CHAPTER - V

IMPACT OF TOURISM ON THE ECONOMIC DEVELOPMENT OF

HILLY REGION OF UTTAR PRADESH

Tourism can not be taken as a simple business activity, because it is such a unique business activity as having a series of socio-economic impacts. Tourism is a major contributor to the foreign exchange earnings, it generates income and provides employment opportunities to millions of persons. It also plays an important role in the social, educational and cultural fields and indeed in promoting world peace by broadening the minds of men and fostering tolerance and understanding among them. It also preserves and enriches our lifestyle, cultural expressions and our heritages and enriches our economy in a profound way.

Tourism and Economic Growth:

Positively tourism is highly helpful in economic growth because it is a unique kind of business which comprises of a number of other trade activities too. Some primary trades are directly dependent on tourism for their existence. Besides a large number of secondary trades are also existing. The most notable primary trade are transport including local means, boarding and lodging.
and the services of tourist guides and travel agencies. In the secondary trades some are entertainment centres, shopping centres, sports centres, medical centres, drycleaning centres, beauty parlours, and services of photographers. The expenditure by tourists has a multiplier impact hence a number of people benefit by it. When greater number of people will share the gains, naturally the economic growth would also be at a faster rate.

How tourism encourages economic growth is described in a U.S. report as follows: "Money spent by foreign visitor effects the economy of a country in a profound way. When a visitor pays his hotel bill, for example, the money received by management will be used to pay various debts incurred, or make outlays, on behalf of the international visitor, electricity, telephone, personnel and other goods and services. The recipient in turn, use the money received to pay their bills to satisfy their personnel wants. Visitors money in this way may be spent several times, spreading into different sectors of the economy, each time giving rise to fresh income until "leakages" (payments for imports, foreign investments, hoardings and other diversions) take money out of circulation. The unbroken series of conversion of visitor money constitutes the "multiplier effect" by
which the economic growth takes place". ¹

The economic growth is measured by some fundamental aspects and taking these aspects as base now. We are trying to explain how tourism effects these aspects.

1. Balance of payment aspect,
2. Per capita income aspect,
3. National saving aspect,
4. Investment aspect,
5. Employment aspect,
6. National production aspect,
7. Industrial development aspect,
8. Standard of living aspect,
9. Economic disparity aspect,
10. Transport facilities aspect,
11. Communication facilities aspect,
12. Banking facilities aspect,
13. Public work aspect.

Economics of Tourism - Theoretical Framework of Tourism as a Factor of Economic Development:

(a) In order to understand the mechanism of tourism's role in an economy or in any analysis of its impact on an economic development and hence its role as an element in the process of economic growth, it is important to note

that tourism's effect makes itself felt in two ways:

(1) Through effects emanating from the original investment;

(2) Repercussions throughout the economy once the original investment is completed and operative.

These two categories of effects involve direct and induced effects throughout the economy. The major direct and these effects are given in brackets afterwards:

(1) **Major direct effects**

(i) Production (the capital/output ratio).

(ii) Employment (the capital/employment ratio).

(iii) Balance of Payment (the effects of tourism investment on imports and exports).

(2) **Major induced factors:**

(i) Income (the multiplier);

(ii) Investment (input output analysis). The original and subsequent effects of an investment in tourism can be shown to act on four main sectors of the economy as follows:

(a) Domestic industry (goods and services);

(b) Households;

(c) Government;

(d) Imports (goods and services).

In the above classification, the Government Sectors refers to the taxation effect, where there are
direct Government investments in tourism. These have the same effects as investments in the private sector.

It can be shown that an investment in the tourism sector will make its effect on the economy through:

(i) The goods and services - required from the business sector (including the extra investment required to produce this output);
(ii) The extra imports it induces;
(iii) The extra income it generates (both in the household and business sectors, particularly the building and allied trades).

Once the unit of investment is put into operation, it has repercussions on the economy because of:

-- its export earnings;
-- its earnings from domestic tourists;
-- its consumption of goods and services from the business sector;
-- the income of the labour force it employs.

These repercussions of the initial investment also include such indirectly related effects as the expenditure by the tourists which the investment attracts on other sectors of the economy. These repercussive effects will occur whether the initial investment was a hotel, or tourist souvenir shop, or development of a new health resort.
The effects described above are, of course, the main relationships: there are others but these are not of primary importance in the analysis of the effects of tourism in developing economies like that of India.

