CHAPTER -2
CHAPTER 2

TOURISM AS AN INSTRUMENT OF ECONOMIC
DEVELOPMENT

In the earlier chapter a brief introduction was given about how the simple travel of earlier days turned into a big tourism industry of today. This chapter highlights the significance of tourism as an instrument of economic development and the role which it plays in the growth of our economy and in the earning of foreign exchange for the country.

In today's world tourism has become one of the most important and upcoming industry. Besides providing peace, relaxation comfort, thrill etc. to the people who undertake tourism, it has many great socio-economic advantages. Especially for the developing countries it is one of the valuable attributes for economic growth which can act as a pivot vehicle for economic development. Tourism offers to these nations an opportunity for earning foreign exchange. Tourism could also be rightly regarded as an important industry for the diversification of the industrial structure as well as regional development of backward areas.
The importance of tourism as a contributor to economic growth is so widely accepted that year after year throughout the world massive and growing investment continues to pour in its development. But the developing countries still enjoy a very small fraction of the total tourism turnover in the world. Promotion of the tourism sector generates a plethora of both social and economic benefits. GDP, employment generation, infrastructural investment, rural development, conservation of natural resources, promotion of social integration and international undertakings across countries etc. However, these potential benefits can be harvested only if the requisite ground work is done creating awareness about the true potentiality of tourism would serve as the seed ground for a successful harvest. This has to be backed up strongly by a network of infrastructure and a judicious marketing and promotion of the diverse and unique products offered by India.

As a matter of fact the nature of tourism sector is such that it creates employment in the rural and backward areas. Tourism could absorb the excess labour engaged in the agricultural sector and can put a halt to the rural urban migration process and would bring down congestion in the cities and a reduction in the urban poverty.

Creating an awareness about the potential of tourism in fostering the overall economic growth is just the first step in the
promotion exercise. It has to be followed up by a well planned out infrastructural development and a judicious marketing strategy, to market the tourism product both within and abroad. Development of this industry is technologically appropriate particularly to the labour surplus third world countries like India. Given its almost in exhaustible source of tourist attractions employment generation in India can be fostered by tourism at a low cost since it does not require resources with high opportunity cost. A very important fact about this industry is that it is totally free from pollution and ecological imbalances.

In India tourism has become the third largest foreign exchange earner after the industries of gems and fabrics. India has all kinds of attractions that a tourist may desire to see. Mark Twain has rightly said that, “India is one country under the sun with an imperishable interest, one land that all men desire to see”¹.

Basically the economic benefits from tourism depends largely on the types of tourist visiting a country, because on the type of tourist the price elasticity depends, which in turn effects the economic earning of a country. Here is a list of characteristic features of the various types of tourists visiting a particular country².
### CHARACTERISTIC FEATURES OF VARIOUS TYPES OF TOURISTS

