CHAPTER - 1
INcredible J&K
1.1. INTRODUCTION:

Humans have traveled since time immemorial. In fact, travel was part and parcel of human life. Food, water, safety or acquisitions of resources were the early travel motivation. The idea of travel for pleasure or exploration emerged thereafter. Today, tourism can be described as leisure time used for traveling and seeking desired experiences. Travel is clearly governed by motives to get some rest from the increasingly stressful life, and also to see something new. It is seldom enough just to travel somewhere to try relaxing by doing nothing. People do need activities, new experiences and adventures to be able to disconnect from work and duties. The phenomenon of tourism is not limited to any internal or external area but it is universal. It acts as a soul of life spreading everywhere around the world and belongs to all those who seek for pleasure, rest and refreshment.

Tourism is now a major area of concern to academics, government, industry and public at large. Tourism is significant not just because of the enormous impact it has on people’s lives and on the places in which they live, but it is significant because of its size-in terms of the number of people traveling, employment and income generation both in the home/host economies.

Tourism is a huge global industry if commercial travel is included in it, it is perhaps the world largest. It is a major component of many local and national economies. It is a major social phenomenon in richer nations, and a major social force between nations and between people.

It has been seen as an agent for peace, and agent of social disruption, a means for transferring money from richer to poor nations, a form of neo-colonialism, a
mechanism to fund conservation, or a Trojan horse which infiltrates destruction industrial development into the world’s few remaining wildernesses. No doubt all these perceptions may be accurate on occasion.

A key component in most tourism is change, a change in scenery, in tastes, in life styles, in surroundings, in companions, a change from the workdays, for recreation in its literal sense. As the world population becomes increasingly urbanized, and day to day access to natural environments increasingly rare for most people, this demand for change has made nature tourism an increasingly important component of the global tourism industry, and one which continues to grow.

In the last fifty years, tourism has been adversely affected by a wide range of problems such as natural disasters, serious social conflicts, wars, economic crisis and terrorism. The Sept. 11, 2001 terrorist attacks in the United States of America has a serious impact than any other crisis in recent years and its spillover effects on other areas is unpredictable. This has generated hesitation and fear of traveling by airplanes in some countries, and an atmosphere of uncertainty. This was further worsened by the weak International economic scenario and a fall in the level of confidence among consumers and investors

A) Tourism at a Glance.

I. Global tourism.

Tourism is an important manifestation of a modern time and an interdisciplinary approach is needed to understand how this can contribute to a positive development of the global civilization.

Tourism has emerged as global phenomenon after the Second World War. The
availability of better and faster means of communications has resulted into massive movements of people throughout the world, drawing them closer through experiencing and appreciating different cultures and life styles.

Tourism is present in virtually every part of the world. When it comes to tourism in the third world, any one encounters some specific relation in the global structure, notably the presence of economic inequality and execution of political power. On the global scale, tourism is a one-way communication where the rich people have usually an opportunity to visit the economically poor countries.

In 2010, there were over 940 million International tourist arrivals, with a growth of 6.6% as compared to 2009. International tourism receipts grew to US$919 billion (euro 693 billion) in 2010, corresponding to an increase in real terms of 4.7%. As a result of the late-2000s recession, International travel demand suffered a strong slowdown beginning in June 2008, with growth in International tourism arrivals worldwide falling to 2% during the boreal summer months. This negative trend intensified during 2009, exacerbated in some countries due to the outbreak of the H1N1 Influenza virus, resulting in a worldwide decline of 4% in 2009 to 880 million International tourist arrivals, and an estimated 6% decline in International tourism receipts. Tourism industry trends also suggest that as many as 200 million people are engaged worldwide in the tourism industry. Statistical data opine that as many as 700 million travelers travel to International places annually. Several other industries which are in some way related to the tourism industry are doing pretty well. With every passing day, with the advent of latest technologies and reaching out to people becoming a child's play. Importance of bettering relationships with the neighboring
countries, establishing newer networks across the globe has taken the tourism industry to its zenith.

Growing importance of tourism Internationally almost every country is taking serious concern of it. For 83% of countries in the world, tourism is one of the top five sources of foreign exchange. The significance of tourism to economy of a country is far more pronounced in the developing world, in particular in the Least Developed Countries (LDCs). The total amount of tourism revenue earned by any country is closely related to arrival figures, and thus countries with high arrival numbers receive high levels of receipts. However, countries where tourism makes the biggest contribution to the national economy are not necessarily those with high levels of receipts. The vast majority of countries where tourism is a major contributor to country’s GDP are small island states- particularly in the Caribbean- with a well developed tourism industry and relatively few other economic alternatives. Export earnings from tourism are particularly high in countries with well-developed tourism industries such as the Caribbean islands-and also in countries with limited alternatives such as Myanmar and Cape Verde. Overall, for developing countries in general and LDC's in particular, tourism was the third most important export earner in 2000-accounting in both cases for about 9% of exports (WTO 2002).

Among the world top fifteen tourism destinations, France ranks no.1 in tourist arrivals with 73.0 million per year, followed by United States, Spain, Italy and China (WTO). These five leading destination account for about 50% of the tourist arrivals. The share of International tourists traveling to Asia and the Pacific rose from just 1% in 1950 to 16% in 2000. By 2020, Asia will be the most popular destination after Europe, attracting a quarter of world tourist traffic. China is expected to unseat France
as the most visited country and to become the fourth largest source of tourists. However, India’s share of the global tourist traffic was just 0.58% in 2008 (WTO).

In recent years, virtually every country throughout the world has taken steps to increase its number of tourist’s. Available information for the year 2008, points to some 922 million International tourists arrival, with a growth of 1.9% as compared to 2007. In 2009, International tourist arrivals fell to 880 million, representing a worldwide decline of 4% as compared to 2008. The region mostly affected was Europe with a 6% decline. And the International tourism receipts grew to US$ 944 billion in 2008, corresponding to an increase in real terms of 1.8% on 2007 (WTO).