**The Tourism Multiplier:**

The money spent by tourists turns over many times before it is allowed up into the main stream of the economy, probably 'five or six transactions take place within 12 months after the tourist spends his money'. During this period the actual turnover roughly ranges between 3.2 to 4.3 depending upon 'leakages'. This is described as a 'tourism multiplier'. Tourism multiplier is a coefficient which attempts to help in measuring the total impact of tourists spending on an economy during a given period.

To give an illustration from our own country - India as a medium, where leakages etc. are not about the average. A multiplier of 3.5 represents a fair figure. Applying this figure for the earning of various years, we can find out the real contribution of tourism to our national economy. Applying this for 1964, when the earnings from tourism were estimated at ₹ 23 crore, tourism contributed ₹ 80.5 crore to the national income in 1965. Considering the multiplier effect of 3.5, it is further estimated that roughly 10% of these expenses
accrue to the Central and State governments in the form of taxes. However, this formula was modified by the 'Jha Committee to relate it to the taxation pattern in India and 15% was considered more appropriate. On this basis, it can be concluded that in 1965 Rs 12.75 crore accrued to the Central, State governments and local bodies through taxes as a direct result of Rs 23 crore spent by tourists in 1964. Using the same multiplier, India earned Rs 24 crore of foreign exchange in 1967. But it actually contributes Rs 64.00 crore to the national income in 1968 and Rs 12.6 crore were realised in the form of taxes.

There are, however, at least three multiple effects which are of importance when tourism repercussions are being examined. These are:

1. The "Tourism multiplier" (the effect of one unit of foreign tourism expenditure in creating further incomes within the economy).
2. The "investment multiplier".
3. The "foreign trade multiplier".

As explained above, the primary interest in an analysis of the role of tourism in economic development is with the "tourism multiplier". It brings into limelight what is the total effect of foreign tourist expenditure on the whole economy. The repercussive effects of the initial expenditure were described in a
U.S. report in the following ways:

"Money spent by foreign visitors affects the economy of a country in a profound way. When a visitor pays his hotel bill, for example, the money received by the hotel management will be used to pay various debts incurred, or make outlays, on behalf of the international visitor - electricity, telephone, personnel and other goods and services. The recipients, in turn, use the money received to pay their bills to satisfy their personal wants. Visitor's money in this way may be spent several times, spreading into different sectors of the economy, each time giving rise to fresh income until "leakage" (payment for imports, foreign investments, hoarding and other diversions) take money out of circulation. The unbroken series of conversion of visitor money constitutes the "multiplier effect". The greater, the number of hands through which such money passes, the greater the beneficial effects on the gross national product and the national accounts".1

The estimated tourism multiplier varies from country to country. It is between 0.0 to 3.5. To some extent these variations appear to arise from difference in the method used to calculate these coefficients. But

whatever method is used, it is clear that a major factor in causing differences will be the leakage caused by expenditure on imports for tourist purposes (However, more research studies are essential to have a proper theoretical basis for defining and calculating the tourism multiplier).

The "import content" of tourism is, therefore, a highly significant factor in assessing the total effect of tourist expenditure on economic development. It is, moreover, a factor over which the country concerned may be able to exercise some control. It is essential that a developing country like India, if it is to derive the maximum economic benefits from the growth of tourism, should keep a clear watch on the major imported items on consumption (and investment expenditure) in this industry and should consider whether they are all essential. Measures to encourage the substitution of local products for imported goods may have a significant effect in increasing the tourism multiplier and hence the overall benefit of tourists in the national economy.

**Returns to Investments in Tourism:**

For a developing country like India, where capital resources are very scarce and where the country is trying to attain economic maturity (a stage of economic growth), it is essential that an analysis should be made of the
probable return to be expected from investments in tourism and a comparison made between this return and that to be expected from investment in other economic activities.

A simple comparison of rates of return from investments of different kinds may not, however, provide an adequate basis for policy decisions in national economic planning. India is particularly concerned about foreign exchange earnings, and investments in tourism may have advantages in this field even when the rate of return appears to be lower than in other field of investment. Similarly, in order to achieve our objective of economic policy to ensure a rapid increase in the level of employment, India must take into account the employment generating potentials and effects of an investment in tourism compared with other investment possibilities.

Tourism is a labour-oriented industry. It provides full time as well as part time jobs to persons of different categories in the hospitality industry, i.e., hotels, restaurants, bars etc., monuments, projects, air rail and road transport, museums, travel agencies and transportation business etc. India invested 11.1 million dollars in 1965 in tourism and it provided employment to 18,293 people in accommodation industry (total
accommodation establishment), while in 1966 it employed 18,531 people.

