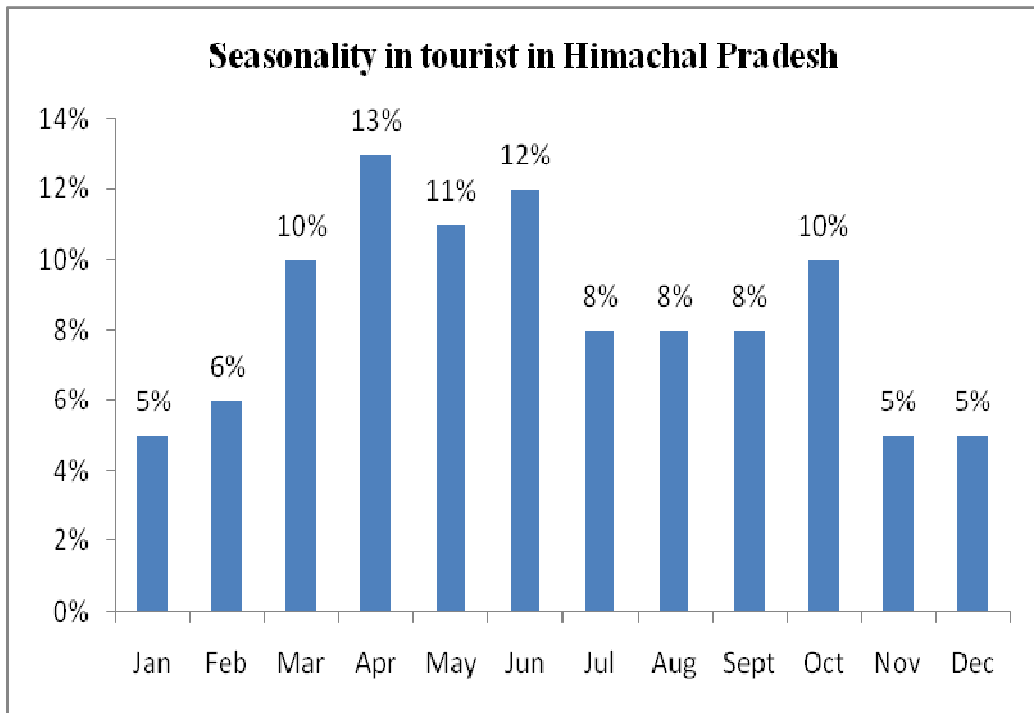
Table 7.1
Foreign tourists by nationality

Country	Percentage share
UK	15%
USA	7%
France	7%
Germany	4%
Australia	4%
Canada	3%
Italy	2%
Japan	2%
Malaysia	2%

Source: Department of tourism, Himachal Pradesh.