From a global perspective, ours is shrinking world, one in which all nations are increasingly inter-dependent, inter-locked, and inter-related. As the barriers and boundaries shrink, it is essential that each one of us, personally expand-our horizons, expand our interest, and expand our knowledge and understanding each other. Tourism remains the single best way to do this. Over and above the tangible benefits that can bring to each of our nations, there is the most important benefit of the strong and permanent webs of understanding that’s it weaves around our globe.

II. Indian tourism.

Tourism has always been a great unifying force responsible for interaction and mutual understanding among people with diverse backgrounds. India had a long tradition of tourism and pilgrimages and now it can boast almost all forms of tourism.

Tourism in India dates back to ancient times, and travel in the sub-continent for the purpose of learning, pilgrimage and trade had become an integral part of the social life.
Major attractions in India are the world’s highest mountains, miles of coastline with excellent beaches, tropical forests and wildlife, desert safari, lagoon backwaters, ancient monuments, forts and palaces, adventure tourism and Taj Mahal. The tropical forests in Uttarakhand, Madhya Pradesh, Karnataka, Orissa, Kerala and Rajasthan can be developed into major tourist attractions. Being located virtually mid-way between Europe and Far East, Europe and South East Asia/Australia, India has strategic advantage. Since most of the International flights have to, out of necessity fly over India, the country can develop one or two International airports with the best of transit facilities, including passengers to break journey and thereby facilitating visitor export.
India has the potential to become the number 1 tourist destination in the world with the demand growing at 10.1% per annum. In India the government spending on tourism is 153rd in the world at 0.9%. China spends 3.8% of its budget on tourism and ranks fifth in receiving the largest tourist arrivals (31.2 million) after France, U.S., Spain and Italy. India gets 2.6 million tourists on an average per annum.¹

The role of Tourism Industry in India’s GDP has been quite alarming since the past few decades. Tourism industry has contributed enormously in the flourishing graph of India’s economy by attracting a huge number of foreign and domestic tourists traveling for professional as well as holiday purpose. The tourism industry in India witnessed a stupendous growth in 2006. The growth in the inflows in India’s tourism industry is calculated both in terms of business and vacations. The number of foreign tourists arriving from all over the world rose from 0.37% to 0.53% as has been stated by UN World Tourism Organization (UNWTO) in the year 2006. This

¹ World Travel and Tourism Council (WTTC)
remarkable growth in the graph of tourism industry in India popularized the entire South Asia as one of the most spectacular tourist terminal. Indian tourism industry contributes to around 5.9% of the economy’s GDP and it provides employment to around 41.8 million of inhabitants.

India offers Myriad exciting experiences to tourists. Tourism industry in India is being utilized as a powerful tool to facilitate International understanding and enables building of broader cultural horizons. According to Travel and Tourism Competitiveness Report 2009 brought out by World Economic Forum, India is ranked 11\textsuperscript{th} in the Asia-Pacific region and 62\textsuperscript{nd} overall in the list of 133 assessed countries in 2008, up three places since 2007. In terms of travel India stands 9\textsuperscript{th} in the index of relative cost of access, (ticket, taxes and airport charges) to International air transport services, having almost the lowest costs in the world. The contribution of travel and tourism to GDP is expedited to be at 6.0% (US$67.3 billion) in 2009 rising to US$187.3 billion by 2019.\textsuperscript{2}

Tourism which has emerged as one of the world’s largest industry and a fastest growing sector of the world economy; in India, however, the sector has failed to receive due importance on the country’s development agenda.

The tourism industry in India has come a long way from just 15,000 tourists in 1950 to 5.58 million in 2010. The foreign tourist arrivals in India too have increased significantly. However, it is different story that India’s share in the world tourism continues to be at dismal low. If we look at some figures showing India’s rank and arrivals during year 1998 as compared with other countries, India rank is 40+ with 2.4

\footnote{World Travel and Tourism Report 2009.}
million arrivals, France ranks no. 1 with 70 million arrivals, USA ranks 3 with 47.1
million arrivals, China ranks 18 with 9.6 million arrival and Thailand ranks 20 with
7.7 million arrivals (WTO). But the industry is slowly and steadily coming to terms
with the situation and showing some signs of recovery. Growth of tourism in India
has been appreciated since the last few years as government with the brand name
“Incredible India” has been doing a tremendous job to attract in-bound tourists and
this can be viewed from the fact that there is a paramount rise of about 12.4% in
foreign tourists and nearly 34% growth in the foreign exchange earnings over the
previous year.

Experts feel that over emphasis on foreign tourists had made matters worse for
us. They feel that this is an opportune time to promote domestic tourism in the
country, which has tremendous potential for growth and we could have withstood the
onslaught had we concentrated on it earlier. In the last one decade, domestic tourism
in the country has grown very much. However, much of this traffic is concentrated in
states like Rajasthan, Maharashtra, Gujarat, Kerala, Goa, Himachal Pradesh, and
Uttaranchal etc. But unfortunately the flow of domestic tourists into the Eastern and
North eastern parts of the country are much lower compared to other parts of the
region, although there is very large outflow of tourist from the Eastern states,
particularly from West Bengal to other parts of the country. Though the Eastern states
have all the potential to become ultimate tourist destinations.