In spite of certain limitations, the output created by investment in tourism is an indicator of great importance in assessing the economic value of tourism. The method by which the relationship between investment and output in tourism and other industries could be compared is to calculate for each an incremental capital output ratio (usually referred to as ICOR). In technical terms, this capital output ratio is defined as:

\[
\text{ICOR} = \frac{C}{O}
\]

where,

- ICOR = Incremental capital output ratio for the period year 01 to year X.
- C = Additional investment in the period year 01 to year X.
- O = Increase in output in the period year 2 to year X+01.

In defining the ICOR in this way, the changes in investment and output are measured over a period of years and a one-year time lag is allowed between investment and expected increase in output.

Ideally the increase in output in analysis of this kind should be values added but in practice, it is often
difficult to make estimates expect in terms of turnover or total output. It may be appropriate to calculate ICORs on this basis for comparisons of investment opportunities in India with some caution as here also differences in airport content may invalidate such comparisons.

Some studies, made abroad, suggest that investments in tourism yield a return which is at least as good as those offered by other industries. But it is vital to note that the calculation of true value for capital/output ratio must take into account the total investment actually involve in tourist developments and not just direct investments in hotels and immediately associated developments. Thus investments in infrastructure which are exclusively required by new tourist developments ought to be included in any calculation of a capital/output ratio.

The available data on the investments in tourism in India is not very complete. One thing seems to be very clear that taking the relative size of national income into account, India have spent little on investments in the tourist sector of the country. India had no tourist plan in the first plan and in the second and third plans, it could not utilise all that was available for investment owing to several reasons. In fact several important research studies need to be conducted to find
out how far national development plan in India in tourism sector fits in relation to other parts of the economy. Detailed studies are also essential to gauge the value of increased investment in tourism.

**Stabilising Influence of Tourism on External Trade:**

Tourism has got one more additional advantage. The fluctuations of income from the production of primary commodities may be satisfied on account of income derived from tourism in a developing country like India which depends on exports and the price fluctuations of the exporting commodities till the balance. The development of foreign tourism can be an important factor in off-setting the adverse effects of function in primary product prices and trade.

**Impact of Tourism on the Economic Growth of the Region**

**Impact on Indigenous Industries:**

Tourism plays a pivotal role in the industrial development of hilly region. There has been a limited industrial development in the hilly region of Uttar Pradesh and that too unevently, being restricted to, by and large, the plains of the districts of Dehradun and Nainital. Nainital district has a few large-scale industries and Dehradun, of course many. There has always been scarcity of large scale industries. Even at present
most of the existing industries belong to small scale and
cottage industry sector. The major part of the earnings
of these industries is derived from tourists. It is
apparent that tourism is deeply associated with the
industrial development of hilly region. The important and
famous indigenous industries are the wool, basket, mat
making, wood work, leather work, herbs and fruit
industry.

**Wool Industry** - is the major indigenous Industry which
has an immense impact of Tourism on economic growth of
the hilly region. Coarse blankets, shawls, pattus, and
maflars are made of wool. Shawls are internationally
famous and have goodwill. Shawls are made from ordinary
pure wool, Angora and Pashmina or *Pashm* wool. Tourists
visiting this region like to purchase some ladies shawls
and gents' pattus. Shawls and other woolen articles are
not only sold locally but they have a wide trade
throughout India and even abroad. There are show-rooms of
hills woolen-made articles in important cities of the
country which attract large number of visitor especially
in winter season. These items get roaring business. In
order to boost wool industry, wool dealers of hilly
region go in important fairs. Besides, trade of wool
material is spread to all over India and in foreign
countries. Industrial Fairs are organised at Delhi and
other metro-politan cities of India where shawls and
other items are exhibited. Large number of visitors purchase these woollen articles believing them of standard quality and also on reasonable rates. Special discount/rebate between 15% to 25% is also given on sale to attract more customers on the occasion of important fairs and festivals.

Another Indigenous Industry of hilly region is Fruit Industry - the extensive fruit orchards of the region has given rise to the development of fruit canning and preservation industry. The whole region is full of orchards of lichis, apples and plumps etc. Many things are prepared lichi juice, apple juice and jams, which have become very popular throughout India. It is sold at important bus stands and railway stations in the country. Juice factories contribute lot for earning economy.