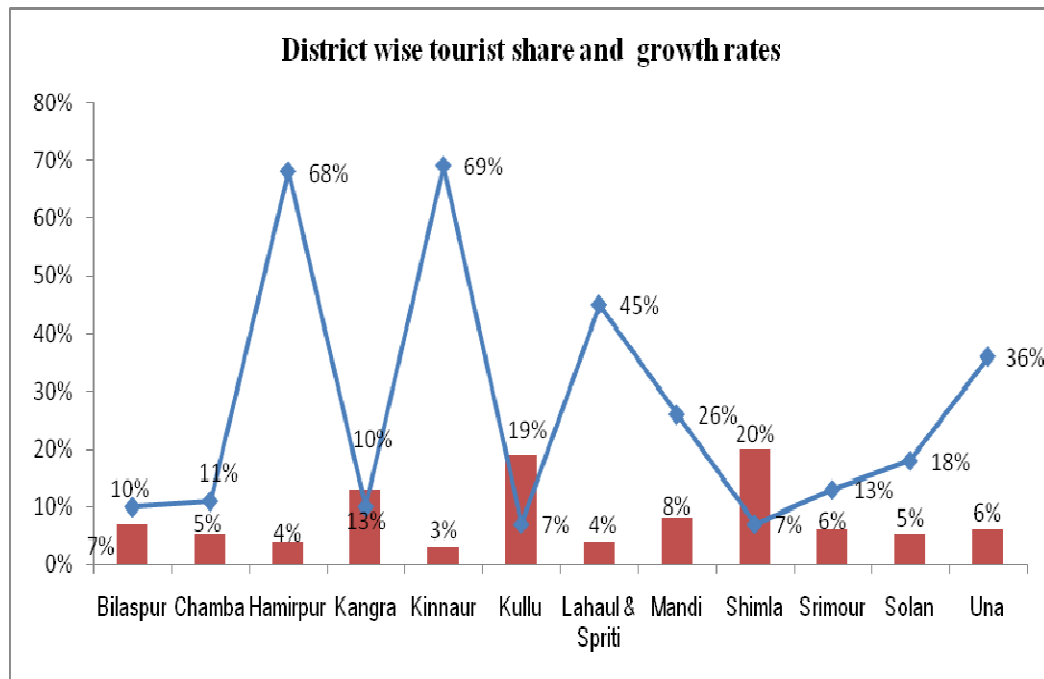
Seasonality in tourist in Himachal Pradesh

Figure 7.3



District wise tourist share and growth rates

Figure 7.4



Average bed nights spent in Himachal Pradesh

Figure 7.5

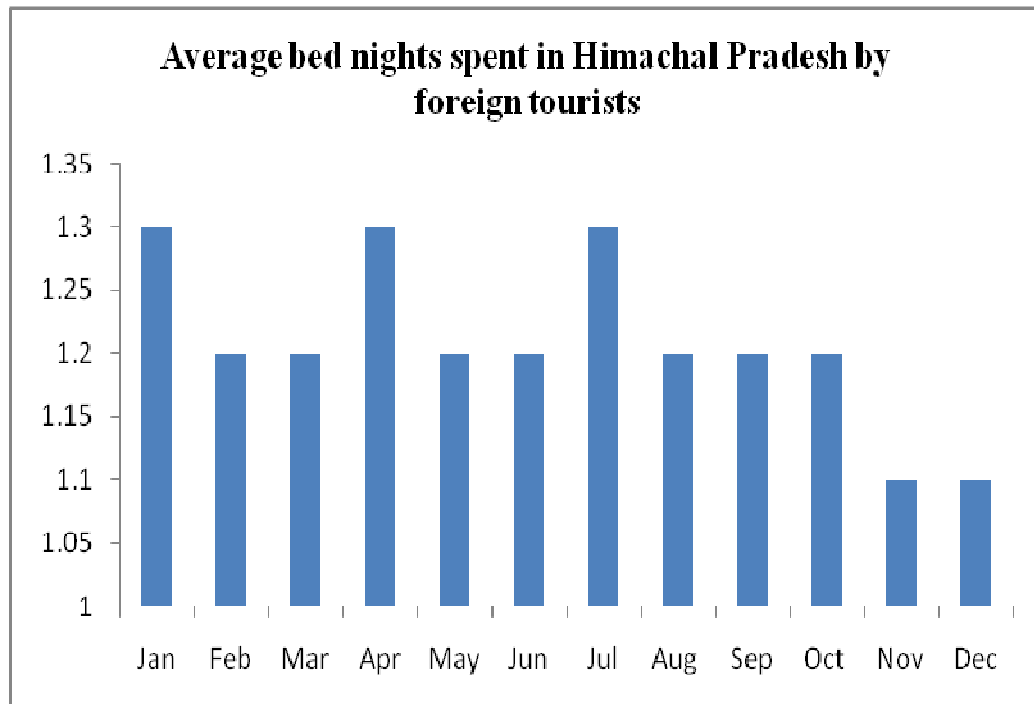


Table 7.2

**Statistics Relating to no. of Hotels, Guest Houses, Restaurants, Travel Agencies, Tourist Guides and Photographers and Bed Capacity/
No. of Rooms. As on 31.12.2012.**