India offers 3606 protected monuments, 483 wild life sanctuaries, vast
bounties of majestic mountains, beautiful beaches, proverbial hospitality, which is
unquestionable. And yet we have failed to attract foreigners. Today we are also
unable to convince the domestic and International tourists to consider the state of
Jammu and Kashmir and all its natural resources and its heritage as a destination for rest, recreation and informal education. So far as the state like Jammu & Kashmir is concerned, this state in much respect has problems of isolation, backward and inaccessible areas, and lack of an industrial base and employment opportunities. However, the state is vested with substantial water resources, mineral base and is famous world over for its exquisite handicrafts, handloom products, tourism, horticulture produce and cottage industry. While the state has enormous potential for the flourishing of various industries, it has lagged behind in the field of industrialization. Tourism besides boosting the economy of Jammu and Kashmir, can act as a major force for the conservation of its cultural heritage, and also provide significant opportunities for women & young people and offer educational training & skills development and protect and revitalize traditional arts and crafts. According to one estimate 30% of state’s population is directly or indirectly connected with this activity subscribing 16% of State Domestic Product.\textsuperscript{3}

There is unlimited potential for further tourism development, because few countries in the world have as much to offer by way of single tourist destination. Every state now has a fully equipped tourism infrastructure with plans for growth. The department of tourism has also identified specific travel circuits in each state making tourist activity a systematic venture. A dynamic and pragmatic approach is now being adopted to identify new markets, and for tapping tourist traffic by offering complete package of services of overseas tour operators. Simultaneously, selected destinations are being developed for incentive markets and major programmes are being undertaken for product modernization. Today it can be said that tourism has

\textsuperscript{3} J&K Draft 9\textsuperscript{th} Five Year Plan 1997-2002.
come of age. In the last few years there has been an impressive growth in the accommodation sector. The next decade will be one of endeavour to convert this vast potential of tourism into reality—through well-planned, well-defined and fully integrated national programmes for the development of tourism. It also needs to be remembered that tourism is a potent instrument for achieving national integration and earning International goodwill and understanding.


Strategically located Jammu and Kashmir State constitutes the northern most extremity of India. The state comprising the three distinct climatic regions VIZ, Arctic cold desert areas of LADAKH, temperate KASHMIR VALLEY and sub-tropical region of JAMMU.


![Diagram of Jammu and Kashmir divisions]

All these three regions of the Jammu and Kashmir have immense potential for tourism from both domestic as well as International tourism. There are numbers of locations which are untapped and can be developed as major tourist destinations.
having the entire natural as well as the cultural resources for attracting tourists.

Some of the important natural resources are excellent climate, beautiful lakes, locations for adventure sports, wild life, trout fish, natural and manmade parks like Shalimar and Nihat of the Mughal period, flora and fauna, alpine forests, natural waterfalls and streams etc. As for the cultural resources, the state has some of the most important religious shrines of the Hindus, historical monuments, plethora of local festivals, distinct cuisine, craftsmanship skills for intricate and fine woodwork, woolens, carpet, textiles, paper Mache, inlay work etc. The state abounds in large lakes- the biggest of the fresh lakes being Wular, Dal and Manasbal lakes. The biggest
brackish water lakes are Tso Moriri and Pangong Tso in Ladakh region. A large number of smaller lakes in the higher reaches of the mountain ranges provides surprises for those who can reach them trekking.

Source: www.kashmironline.net/wallpapers

In the year 1989 the total arrival of tourists in J&K was 2987964 which in 1990 were 2191486, in 1991 it was 3182251, in 1992 it was 3608269 and in 2001 it reached at 5268246. But this regular growth pattern is mostly because of the tourist coming to Vaishnodeviji. It was predicted that by the end of 2010, the tourist arrival
in J&K would be around 1,10,73650, considering the fact that normalcy will occur in
the next 2-3 years which will rise to 2,27,08,506 by the end of 2020.\textsuperscript{4}

The trend in the development of Jammu and Kashmir is not encouraging. It
has been lagging behind most of the states in regard to the growth of Net State
Domestic Product (NSDP) at current prices at present. The average annual growth of
NSDP at current prices during 1999-2000 was 12.45\% for Jammu and Kashmir
against 15.01\%, 14.28\%, 13.83\%, and 14.3\% for Andhra Pradesh, Gujarat, West
Bengal and Kerala respectively.

The domestic tourist arrival in J&K during the year 2004 was 6881473, which
increased to 7239481 in 2005, and in 2006 it showed also an increase of 7646274, but
this growing trend is not satisfactory when compared to other states of India e.g. in
2004 the domestic arrival of tourists for Uttrakhand was 11720570, in 2005 it was
14215570 and in 2006 it was 16666525.\textsuperscript{5}

Tourism once a mainstay is now dead. The challenges faced by this sector are
many as the continuous disturbance had led to the decline of tourism industry in the
state of J&K. Therefore the economy has collapsed. The houseboat hotels for tourists
on the Dal Lake are floating high on water, empty of guests. Shopkeepers, carpet-
sellers, farmers, hoteliers and traders report that business is off. Though the tourism
has immense backward and forward linkage in terms of both income and employment
and can contribute significantly to the economy, haphazard and uncontrolled growth
can destroy the very base on which tourism is built and poor planning cause
considerable damage.

\textsuperscript{4} J&K Tourism Department.
\textsuperscript{5} State/U.T Tourism Departments.
The state of Jammu and Kashmir is full of natural and scenic beauty. Therefore, lot of potential for tourism there. Keeping this in view, the government of J&K has declared tourism an industry, extending a number of concessions and incentives. The emphasis has been given to revive the traditional tourist circuits including tourism marketing by involving local travel trade in direct marketing through the state tourism department.

The state of Jammu and Kashmir is natural and inevitable destination for tourists. It is essential that the tourist business, which plays such an important role in the economy of J&K and benefits such a large section of the local population, be encouraged as a suitable focus for development. This is not only vital for the welfare of the region concerned, but would be of material advantage to the country’s balance of payments. And indeed, the state can look forward optimistically to the growth of tourism which is one of the world’s fastest-growing industries.
1.2. CONCEPTUAL FRAMEWORK AND HISTORICAL BACKGROUND:

Theobald (1994) suggested that "etymologically, the word tour is derived from the Latin 'tornare' and the Greek, 'tornos', meaning 'a lathe or circle; the movement around a central point or axis'. This meaning changed in modern English to represent 'one's turn'. The suffix –ism is defined as 'an action or process; typical behavior or quality', while the suffix, –ist denotes 'one that performs a given action'. When the word tour and the suffixes –ism and –ist are combined, they suggest the action of movement around a circle. One can argue that a circle represents a starting point, which ultimately returns back to its beginning. Therefore, like a circle, a tour represents a journey in that it is a round-trip, i.e., the act of leaving and then returning to the original starting point, and therefore, one who takes such a journey can be called a tourist."