Basket and Mat Making: The lower caste people do a variety of bamboo work for which ringal, (Arundinaria falcata) a kind of small bamboo found locally in abundance, is used. Ringal is cut during winters when it is leafless and green. The entire work is done by hands. The only instrument used is a knife of 6-8 inches long blade with a wooden handle on each end. Baskets of all sizes and shapes are made. Mats made in ringal are beautiful, cheap and durable.
Leather Work: The low caste people do the art of tanning of hides and skins as well. They are paid customary wages for the work. The goat skins are used for making bags which are used for storing and carrying food grains and other articles. These are made of different sizes by sewing two to three skins together, as the need be. Bags of goat-skin are considered insect-proof and are very strong also.

Wood work: Another small industry mentioning is the manufacturing round wooden vessels, which are turned out of a single wooden block. Water power is used for turning the lathe and therefore the industry is established only where it is possible to harness the streams for the purpose, and where good timber is also available. These vessels are in great demand throughout the region for they neither break nor spoil the contents and can therefore be safely used for keeping milk, curd and ghee. They are of different shapes and various sizes, their capacity ranging between half a seer to twenty seers.

Wooden boxes Industry: Wooden boxes are made for packing of lichis and apples and other fruits which are sent to different parts of India. But now the government is discouraging this indigenous industry because of wastage of large quantity of forest wood which is national wealth. The government has encouraged to produce boxes of
for which financial assistance is being provided to the manufacturers of these boxes.

**Herbs:** Medicines are made out of these herbs. The above indigenous industries play a significant role in the growth of tourism in hilly region, by way of encouraging employment to local population. Undoubtedly economy of this area increases with the development of indigenous industries which give much impact on tourism in economic growth of this region.

**Invisible Exports:** The faster growing industry in the world today is "Tourism". It is 'Invisible Export' that has transformed the economy of many countries in the world in a very short time. Tourism constituted one of the major resources needed for reconstruction of shattered economy of India. Tourist country like India earns large foreign exchange in tourism out of total economy of the world tourism. Tourism is an invisible export in hilly region as it earns foreign exchange considerably and adds to economy of this area. Tourism is a highly developed economic activity. Tourism is providing enormous opportunities for employment in Kullu region and also help distribution of wealth tourism contributes to the foreign exchange in this region.
Impact on the Development of Trade and Transport: Tourism is spread into wide activities, its impacts are so scattered in the society that everyone is benefitted simultaneously. From airline company to a village craftsman, who is living at a far flung area, each gets its share in tourist earnings. Tourist spendings are diverted to numerous large as well as small scale trades. Airline companies, hotels, restaurants, theatres and cinema, shopping centres, railways, travel agencies, bus and taxi owners and tourist guides etc. are the business which are directly involved and associated with tourism. While there is also another series of trades and services which are indirectly related with tourism. Thus, it can be said that tourism is a big commercial activity which invariably impacts trade aspects.

In hilly region almost every trade is effected by or tourism to a small/large extent. Tourists are also human being needing all the essential commodities as are needed by other people. When a particular area becomes touristically important then demand of each and every commodity also increases resulting many new as well as established trades to flourish. It is seen that during peak tourist season all the markets, shops and other business establishments remain full of customers.

Hotels are of basic necessity of tourists. In hilly region a considerable improvement in the position of hotels has occurred. A few years ago there was a great
scarcity of modern type hotels and tourists had to stay in dilapidated and unclean accommodation. Now significant change has occurred, one to five star hotels and other comfortable hotels have come up providing better lodging facilities to tourists. Dhabas have been replaced by furnished and decorated restaurants on highway. Seeing the change in circumstances now the Dharmshalas are constructed on modern designs and proper care of cleanliness is also taken. One more important thing has come up that in the vicinity of Hotels and Dharmshalas, to cater various needs of tourists a series of shops of pretty needs and household items have also opened. Such shops are being sufficiently benefitted by tourists. Numerous handicrafts showrooms are also coming up at every tourist point having bright prospects. These days photography business has become an invariable part of tourism and this business has fast developed as total number of photo studios have increased remarkably. At various tourist points some new studios have been opened where cameras on hire can be taken.

Thus all the traders and shop-keepers are being largely benefitted by tourism. Trade situation is getting healthier day by day and hence the impact of tourism has a major contribution in the development of trade aspect.