Sl. No.	DISTRICT	NO. OF HOTELS/ GUEST HOUSES	NO. OF RESTAURANTS	NO. OF ROOMS SBR	NO OF ROOMS					BED CAPACITY	TRAVEL AGENCIES	PHOTOGRAPHERS	TOURIST GUIDES
					DBR	DOR	FS	TBR	TOTAL				
1.	Bilaspur	66	18	28	492	7	53	12	592	1307	16	2	5
2.	Chamba	123	19	38	1174	47	9	0	1268	2912	27	9	13
3.	Hamirpur	35	16	62	210	2	6	1	281	519	1	0	0
4.	Kangra	379	129	243	3654	35	139	81	4152	8525	145	27	112
5.	Kinnaur	73	10	93	295	12	9	0	409	703	23	0	9
6.	Kullu	613	66	267	8265	18	805	0	9355	20227	634	331	129
7.	Lahaul & Spiti	89	8	116	532	42	14	0	704	1425	24	0	5
8.	Mandi	145	33	105	1161	31	62	18	1377	2907	44	2	4
9.	Shimla	397	110	307	3670	99	222	211	4509	10294	417	261	297
10.	Sirmour	72	32	69	619	17	30	18	753	1302	2	0	4
11.	Solan	204	63	9	2788	17	114	45	2973	7439	23	0	4
12.	Una	51	11	20	461	8	26	3	518	1095	6	0	0
	Total :	2247	515	1357	23321	335	1489	389	26891	58655	1362	632	582