Hunziker and Krapf (1941) defined tourism as people who travel "the sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence and are not connected with any earning activity. In 1976, Tourism Society of England's definition was: "Tourism is the temporary, short-term movement of people to destination outside the places where they normally live and work and their activities during the stay at each destination. It includes movements for all purposes. In 1981, the International Association of Scientific Experts in Tourism defined tourism in terms of particular activities selected by choice and undertaken outside the home. In 1994, the United Nations classified three forms of tourism in its Recommendations on Tourism Statistics: Domestic tourism, involving residents of the given country traveling only within this country,
inbound tourism, involving non-residents traveling in the given country, outbound tourism, involving residents traveling in another country.6

A study of the history of tourism is very essential for a study of tourism, as it gives an insight into the patterns of travel and tourism as it excited then and makes it easier to provide the same to the modern day tourist. Travel is not a modern concept. Human beings have been travelling for many years from times immemorial. Man has developed this urge to travel and see places other than where he lives. Many a time we live in a region that has so many sights worth seeing, but yet we prefer to tour distant places. One can find in India a number of tourists who take the time and opportunity to visit a foreign country, rather than see the faraway places within India itself. This may be due to the feeling that we will get to visit places within our country sometime or the other. People take a lot of trouble over getting their passports and visas for their overseas tour, but they would not wish to undertake a domestic tour.

Travel to far away destination has always fascinated man. The difference between modern travel and travel in the early days was perhaps in the mode of travel and the motivation for travel. Travel during the earlier times was that much tough but without the hassle of procedures and formalities. No doubt travel was then very strenuous and required dint of courage and determination and adventure to actually carry out their experience.

http://en.wikipedia.org/wiki/Tourism

6 http://en.wikipedia.org/wiki/Tourism
Human have been travelling for a very long time. The very fact remains of early Paleolithic human beings. (About 15000 years ago) believed to have originated in East and South Africa, found in Java and China, Indicated the earliest travelers.

Travel and tourism are both possible when tourists have the time and money for it. Till the 19th century both these factors on which tourism is so dependent on, was not so forthcoming. People worked for long hours and yet did not have too much money that they could afford to spend on travel for pleasure. It was only the very few moneyed sections of society that could afford to travel. Or if the ordinary people had still the inclination to tour despite these difficulties, it was not a pleasurable experience, as their tour was fraught with difficulty and lack or comfort. It was until the 19th century that the mass of people could take to tourism which was moderately priced and with comfort such a quick transport and pleasurable travel. This was possible only because of improved technological developments, especially in transport in the 19th century. One significant factor that provided the impetus to travel in the 19th century was – effect of industrial revolution which has led to urbanization or migration of population away from villages where they had been living for long. Then the 20th century has witnessed the tremendous growth in the tourism. Mass tourism today is definitely the result of technological improvement which has resulted in modernizing travel and transport industry.

Development of tourism in India: tourism is not a modern phenomenon in India. Indian history stands witness to the vast exchange of visits that took place as far back as our ancient period of history. Literacy sources about with accounts of foreign visitors to India and vice versa. Chinese travelers like Yuan Chang and Fahien and Greek accounts of Strabo and the Arabs like Alberuni have left many a travel
accounts on various aspects. India offers a very picturesque landscape for visitors. It has a wide variety in the form of monuments, architecture, dance form, festivals, and customs which have attracted many tourists to India. Many travelers have also been attracted because it is heir to one of the oldest civilization of the world. Much of the old world charm can still be seen in rural India (the fairs and melas).

Map 1.1: India Tourist Map.

Thus it is evident that tourism of the time up to the 18th century was confined mainly either for trade or pilgrimage. But the 19th century saw new dimension being added to India tourism- the acceptance of group tourism. There was also the movement of Indians to countries of Europe, especially the large number of students
for study abroad. In the British period especially the 20th century, the colonial government of India recognized the importance of travel and tourism and so after the second world war they set up a committee under the Sir John Sargent.7

In historical time people moved from one place to another for three good reasons, namely, the local places became difficult to live in for understanding commerce, to conquer new territories and to add assets to their own society.

**Mughals as Tourists:**

The Mughals were the first into Kashmir but in this case it was only a royal visit, which did not lead to the subjects to follow suit and create an infrastructure.

**Summer Holiday for the British in India:**

Colonialism let European nations to move over large tracks of land to settle with their families and govern locally acquired assets. When family members returned home they gave description of the new lands they had visited. In the sub-continent of India when British nationals of Imperial administration had to live here on a long term basis, they got to know that the Indian summer was unlivable for them and they sought cooler climates. Professional knowledge of having to fight the Afghans, Sikhs Dogras and the Gorkhas, led these British army officials in to the Himalayas as they discovered their little Scotland. The Northern most area of the Sub-Continent was thus discovered and inhabited by British Nationals in the period 1825 to 1840. It was under these circumstances that tourism 1st came to this part of country and a convenient way to enter the valley was through Uri Gorge.

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Opening of Kashmir:

Once having stepped into this area, missionary zeal led pioneers to undertake treks of discovery into other parts who made observations and reports prompting other to follow their route. Ladakh was first visited by the Monrovian Priests sometime in 1847.

The consolidation of the various minor states of the region with disparate cultures and religions was held together by the presence of the British army, which supported the Maharaja of Kashmir. The events of 1947 brought a severe strain on the existing strategic arrangement.