Alongwith Boarding and Lodging, transportation is
also a basic business concerned with tourism. Many concrete steps have been taken in order to increase better transport facilities. A few private airlines have been invited to have more flights for the places connecting to hills. A few trains also have been introduced for important destinations.

In the roadways sector the UPSRTC is now operating on many new bus routes. The number of buses on various routes have also increased considerably. Tourism has given opportunities for the development of transport agencies. Private tour agencies provide better and comfortable means of transport to tourists. These agencies offer a package to tourists and carry them to various tourist points in minimum time with due comforts. Thus, it can be said that tourism has given a big boost transport industry and it is flourishing well.

Sri Lal Bahadur Shastri, inaugurating the tourist week in Mumbai on September 27, 1957 said -

"The means of communication, transport services and accommodation are basic to tourism but there are a number of other connected enterprises. For instance, manufacturers of souvenirs, photographers and printers of picture post-cards, organisers of theatre movement, dance and music performances, restaurants, and hotels - all are beneficiaries of tourism".
Impact on Employment:

Emphasising the role of tourism in providing employment the then Minister of Tourism, Mr. M.M. Syed, once said that tourism has already emerged as a major economic activity, it generates employment at much less investment.¹

Tourism has been called as the generator of employment opportunities because it provides employment to a large number of persons. Hotels, restaurants, travel agencies, theatres, shopping centres, and beauty parlours etc. are such business as get boost from tourism. These business provide employment to a large number of persons. Tourism also generates job for tourist guides, photographers, taxi drivers, rickshaw tonga pullers, waiters, cooks, dry cleaners, transporters, coolies and vendors.

Tourism has remarkable impact on the employment position of hilly region. It has created various job opportunities for many unemployed people. Tourism has fasten the speed of industrial development and as a result, the unemployment automatically decreases.

Hotels, Dharmshalas, transport agencies, photography studios and other private businessmen absorb

¹. The Hindustan Times, April 16, 1987, p. 3, Col. 3.
numerous unemployed persons. This all is due to the
development of tourism. So it can be said that the impact
of tourism on employment is apparent and it creates a
series of jobs for educated as well as uneducated people.

**Impact on Foreign Exchange Earnings:**

Every country specially developing country is
straining hard today to increase its foreign exchange
earnings. To meet with the increasing trade deficit and
curtail adverse balance of payment position it is
essential to earn more foreign exchange. Over the past
few years it has been widely accepted that tourism being
as invisible export, has emerged as a vital element of
foreign exchange earnings. Tourism has proved that it can
contribute such a high amount of foreign exchange earnings
as can make a radical improvement in balance of payment
position of countries. As far as the concern of India,
the share of tourism in the total of foreign exchange
earnings is briskly increasing. The foreign exchange
earnings from tourism which amounted to about ₹ 32 crore
in 1971-72 have been increased from year to year and in
1982-83 this amounted to about ₹ 1031 crore, it further
increased to ₹ 1300 crore and ₹ 1800 crore in the year
1985 and 1986, respectively.¹ The contribution of tourism

in total foreign exchange earnings is now about 15 percent, which is sufficiently more than the income from handicrafts, jewellery, readymade garments and tea.

In fact tourism is a different type of export business. In normal export trade the goods is physically moved from one country to another but being a service industry in tourism when a tourist visits a country, he becomes the customer of the tourist services of the host country and similarly the host country becomes the exporter of its tourist services to the country the tourist belongs with. That is why tourism is called an invisible export. The tourists for foreign countries when visit hilly region, they have to spend money to meet with various needs here and thus the currency of their country arrives in India, which is called foreign exchange earnings.

So, it can be said that the development of tourism can contribute rich foreign exchange earnings to the country. The only need is to attract more and more foreign tourists here and make them to stay here for some time.

Impact on Social Aspects:

Besides its huge economic benefits, tourism also affects social aspects of human life. When tourist
visits a place he cannot remain aloof with the life style culture, language and standard of living of that place. In the same manner, the masses of the place which is being visited also watch these things of tourists closely and this procedure makes a lot of impact on the social aspects of both sides. The main social impacts of tourism can be classified as below -

(A) Promotion of International Place and Understanding:

The Late Prime Minister of India Mrs. Indira Gandhi once said - Tourism is a passport to the place for present world, full of strife and tension of the nuclear holocaust only tourism can promote international peace and understanding to an extent because it is capable of breaking the emotional barriers among nations. When people of one country visit another they find many unknown persons, persons close to them and become friendly and it promotes international harmony, goodwill and better understanding among nations which is a must in the present age to promote the international peace and avoid an unwanted confrontation.