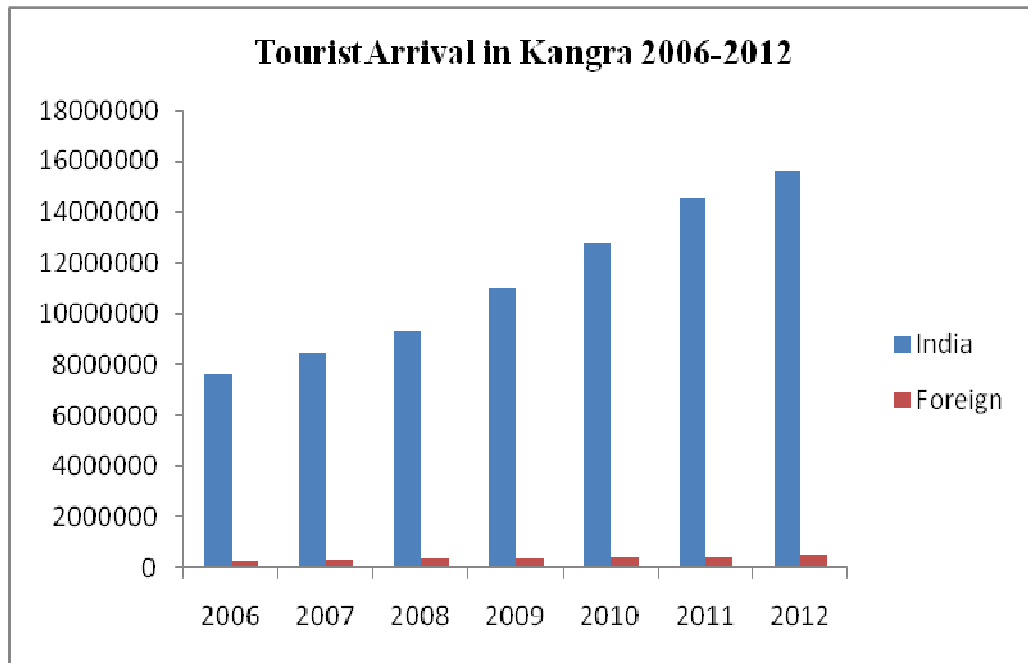
Table 7.3

Tourist Arrival in District Kangra 2006-2012

Month	Kangra		Kangra		Kangra		Kangra		Kangra		Kangra		Kangra	
	I	F	I	F	I	F	I	F	I	F	I	F	I	F
Jan.	67205	982	75417	2124	79237	3817	82967	4211	90421	4437	100566	4652	107002	5185
Feb	81281	1426	90302	2855	93576	3450	105676	4128	129686	4977	145510	5240	142230	5124
Mar	102353	4352	112087	5378	108459	7498	121745	9796	150763	11472	170740	11870	161098	9537
Apr	171128	4658	189254	5214	189657	7230	193260	8231	232948	12542	256750	13210	232990	11237
May	113280	5637	124780	7458	117627	8953	129357	9234	155214	11386	183540	12894	263365	15118
Jun	112655	4287	129743	7519	132116	7982	150312	8243	176346	11306	197551	11230	213866	13391
Jul	55793	4219	74511	7243	90188	8053	102941	6826	110170	7221	119242	7998	130271	8934
Aug	54757	4049	63942	5127	72833	6325	81489	5676	90450	6551	87590	6489	202589	6895
Sept	169780	5050	191247	6009	152735	6330	155869	5870	173832	6476	198567	7269	244961	8421
Oct	96642	4713	92384	3409	128920	4521	136817	4741	142405	5319	166257	6324	252476	17249
Nov	67828	5824	61764	5234	67648	4382	73658	4874	80855	5811	90146	5969	113890	7894
Dec	40612	2215	39657	2807	42159	2278	69872	3719	98142	4211	97227	5817	125564	6124
Total	1133314	47412	1245088	60377	1275155	70819	1403963	75549	1631232	91709	1813686	98962	2190302	115109
India	7671902		8481988		9372697		11036572		12811986		14604888		15646048	
Foreign	281569		339409		376736		400583		453616		484518		500284	
Total	7953471		8821397		97,49,433		11437155		13265602		15089406		16146332	

Source: Department of tourism, Himachal Pradesh

Figure 7.6



7.2 Responses of Tourists about facilities employed

So far as the existing facilities for the tourists are concerned it is evident from the table 7.4 regarding the condition of accommodation in the district, 68 % replied it moderate followed by 29.5% who felt it excellent while 2.5% observed poor conditions during the stay here. While asking about the condition of transportation 61.5% said it moderate followed by 21% who felt it poor and 17.5% realized it excellent. Condition of transportation reflected only that transportation means which are available for tourists to reach their destination within the region. Because on the other hand majority of the tourists reflected negative view point over the transportation means. They said Kangra is backward with regard to air and railway network.

Regarding the quality of food 54.5% tourists are of the opinion that it is moderate followed by 38% who said it excellent and 7.5% called it poor. Nearly half of the tourists i.e. 48% are of the view that availability of recreational facility are poor and neither the tourism department nor the state government as well as central government has given any attention towards this direction. The only attraction for the tourists are the God gifted scenic beauty, weather conditions, religious places and the

cooperative nature of people that increase the flow of the tourists. Although 33% said that these facilities are moderate and 19% felt excellent. With regard to shopping facilities 45.5% tourists are of the opinion of that these are poor. The reason is very clear because they came from big cities and countries, which have very large shopping complexes and also have varieties of articles. The 32.5% tourists found these shopping facilities moderate and 22% excellent. The condition of health services observed by 47.5% tourists moderate followed by 33% who felt it excellent while 19.5% called it poor. The tourists especially those from abroad are impressed with the art of nature healing system and Ayurvedic treatment.

Table 7.4
Responses of Tourists about facilities employed

Sr. No.	Statement /Response	Excellent	Moderate	Poor	Total
1	Condition of accommodation	118 (29.5)	272 (68)	10 (2.5)	400 (100)
2	Condition of transportation	70 (17.5)	246 (61.5)	84 (21)	400 (100)
3	Quality of Food	152 (38)	218 (54.5)	30 (7.5)	400 (100)
4	Availability of recreational facilities	76 (19)	132 (33)	192 (48)	400 (100)
5	Availability of shopping facilities	88 (22)	130 (32.5)	182 (45.5)	400 (100)
6	Condition of health services	132(33)	190 (47.5)	78 (19.5)	400 (100)

Source: Data collected through questionnaires.