Role of Domestic Tourism in Jammu and Kashmir:

In spite of the fact during the period of 1948 and 1950, Kashmir was in newspapers, this area did not interest the people of other parts of the Sub-Continental to visit. That is not until Shakti Samant release his film “Kashmir Ki Kali” in 1956, which overnight brought the knowledge of the beautiful landscape and territory to the knowledge of the urban population of India, and the rush was on. In 1988 the valley had been visited by a record number of over 7.2 lakh tourists and if the percentage of annual rate had continued uninterrupted, the year of 2002 should have seen the valley being visited by 1.87 million people from other parts of the country. But because of uncertain law and order situation affecting the state, this ever increasing tourist traffic dramatically fell to an unbelievably low of 6600 tourists visiting the valley in the year 1993.8

1.3. REVIEW OF LITERATURE:

Tourism has a great importance for the development of any nation. It is contributing not only to economic development of the nation but also is very important from the socio-cultural point of view. Infact it is a multidimensional activity. In this study an attempt has been made to go through some available and relevant literature which is mentioned below:

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8 Final Report of 20 years of perspective plan for sustainable development of tourism in J&K prepared for ministry of tourism, Government of India, New Delhi, incredible India by Santek consultants private limited Delhi-110091.
Andriotis K. and Vaughan D. R. (2004) adopts a case study approach based on tourism as a provider of jobs in Crete and sets out the main characteristics of the tourism workforce as reported by academic papers, identifies whether the same characteristics are evident on the island of Crete (Greece), and discusses the issues surrounding tourism policy formulation in relation to the tourism workforce of Crete. The conclusion is that very often jobs in tourism are judged, and responses formulated, on a normative (value laden) basis (an ideal) without full consideration being given to the actual (technical) underpinnings and implications.

Dritsakis N. (2004) empirically examines the impact of tourism on the long run economic growth of Greece by using causality analysis of real gross domestic product, real effective exchange rate and international tourism earnings. A Multivariate Auto Regressive (VAR) model is applied for the period 1960: I-2000: IV. The results of co-integration analysis suggest that there is one co-integrated vector among real gross domestic product, real effective exchange rate and international tourism earnings. Granger causality tests based on Error Correction Models (ECMs), have indicated that there is a ‘strong Granger casual relationship’ between international tourism earnings and economic growth, a ‘strong casual’ relationship between real exchange rate and economic growth and simply ‘casual’ relationships between economic growth and international tourism earnings and between real exchange rate and international tourism earnings.

Durbarry R. (2004) examines the success story of a small island economy, Mauritius. Once regarded as an extreme case of a mono-crop economy, relying very predominantly on the export of sugar, Mauritius is now a reputed exporter of non-traditional goods (textiles) and services (tourism). Using co-integration and causality
tests, the results lend support to the contention that tourism has promoted growth, and further evidence suggests that tourism has a significant positive impact on Mauritian economic development.

Narayan P. K. (2004) analyzed the impact of tourism on Fiji’s economy. And the important tool in this impact study is the computable general equilibrium (CGE) model. Given the importance of tourism to Fiji’s economy, its envisaged role in the island’s economic growth and development, and the fact that it has been growing at the 10-12% per year over the last decade, here the CGE model is used to examine the impact of a 10% increase in tourist expenditure in Fiji. Among the key findings are that a 10% increase in tourist expenditure in Fiji, will increase GDP by 0.5% and contribute to an improvement in the balance of payments, real consumption will increase by 0.72% and real national welfare will increase by 0.67%. It is also found that an expansion of tourism will lead to and appreciation of the exchange rate, together with an increase in domestic prices and wage rates, and so traditional export sectors will experience a decline in their export competitiveness. In Fiji’s case there is evidence that the increases in tourism and non-traditional exports outweigh the fall in non-traditional exports caused by an expansion of tourism.

Demiroz, et al., (2005) empirically investigates the impact of International tourism receipts on the long-run economic growth of Turkey. For this purpose, tourism-led growth hypothesis is tested by using cointegration and Granger causality testing. The causal relationship between international tourism receipts and GDP is examined for the period 1980Q1-2004Q2. Johansen technique is used and vector error correction modeling (VECM) is incorporated into the Granger causality tests. The empirical results suggest that there are bidirectional causal relationships between the
two variables in both the short and the long-run. In other words, it can be said that economic growth contributes to the sectoral development of tourism while tourism contributes to the economic growth.

Willem Naude A., et al., (2005) used the cross section data and panel data for the period 1996-2000 to identify the determinants of tourist arrivals in 43 African countries, taking into account tourist’s country of origin. The results strongly suggest that political stability, tourism infrastructure, marketing and information and the level of development at the destination are the key determinants of travel to Africa. Typical ‘developed country determinants’ of tourism demand, such as the level of income in the origin country, the relative prices and the cost of travel are not so significant in explaining the demand for Africa as a tourism destination. It is therefore recommended that attention should be given to improving the overall stability of the continent and the availability and quantity of tourism infrastructure.

Tohmo T. (2005) examines the impact of cultural events, the Kaustinen Folk Music Festival, on the local economy. And applied regional input-output analysis to determine the local economic impacts in Kaustinen. Understanding the economic impact of the expenditure by tourists contributes to the understanding of the role of tourism (or other sectors) in regional economic development. This study finds the overall impact include the effects on output, employment, the net income of households and taxes.

Dhariwal R. (2005) develops an empirical analysis of the determinants of International tourist arrivals in India using annual data from 1966-2000. The results show that socio-political factors-communalism, terrorism and tensions with Pakistan-constitute serious threats to the tourism industry, limiting the gains that could
otherwise have been realized.

Gooroochurn N., et al., (2005) discusses an innovative approach for measuring tourism competitiveness using eight main indicators – price, openness, technology, infrastructure, human tourism, social development, environment and human resources – for over 200 countries, weights for each theme are derived using confirmatory factor analysis in order to compute an aggregate index, and it is found that the social and technology indicators have the highest weights while the human tourism and environment indicators have the lowest. Cluster analysis is used to group destinations according to their performance level. The USA, Sweden, Norway, Finland and Australia are found to be most competitive destinations, while Burkina Faso, Chad, Benin, Ethiopia and Cambodia are the least competitive.