(B) Promotion of National Unity:

Ours is a vast country. A number of states, religions, communities, faiths, languages and cultures, jointly make India. It is vital to keep all these sects duly united so that the integrity of the nation could be maintained.
Tourism, of course, is an important factor in promoting national unity. When people of one state or province visit another, they feel the vastness, the richness and one-ness of their country and it encourages them to preserve the unity and integrity of the nation.

(C) Strong Cultural Base:

Hilly region of Uttar Pradesh as well as our country has a glorious history and rich cultural heritage alongwith a distinct life style and philosophy. Tourism provides opportunity to the visitor to know it and see it closely. Mechanised and busy life do not provide enough opportunities to a person to be in the touch of our traditional arts, crafts and culture regularly, but when he gets moments of leisure during travel he becomes able to realise this traditional heritage.

(D) Knowledge of Language:

Perhaps there would not be any other country richer than India in the matter of language. A number of languages are spoken here. When tourists of one part visit another, they get an opportunity to listen and know the language of the place being visited. The knowledge of additional languages not only widens their knowledge and vocabulary but also brings them closer to the persons of different languages.
(E) Elimination of Social Gaps:
Tourism helps in eliminating the gap of rich and poor, higher castes and lower castes, city and village. In group tourism when persons of all categories travel together, eat together and sleep together, the gap automatically disappears.

(F) Better Standard of Living:
Tourism is considered to be a generator of employment opportunities. The employment opportunities have also increased to a large extent. Now more and more people are getting employment. By this, the standard of living has also become better.

(G) Decentralisation of Economic Development:
Tourism plays a pivotal role in the development of hilly region because this is one of the main industries for earning means for the hilly people. Unfortunately due to one or another reasons expecting one or two, no large scale industry has come into existence. Tourism fulfils this gap of economic development. When persons belonging to economically developed areas visit hills, money from that area also arrives in hilly region. Money of better developed areas reaching less developed area automatically decentralises the benefits of economic development. By this procedure the people of hills also get the benefits of economic development.
(H) Promotion of Ecological Balance:

Seeing the touristical importance of hilly region, the authorities have also taken up seriously to beautify this region. For this purpose government has taken up few schemes as alternative tourism and forestation places of tourist interest. Besides this, for the comfort and interest of tourists road side plantation is also done and at some places forest sanctuary of selected animals is created. This all helps in maintaining ecological balance which is of a great need of the day.

(I) Improvement in the Image of Country:

When tourists of foreign countries visit a particular area and get good welcome and hospitality from the residents of that area, the image of the country being visited also improves in the minds. After their return to their home country, they praise and appreciate this and tell their people and this goes to much extent in improving the image of the host country at international level.

(J) Eradication of Social Evils:

In hilly region still there are people having old beliefs and thinkings and believe in old social evils and other misconceptions, when the tourists of modern thinking come in touch with them. Their misconceptions also change a lot and thus they get rid of social evils.
Tourists are the purchasers of hilly region products and thus they get additional economic input. Infact the input of tourists to hilly region is a source of revenue to this region. Tourists spend money at various hill resorts -- Mussoorie, Nainital Pithoragarh, Almora, Uttarkashi, Udham Singh Nagar, Tehri, Pauri and Chamoli lavishly. Foreign tourists have capacity to spend money freely provided they are provided better facilities of accommodation, transportation and attractions. These elements if arranged nicely, pave a way for the additional economic input. Similarly, domestic tourists visiting this region also come to entertain, relax and enjoy themselves during summer/autumn seasons though with limited budget. Any how their number exceeds as compared to foreign tourists.

Thus, it is well known that tourism benefits the country's economy in a significant manner. Besides being the highest foreign exchange earner, all tourist activities yield more than Rs 250 crore annually as direct or indirect taxes to the Central and State governments. In addition, there is tourism's monetary contribution to the nation's economy by virtue of its multiplier effect through the subsequent rounds of spending of the tourists' original dollar. In simple terms, the
multiplier concept means that every unit of tourist expenditure goes through several rounds of income creation and expenditure before its effect is exhausted.

In this way the impact of tourism on economic growth of hilly region is immense. Tourism has multiplier effect on the economy of hilly region. It is an invisible export for the country and affects indigenous industries, trade and transport in a profound way. Tourism is an employment oriented industry. Thus thousands of local people depend on this industry which boosts to the economy of this area.