Note: Figures in brackets are in percentage.

In the analysis of table 7.5 the Chi-Square test is applied to know the significance of the tourists' responses regarding the facilities enjoyed during their stay in Kangra.

Table 7.5
Chi-square values

Sr. No.	Statement /Response	Chi-square value
1	Condition of accommodation	260.060
2	Condition of transportation	143.540
3	Quality of Food	136.460
4	Availability of recreational facilities	50.480
5	Availability of shopping facilities	33.260
6	Condition of health services	47.060

Table value of chi-square for $V=2$, $\alpha=0.05=5.99$.

The hypothesis is that the responses of the 400 tourists regarding tourists' facilities are equally distributed. While applying the Chi-Square test it is observed that the calculated values of Chi-Square are greater than the table value in all cases. The hypothesis is rejected. Hence there is significant difference among the tourists while replying about the facilities enjoyed.

Table 7.6
Weighted Arithmetic Mean

Weighted Scores			Total	Weighted Mean
354	544	10	908	2.75
210	492	84	786	1.965
456	436	30	922	2.305
228	264	192	684	1.71
264	260	182	706	1.765
396	380	78	854	2.135

Table 7.6 shows the weighted arithmetic mean. According to the weighted arithmetic mean the condition of accommodation, the quality of food and the condition of health services are considered moderate and excellent by majority of the

tourists. The responses of the tourist about the condition of transportation is almost near to moderate (weighted mean =1.965) where as other facilities are considered poor as per their weighted average.

Table 7.7
Zero – Order Correlation Matrix

	Vari-1	Vari-2	Vari-3	Vari-4	Vari-5	Vari-6
Vari-1	1.000					
Vari-2	.680 ⁺	1.000				
Vari-3	.795 ⁺	.699 ⁺	1.000			
Vari-4	.771 ⁺	.791 ⁺	.767 ⁺	1.000		
Vari-5	.788 ⁺	.773 ⁺	.774 ⁺	.957 ⁺	1.000	
Vari-6	.801 ⁺	.850 ⁺	.849 ⁺	.778 ⁺	.797 ⁺	1.000

Note: ⁺ Correlation is significant at the 0.01 level (2 tailed)

The analysis of table 7.7 depicts the zero order correlation matrixes among these facilities. According to this correlation matrix variable 1 is positively correlated at high degree with variable 3(.795⁺), variable 4(.771⁺), variable 5(.788⁺) and variable 6(.801⁺). Variable 2 is positively correlated at high degree with variable 4(.791⁺), variable 5(.773⁺) and variable 6(.850⁺). Variable 3 is positively correlated at high degree with variable 4(.767⁺), variable 5(.774⁺) and variable 6(.849⁺). Variable 4 is positively correlated at high degree with variable 5(.957⁺) and variable 6(.778⁺). Variable 5 is positively correlated at high degree with variable 6(.797⁺) and all these variables are significantly correlated at 0.01% level.

The analysis of table 7.8 the average duration of stay of the tourists at important destination in Kangra district during the period under study. It is observed that Mcleodganj, Bhagsunag, Triund, Talnu, Naddi, Kareri and Waterfall around Dharamshala, Kangra, Pong Dam, Bir-Billing are tourist sites which are liked by domestic as well as foreign tourists. Whereas Baijnath, Jawalaji, Chamunda, Bajrashwari, Kathgarh and Trilokpur attract religious tourists from different parts of the contries. Masroor rock-cut temple attracts both religious tourists as well as historians.