Kastenholz E. (2005) investigates if and to what extent socio-demographics and travel-related variables determine the individual daily and individual overall expenditure levels of tourists staying in rural areas of North Portugal. This analysis may help to increase understanding of the role that particular tourist segments and travel contexts play in enhancing the economic development of such areas. The results point to the relevance of variable such as age, domestic versus international markets, duration of stay and diverse benefits sought. The implications for destination marketing are discussed, as are further sustainability goals for tourism development in rural areas.

Silvestre A. L. and Correia A. (2005) develop and empirically validate a second-order factor analysis model to access the overall image of Algarve held by tourists who visit it. The data are based on the opinions of a random convenience sample of tourists taken at Faro Airport. It is found that the observable variables
define three first-order factors i.e., three images factors- and these are used as indicators of a unique second-order factor, which is the overall image held by tourists to Algarve. The main conclusion of the study is that the ‘sun and sand’ factor is the most important determinant of tourists overall image of the region.

Gunduz L. and Hatemi A. (2005) intend to investigate whether tourism has really contributed to the economic growth in Turkey. The interaction between tourism and economic growth is investigated by making use of leveraged bootstrap causality tests. This method is robust to the existence of non-normality and ARCH effects. Special attention is given to the choice of the optimal lag order of the empirical model. It is found that the tourism led growth hypothesis is supported empirically in the case of Turkey.

Ashley C. and Haysom G. (2006) pro-poor tourism means managing a tourism business so that it makes business sense for the operator and at the same time benefits the poor. Based on the Pro-Poor Tourism Pilot Programme conducted in southern Africa, this article argues that ‘mainstream’ commercial tourism can do much to embrace pro-poor approaches. In particular, the tourism sector needs to go further in shifting from philanthropic approaches to pro-poor approaches that entail doing business differently, with more committed changes to strategy and business structures. The pilot programme case studies reveal a range of potential business benefits companies can achieve through pro-poor approaches, such as enhanced social license to operate and increased brand recognition. They also show that implementing a pro-poor approach depends on the company's context and circumstances. Such a shift entails a number of challenges and companies need to commit to making the necessary effort.
Fayissa B. (2007) investigates the effect of international tourism on the economic growth and development of sub-Saharan African countries. The results show that the spending of international tourists positively impacts the economic growth of African countries. A policy implication which may be drawn from this study is that African Countries can improve their economic growth performance, not only by investing on the traditional sources of growth such as investment in physical and human capital, trade, and foreign direct investment but also by strategically harnessing the contribution of the tourism industry and improving their governance performance.

Lundie S., et al., (2007) attempt to develop measures of economic and environmental yield. It first describes how measures of economic yield may be estimated and presents results for Australian inbound tourism. Environmental yield estimates are then developed for the same visitor markets. A hybrid approach is employed, combining input-output analysis with an onsite audit for tourist accommodation. The relevant environmental impacts include those on energy use, water use, greenhouse gas emissions and ecological footprint. The findings reveal that, for some inbound markets, simultaneous achievement of relatively high economic and environmental goals is not possible, and that economic-environmental tradeoffs may be necessary. The results have implication for all destinations which use notions of ‘tourism yield’ to inform their marketing strategies.

Info A. and Leon Y. (2007) tourism has rapidly grown in the Dominican Republic in recent years. This paper evaluates the impact of tourism on rural livelihoods through a survey conducted in 23 coastal communities covering a range of tourism levels and types. Tourism generally has a positive impact as measured by
increased household income and job satisfaction. Personal and community characteristics, such as knowledge of a second language, young age, and predominance of domestic and day-trip tourism, are the most important factors in determining tourism-related employment in the studied communities. Policy implications for pro-poor tourism are discussed, followed by a cautionary note on tourism-induced population displacements.

Lee C. and Chien M. (2008) empirically investigate the co-movements and the causal relationships among real GDP, tourism development, and the real exchange rate in a multivariate model. They use two different tourism variables—international tourism receipts and number of international tourism arrivals. To employ the unit root test and the co-integration tests allowing for a structural break, the empirical evidence clearly shows that the causality between tourism and economic growth is bi-directional. Lastly, the international and cross strait political change, economic shocks, and the relaxing of some tourism control and policies would break down the stability of the relationships between tourism development and economic growth. Overall, they do find the structural breakpoints, and they look to match clearly with the corresponding critical economic, political, or tourist incidents.

Lala M. F. and Bhat A. M. (2008) examine the scope of adventure tourism in order to formulate the guideline for future tourism planning growth in Kashmir valley. The study indicates that adventure tourism is still in the early phases of development and is viewed by the respondent as having great potential for development in the valley. The study explores some objectives and therefore recommends various measures in tune with the future demand so as to widen the base of tourist arrivals on one hand and sustain the growth on the other hand.
Croes R. and Vanegas M. (2008) using co-integration and causality tests investigate the relationship among tourism development, economic expansion and poverty reduction in Nicaragua. The results indicate a long run stable relationship among the three. The causality tests suggest a one-way Granger causal relation between tourism development and economic expansion, and between tourism and poverty reduction and a bidirectional causal relation between economic expansion and poverty. The nexus of tourism economic expansion and poverty reduction is established in the Nicaraguan economy. This result is supported by testing the sensitivity of the Granger causality test under different lag selections along the optimal lag. The empirical evidence points to the potential economic muscle of tourism to seriously tackle Nicaraguan poverty at scale through helping both Nicaraguan’s public and private sectors allocate resources to tourism development, resulting in the overall improvement of the economy.

Lee C. and Chang C. (2008) apply the new heterogeneous panel co-integration technique to re-investigate the long-run co-movements and causal relationships between tourism development and economic growth for OECD and non-OECD countries (including those in Asia, Latin America, and Sub-Saharan Africa) for the 1990-2000 period. On the global scale, after allowing for the heterogeneous country effect, a co-integrated relationship between GDP and tourism development is substantiated. It is also determined that tourism development has a greater impact on GDP in non-OECD countries than in OECD countries, and when the variable is tourism receipts, the greatest impact is in Sub-Saharan African countries. Additionally, the real effective exchange rate has significant effects on economic growth. Finally, in the long run, the panel causality test shows unidirectional causality relationships from
tourism development to economic growth in OECD countries, bidirectional relationships in non OECD countries, but only weak relationships in Asia.

Wan-Chen P. and Bwo-Nung Huang (2008) use cross sectional data (1995-2005) yearly averages) for 88 countries to investigate the nonlinear relationship between tourism development and economic growth when a threshold variable is used. The degree of tourism specialization ($q_i$, defined as receipts from international tourism as percentage of GDP) is used as threshold variable. The results of the tests or nonlinearity indicate that the 88 countries’ data should be separated into three different groups or regimes to analyze the tourism-growth nexus. The results of the threshold regression show that when the $q_i$ is below 4.0488 % (regime 1, 57 countries) or above 4.7337 % (regime 3, 23 countries), there exists a significantly positive relationship between tourism growth and economic growth. However, when the $q_i$ is above 4.0488% and below 4.7337 % (regime 2, 8 countries), we are unable to find evidence of such a significant relationship. Further in-depth analysis reveals that relatively low ratios of the value added of the service industry to GDP, and the forested area per country area are able to explain why we are unable to find a significant relationship between these two variables in regime 2’s countries.

Zortuk M. (2009) tourism in Turkey has emerged as an enormous branch of industry with its approximately US$20 billion annual foreign exchange earnings and direct and indirect employment opportunities it provides for more than 3 million people. In this view, this study focuses on investigating the contribution of the rapidly developing tourism sector, especially after the 1980’s to the economic growth. The data pertaining to 1998 Q1 and 2008 Q3 period were used in the study and the relationship between the expansion in tourism and economic growth was investigated
using Granger causality Test Based on VECM and it was discovered that a unidirectional causality from tourism development to economic development exists between the two variables. Moreover, the parameters which were tested using Wald test were discovered to be significant by 1%.

Gupta S.K. and Raina R. (2009) the study is based on the methodology adopted for estimation of economic impact of the shrine related tourism on the economy of Katra town by estimating the income and employment generation. The methodology used is based on extrapolation of the sample research findings. The figures for universe population with respect to the sample have been taken from the municipality of Katra Shrine Board and other Government as well as private agencies like various business associations. The income generated is taken from all the fine basic component of industries or sets of people, primarily at Katra, which are directly and more or less dependent on the tourism.

Spenceley A., et al., (2010) tourism is currently the leading export sector in Rwanda and is growing. The country is famous for the rare mountain gorillas of the Parc National des Volcans. This paper uses information from value chain analysis studies, complementary research and stakeholder testimonies to reveal the benefits that accrue to people living around the Park. It quantifies pro-poor income and non-financial benefits from gorilla tourism, and describes the opportunities for the poor to become economically involved in the value chains relating to accommodation, food and beverages, excursions and shopping, and the barriers to their involvement. To increase local benefits from gorilla tourism and other tourism activities around the Park, the authors recommend stimulating the activities of the private sector, increasing the number of joint venture agreements, enhancing opportunities for local
employment and career progression, and improving business linkages with entrepreneurs and entertainers.

1.4. STATEMENT OF THE PROBLEM:

Tourism has emerged as an important and one of the major contributors to the economy of India and particularly Jammu and Kashmir economy. India has a great potential for tourism, and there are various places of tourist attraction in J&K being visited both by the foreign and domestic tourists. However, much remains to be done to exploit the tourism potential to the maximum extent. Looking at its economic returns and comparatively light investment and the potentialities for tourism and limitations of adequate resources in other fields of economic growth, tourism in India and J&K state in particular has always been an area of attention and is required to be encouraged further.

No doubt there has been lot of work done on tourism but so far as the above literature is concerned, it is found that there is not so much work done on Jammu and Kashmir tourism, particularly on the impact of tourism on economic development of Jammu and Kashmir, and therefore there is a need to do appropriate work related to this. Earlier studies had of course discussed about issue like, determinants of tourism or impact of tourism on economic development, trends of tourism and tourism as a pro-poor growth strategy, but for India and particularly Jammu and Kashmir level it seems that no work has been done regarding the aforementioned issues. In order to fill this gap the present study had been proposed to be undertaken to identify the impact of tourism on economic development of Jammu and Kashmir and to analyze potential of tourism in this region.
1.5. OBJECTIVES OF THE STUDY:

Following are the objectives of the study:

- To study the trends and growth pattern of tourism industry in India in general and Jammu and Kashmir in particular.

- To evaluate the programmes and policies of tourism in Jammu and Kashmir.

- To estimate the determinants of tourism in India and Jammu and Kashmir.

- To evaluate the impact of tourism on economic development of Jammu and Kashmir.

- To examine the tourism as a pro-poor growth strategy in Jammu and Kashmir.

1.6. HYPOTHESES:

Following are the hypotheses formulated based on the aforesaid objectives:

- Number of tourist arrivals significantly influenced by infrastructure and political stability.

- The tourism industry positively influences economic development of Jammu and Kashmir.

- Tourism has the positive influence on poor people of Jammu and Kashmir.
1.7. METHODOLOGY:

The present study is both descriptive and analytical in approach. It is descriptive while dealing with the role of tourism in the economy, and discussing the trends of global tourism as well as tourism in India and in Jammu and Kashmir. It is analytical while dealing with impact of tourism on the economic development of the country/region (the J&K), the need to promote tourism in the state, and the measures to be taken by the government in this regard. Statistical tables, charts etc. are used to present the work clearly and systematically.

This study is based on primary as well as secondary data sources. Primary data has been collected through survey method using pre tested questionnaire / schedule. The information has been gathered from the local people, hoteliers, handicraft, workers etc. and tourists both domestic and International visiting the Jammu and Kashmir. The secondary data has been collected from the sources like Ministry of Tourism Government of India, Ministry of tourism Government of Jammu and Kashmir, World Tourism Organization (WTO), United Nations World Tourism Organization (UNWTO), Internet and other official documents.