Average duration stay of tourists at important destinations

Table 7.8

Average duration stay of tourists at important destinations

Sr. No.	Destination	Average duration of stay (days)	
		Foreign	Domestic
1	Dharamshala	10-15	5-10
2	Kangra	< 3	< 3
3	Jawalaji	--	1
4	Chamunda	--	1
5	Kathgarh	--	1
6	Trilokpur	--	1
7	Bajjnath	--	1
8	Masroor	1	1
9	Pong Dam	<3	<3
10	Bir Billing	5-10	<5

Source: Data collected through questionnaires

According to survey it is found that average stay of foreign tourists at Dharamshala between 10-15 days and domestic tourists between 5-10 days. The average duration of stay at Kangra and Pond Dam by both the category is below is 3 days each. Further at Bir billing the forginers are staying between 5-10 days where as domestic tourists remain not more than 5 days. At religious places like Bajjnath, Jawalaji, Chamunda, Bajrashwari, Kathgarh and Trilokpur the tourists' doesnt stayed more than one day. The analysis of the table indicates that the foreigners have more time, leisure and zeal to visit this region as compared to Indian Tourists.

The item wise expenditure pattern is shown in the table 7.9 This table witness that the average per day expenditure made on traveling and sight- seeing, on staying, on food & beverages and on shopping & other items by foreign tourists is always greater than the expenditure made by the Indian tourists.

Item wise expenditure Pattern

Table 7.9

Item wise expenditure Pattern

Sr. No.	Description	Average per day expenditure of tourists in Rupees	
		Foreign	Domestic
1	On travelling and sight seeing	2500	2000
2	On staying	2000	1500
3	On food & beverages	500	350
4	On shopping & others	1500	900
	Total	6500	4750

Source: Data collected through questionnaires.

In case of expenditure made on travelling and sight- seeing the foreign tourist is spending Rs. 2500/- per day as compared to Rs. 2000/- per day by domestic tourist. The expenditure on staying by foreigner is Rs. 2000/- daily where as domestic tourist spent Rs. 1500/- on an average. Further on food and beverages, the foreigner spent Rs. 500/- where as Indian tourist spent Rs. 350/- daily respectively. In case of shopping and other activities Rs. 1500/- has been spent daily by foreign tourist with the Indian spent Rs. 900/- on the same thing.

Thus this table revealed that the average per day total expenditure made by foreign tourist is Rs. 6500/- as compared to Rs. 4750/- by the Indian tourist. This indicates that foreigners have high purchasing power as compared to the Indian and are in a position to stay longer at different tourist places and spent more money.

During the period under study, besides tourists, local people are also contacted to find out the economic impacts of tourism through schedule; it is revealed that only 9.5% locals and their family members got direct employment where as 36.5% got indirect employment that may be of any kind and also may be seasonal. Contrary to this 54% local people neither got directed or indirect employment from the tourism. But the local people Mecleodganj, Bhagsunag, Naddi, Triund, Bir-Billing and religious places like Jawalaji, Chamunda, Kangra and Baijnath got more than 95% employment through tourism.

Employment opportunities in tourism

Table 7.10

Employment opportunities in tourism

Sr. No.	Statement/Response	No of respondents
1	Direct	38 (9.5%)
2	Indirect	146 (36.5%)
3	Not any	216 (54%)
	Total	400 (100)

Source: Data collected through questionnaires.

Note: Figures in brackets are in percentage.

The local people who got direct employment and also benefited through indirect ways included various activities like constructing hotels, appointing staff in hotels, providing transportation facilities near the tourist places through taxi and other means, organizing package tours, selling handicraft and other articles, opening restaurants to provide food and beverages etc. because tourists provide market to all these purposes.

7.3 Respondent preferences and Economic Impact of Tourism

The analysis of the table 7.11 revealed the overall economic impact of the tourism in relation to the statement that tourism provides employment to local youth 65% local people agreed with the statement “to some extent” followed by 23.5% who said “too much”, where as 11.5% have replied “ not at all”. This indicates that about 90% locals are of the opinion that the tourism provides employment either direct or indirect to the local youth. While replying to the statement that “it increases the standard of living” 77.75% local are agreed “to some extent”, 17% locals are “too much” agreed and 5.25% “not at all”. Here about 95% local are in favour for the growth of tourism in region.

Table 7.11
Respondent preferences and Economic Impact of Tourism

Sr. No.	Statement/ Response	Too much	To some extent	Not at all	No response	Total
1	Tourism provides employment to local youth	94 (23.5)	260 (65)	46 (11.5)	0	400 (100)
2	It increases the standard of living	68 (17)	311 (77.75)	21 (5.25)	0	400 (100)
3	The local unemployed youth started illegal practices like smuggling, gambling etc. due to large number of tourist inflows	42 (10.5)	295 (73.75)	63 (15.75)	0	400 (100)
4	Arrival of tourists leads to raise the price of essential commodities	126 (31.5)	210 (52.5)	50 (12.5)	14 (3.5)	400 (100)
5	It reduces the quality of goods	48 (12)	174 (43.5)	159 (39.75)	19 (4.75)	400 (100)
6	Does the local people face the shortage of goods and services	36 (9)	216 (54)	138 (34.5)	10 (2.5)	400 (100)
7	Increased tourists inflow result decline in agriculture activities i.e. conversion of agricultural land to non-agricultural purposes	99 (24.75)	191 (47.75)	101 (25.25)	9 (2.25)	400 (100)
8	Increasing tourist inflow creates demand for capital and consumer goods resulting increase of GDP	94 (23.5)	249 (61.25)	47 (11.75)	10 (2.5)	400 (100)
9	Tourist inflow creates better market to local products	96 (24)	246 (61.5)	48 (12)	10 (2.5)	400 (100)
10	Tourist inflows provide foreign exchange to the state	140 (35)	205 (51.25)	25 (6.25)	30 (7.5)	400 (100)
11	Tourist inflow increases the income of the farmers	65 (16.25)	155 (38.75)	120 (30)	60 (15)	400 (100)

Source: Data collected through Questionnaires.

Note: Figures in brackets are in percentage.

The statement in the table that local employed youth started illegal practices like smuggling, gambling etc. due to large numbers of tourists inflows, 73.75% locals are the view of that it effect “to some extent” , 10.5% “too much” while 15.75% replied “not at all” . Out of the total locals contacted during the survey about 85% locals are agreed with the statement that local unemployed youth started illegal activities like smuggling and gambling. It is observed 52.5% local are agreed, “to some extent” followed by 31.5% who are “too much” agreed that arrival of tourists leads to raise the price of essential commodities. While 12.5% locals said “not at all” and 3.5% have no response. Thus it is observed during the study that the tourism have its negative impact also which have been seen in table that the tourist inflows give worth to illegal practices and also raise the price of essential commodities. 43.5% locals are of the view “to some extent” and 12% “too much” that increased tourist inflow reduced the quality of life. Contrary to this 39.75% locals said “not at all” and 4.75% not responding anything. Thus 55.5% locals noticed that growth of tourism reduced the quality of goods. Regarding statement of “does the local person face the shortage of goods and services” 54% locals replied “too much” and 9% “to some extent” whereas 34.5% said “not at all” and 2.5% have given no response. The 47.75% locals said “to some extent” followed by 25.25% “not at all”, 24.75% “too much” and 2.25% not responded while asking about increased tourist inflows results decline in agriculture land to non agricultural purposes. Thus it revealed that more than 70% locals are agreed with the statement whereas less than 30% are not agreed. Regarding the statement that increasing tourist inflows creates demand for capital and consumer goods resulting increase in GDP nearly 85% are of view that it increase the GDP whereas rest of respondent are not agreed with the statement. These respondents may be illiterate and may have confined knowledge about the produce of the region which are liked and purchased by the tourists. About tourist inflow creates better market for the local products 61.5% tourists agreed “to some extent” followed by 24% “too much” whereas 12% respondents do not agree. The statement that tourist inflow increases the foreign exchange to the state 51.25% of the local are agreed “to some extent” and 35% are “too much” agreed while 6.25% respondents do not agreed with this. It is observed from the analysis that tourism is the best sources to earn foreign exchange. The last question in table that whether tourist inflow increases the income of farmers? The analysis shows that only 16.25% respondents are “too much” agreed and 38.75% are “to some extent” agreed. Contrary to this 30% said “not at all” and 15% have no response. Thus it is concluded from the analysis that tourism has very positive impact on the economy provided that government must take necessary steps