A) Analytical framework:

In this study, in order to study the impact of tourism on economic development in India with special reference to the state of Jammu and Kashmir and potential of tourism in Jammu and Kashmir for the period of 1980 to 2009, the following models has been used in this study. This methodology section briefly discusses about the econometric and other statistical tools used in the study but detailed analysis is explained in the respective chapters.
Firstly, to measure the trends and growth pattern of tourist arrival, this study has used exponential growth model to measure the annual growth rates and annual compound growth rates which is explained briefly in the chapter 2.

Secondly, the Gravity Model has been used to measure the determinants of tourists at both national and state level in chapter 4. The model specified for national level is as follows:

\[ T_{ij} = f(Y_j, P_i, ER_{ij}, TC_{ij}, INFRA_{ij}, A_{ij}) \]  

(1.1)

Where \( T_{ij} \) is the number of tourist arrival in country \( i \) from country \( j \), \( Y_j \) is the income of the country \( j \), \( P_i \) is the price or cost of living in the country \( i \), \( ER_{ij} \) is the exchange rate measured as units of country \( i \)’s currency per unit of country \( j \)’s currency, \( TC_{ij} \) is the transport cost between country \( i \) and country \( j \), INFRA\(_i\) and INFRA\(_j\) are the measures of infrastructures in country \( i \) and \( j \), and \( A_{ij} \) represents any other factor that determines the arrival of tourists from country \( i \) to country \( j \). Equation (1) is specified in natural log form as for estimation purpose as:

\[ \ln T_{ij} = \alpha_0 + \beta_1 \ln Y_j + \beta_2 \ln P_i + \beta_3 \ln ER_{ij} + \beta_4 \ln TC_{ij} + \beta_5 \ln INFRA_{ij} + B_6 \ln A_{ij} + E_{ij} \]  

(1.2)

On the basis of above methodology, the model specified for the determinants of tourism at state level is as follows:

\[ \ln T_{ij} = \alpha_0 + \beta_1 \ln SDP + \beta_2 \ln P_i + \beta_3 \ln TC_{ij} + \beta_4 \ln INFRA_{ij} + \beta_5 \ln A_{ij} + E_{ij} \]  

(1.3)

To study the impact of tourism on the economic development of India and particularly of the J&K, we had taken some appropriate variable for the study purpose. More explanation is presented in the chapter 5. We specified a Vector Auto
Regressive (VAR) model in order to test the long run relationship among the variables:

\[ Y = (\text{GDP, Tour Receipts}) \]  

We search for a long-run relationship among the two variables, but a Vector Error Correction (VEC) model is applied to model the short-run dynamics. The model is represented in a first-differenced error correction form:

\[ \Delta Y_t = \mu + \Pi Y_{t-1} + \sum_{i=1}^{k-1} \Gamma_i \Delta Y_{t-i} + \varepsilon_t \]  

Where \( Y = (\text{GDP, tour receipts}) \) is a vector containing the variables and \( \mu \) is a vector of constant terms. The matrix \( \Pi \) conveys information about the long-run relationship between the \( (Y) \) variables. The rank of \( \Pi \) is the number of linearly independent and stationary linear combinations of the variables.

This study has used the multiple regression panel data model to study the relationship between tourism, poverty and per capita income in India which is presented in chapter 6. Therefore, the equation of the model estimated is as follows:

\[ P_{it} = \beta_1 + \beta_2 T_{it} + \beta_3 PCI_{it} + u \]  

Where \( P = \text{Percentage of poverty for } i \text{ states during the time } t, T = \text{Percentage of tourism receipts for } i \text{ states during the time } t, PCI = \text{per capita income for } i \text{ states during the time } t \) and \( u = \text{disturbance term.} \)

This study has used the multiple regression time series model to study the relationship between tourism, poverty and per capita income in Jammu and Kashmir in the same chapter 6. Therefore, the equation of the model estimated is as follows:
\[ P_t = \beta_1 + \beta_2 T_t + \beta_3 \text{PCI}_t + u \] \hspace{1cm} (1.7)

Where \( P \) = Percentage of poverty during the time \( t \), \( T \) = Percentage of tourism arrivals during the time \( t \), \( \text{PCI} \) = per capita income during the time \( t \), and \( u \) = disturbance term.

Finally, the SWOT analysis from the tourism perspective has been used. The SWOT gives us the *strengths*, on which we can build on, *weaknesses* which have to take care of by strengthening them, *opportunities*, which we should exploit and utilize to the best and the *threats*, which we have to counter for the development of tourism in India in general and J&K in particular.

1.8. LIMITATION:

1) The time period is from 1980 to 2009 but at the time of study it was found that the data was not available for all years. Therefore, the study has used different time periods within 1980 to 2009 for the respective chapters as for convenience.

2) The primary data is limited to single year i.e. 2009.

3) The study area is limited to Jammu and Kashmir (Srinagar).

4) The sample size has been limited because of the frequent disturbance going on in the state (J&K).

1.9. CHAPTER SCHEME:

The present study consists of nine chapters. The first chapter is introductory compiled in nature and spells out the review of literature, objectives of the study, hypotheses, and methodology used in the study. This chapter serves as the foundation on the basis of which the other chapters of the study are developed. The trends and
The growth pattern of tourism industry in India in general and Jammu and Kashmir in particular is discussed in the second chapter. The third chapter deals with to evaluate the programmes and policies of tourism in Jammu and Kashmir. The fourth chapter discusses the determinants of tourism in India and in Jammu and Kashmir. The fifth chapter deals with to evaluate the impact of tourism on the economic development of Jammu and Kashmir. The sixth chapter deals with to examine the tourism as a pro-poor growth strategy. The seventh chapter deals with the survey findings. The eighth chapter deals with the SWOT analysis of tourism industry in India and Jammu and Kashmir and finally the ninth chapter deals with the conclusion and suggestions of the study.