to promote and exploit the tourism potentials optimumly. The overall conclusion of the analysis of the table 8.10 reveals that tourism provides employment to the local youth, which help them directly or indirectly and made them self reliant. Further it is observed that through the tourist inflows the people get exposure, which increased their standard of living. Although country like India not any problem to get their products disposed off but small state like Himachal Pradesh, the cost of any product to produce it and placed it before the market, the product cost become very high as compare to product of other states but tourist inflow creates better market facilities to these product which provide to the state the foreign as well as Indian currencies to large extent. The valuable foreign exchange also plays an important role to strengthen the economy of the region in particular and state as general. The farmers who are living near the vicinity of major tourist places are earning more and more of leasing of land, through rent or sale of building, selling of handicrafts and also sowing/ producing cash crops like vegetables etc. which are supply to the hotels and restaurant during the tourist seasons.

Table 7.12
Chi-square values

Sr. No.	Statement/ Response	Chi-square value
1	Tourism provides employment to local youth	189.140
2	It increases the standard of living	363.395
3	The local unemployed youth started illegal practices like smuggling, gambling etc. due to large number of tourist inflows	282.005
4	Arrival of tourists leads to raise the price of essential commodities	226.720
5	It reduces the quality of goods	182.220
6	Does the local people face the shortage of goods and services	270.960
7	Increased tourists inflow result decline in agriculture activities i.e. conversion of agricultural land to non-agricultural purposes	165.640
8	Increasing tourist inflow creates demand for capital and consumer goods resulting increase of GDP	331.460
9	Tourist inflow creates better market to local products	321.360
10	Tourist inflows provide foreign exchange to the state	231.500
11	Tourist inflow increases the income of the farmers	62.500

Table value of chi-square for V=3, $\alpha=0.05=7.815$

The analysis of table 7.12 depicts the overall economic impact from the tourist inflow. To find out the economic impact the responses of 400 local residents are recorded through schedules and analysed. For this purpose 11 variables are selected and chi-square test is used. In this case the hypothesis is that the responses of these local residents are equally spread over the different options against these economic parameters. As per chi-square values it is observed that the calculated values are greater than the table value (for V=3 i.e. degree of freedom). Hence these values are significant at 0.05% level. Thus the hypothesis is rejected and witnessed that responses of the local residents differs significantly and among the different option for these 11 variables of economic growth.

Table 7.13
Weighted Arithmetic Means

Weighted Scores				Total	Weighted means
376	780	92	0	1248	3.12
272	933	42	0	1247	3.1175
168	885	126	0	1179	2.9475
504	630	100	14	1248	3.12
192	522	318	19	1051	2.6275
144	648	276	10	1078	2.695
396	573	202	9	1180	2.95
376	747	94	10	1227	3.0675
384	738	96	10	1228	3.07
560	615	50	30	1255	3.1375
260	465	240	60	1025	2.5625

The weighted averages of opinion of local residents are shown in table 7.13. These analysis depicts that the reply of the majority of local residents over economic impact in case of variable- 1,2,4,8,9 &10 falls between “to some extent” and “too much” alternatives. Further all the remaining weighted averages (except 3 & 7) reveal that responses for rest of the variables falls between “not at all” and “to some extent” alternatives. Whereas the weighted means of variables 3&7 indicates that responses of the majority of respondents falls nearly “to some extent”. This shows that they agreed to some extent with the statement.