<table>
<thead>
<tr>
<th>No.</th>
<th>TYPES OF TOURISTS</th>
<th>DESTINATION</th>
<th>PRICE ELASTICITY</th>
<th>SEASONALITY</th>
<th>LENGTH OF STAY IN A PARTICULAR SPOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Resort tourist</td>
<td>Beach resort, hill station</td>
<td>High</td>
<td>Highly seasonal</td>
<td>Average i.e. 10 to 15 days</td>
</tr>
<tr>
<td>2</td>
<td>Wanderers</td>
<td>Beauty spots, big cities, art galleries, fairs etc.</td>
<td>High</td>
<td>Highly seasonal</td>
<td>Average</td>
</tr>
<tr>
<td>3</td>
<td>Delegates/ Participants</td>
<td>Places of events, sports, business, conventions, seminars, conferences</td>
<td>Low</td>
<td>Seasonal</td>
<td>Normally below average</td>
</tr>
<tr>
<td>4</td>
<td>Commercial travellers, Govt. officials and professional on office duty</td>
<td>Big city or anywhere depending on the nature of business duty</td>
<td>Inelastic</td>
<td>Negligible</td>
<td>Generally below average</td>
</tr>
<tr>
<td>5</td>
<td>Pilgrim</td>
<td>Holy Places</td>
<td>Low</td>
<td>Fairly seasonal</td>
<td>Normally average</td>
</tr>
<tr>
<td>6</td>
<td>Health</td>
<td>Health resort or big cities</td>
<td>High</td>
<td>Normally seasonal</td>
<td>Relatively longer stay</td>
</tr>
<tr>
<td>7</td>
<td>Guests and family visitors</td>
<td>Anywhere depending on whom he likes to visit</td>
<td>Inelastic</td>
<td>Seasonal</td>
<td>Longer stay</td>
</tr>
</tbody>
</table>
This table highlights the general types of tourists that normally visit a country, it put light on the destinations that they prefer for e.g. Resort tourists usually prefer to stay near sea side or on the hills, similarly the wanderers that normally comprises of young tourist prefer beauty spots, galleries etc. Delegates and participants they normally come for some special event, commercial travellers prefer big cities and other places depending on the need of their business, Pilgrims go to holy places, Health tourist prefers health spots and last the guests they like to visit their families. Beside this, the table also highlights the price elasticity, seasonality and average length of stay of a tourist, for e.g. Resort tourist, Health tourist and wanderers have high price elasticity similarly delegates and pilgrims have low price elasticity. As far as seasonality is concerned Resort tourist and wanderers are highly seasonal which means their visit depends on the season whereas guests and delegates are just seasonal which means their visit may or may not depend on the season. Last but not the lest the length of stay of a tourist which is an important part of the visit, as far as Resort tourist and wanderers are considered their stay is relatively average i.e. 10 to 15 days, as far as delegates and commercial travellers are considered their stay is normally below average, and in case of health tourists and guests the stay is relatively longer than the average stay.
In the above paragraph we have studied about the various types of tourists their destinations, the price elasticity they have, whether or not they are affected by the season and the average time that they spent in tours. Now in the next few paragraphs an effort is made to study the economic, social and cultural benefit which they bring to the destination visited.

So far as benefits and advantages derived from tourism, it may be made clear that there are a number of benefits arriving from tourism. Simply one such benefit may be termed as economic benefit of multiplier effect of tourism activity which means that the impact of extra expenditure introduced into the economy by a tourist. This extra expenditure in a particular area can take various forms including, spending on goods and services by tourists visiting the areas, investment of external sources in tourism infrastructure or services, government (foreign or domestic) spending, e.g. domestic government spending on infrastructure in a region or foreign government aid and exports of goods stimulated by tourism.

The multiplier formula $K = \frac{1}{1-C}$ divided by $1-Y$ where $K = \text{Multiplier}$, $Y = \text{Change in Income}$ and $C = \text{change in consumption}$, can also be applied to tourism. Money spent by tourists (tourists expenditure) does not stop moving after it is spent rather it circulates to the economy of the country. When a tourist visits a
place and spends his money in that particular region, part of this money becomes income for the people living in that region. Part of this income generates income for others to spend. A part of this income is again spent and so on and so forth. This money changes hands a number of times. The impact of this expenditure on nation's economy will go on multiplying if it is spent and changes hand again and again. Thus the national currency exchanged for foreign currency which enters the country spreads quickly in the market. The intensity of the multiplier depends on the proportion of the income from tourism which is redistributed to the other branches of the national economy.

As we know the flow of money generated by the tourist spending, multiplies as it passes to various sections of the economy. It may be explained as follows: suppose the money paid by the tourist in paying his hotel bills will be used by the hotel management to provide for the costs which it had incurred in meeting the demands of visitors e.g. goods and services used by the tourists i.e. food beverages, laundering, electricity and entertainment. The recipients, in turn use the money they had thus received to meet their financial commitments and so on. In this way money spent by the tourist may be said to be used several times and to spread into various sectors of the economy. So tourist
expenditure not only supports the tourist industry directly but helps indirectly to support many other industries which supply goods and services to the tourist industry. Hence the money paid by the tourist after a long series of transfers over a given period of time, passes to all sectors of the national economy, stimulating each in turn throughout the process. Every time the money changes hands it provides new income and the continuing series of conversion of the money spent by the tourists from what the economists term the multipliers effect.

TOURISM ECONOMY

- Plastic
- Chemical
- Textile
- Food & Beverages
- Oil/Gas supply
- Wholesalers
- Automobiles
- Transportation
- Administration
- Tourism promotion
- Computers
- Concrete
- Mining
- Metal Products
- Wood
- Printing & Publishing
- Utilities
- Financial services
- Ship building
- Aircraft manufacturing
- Resort development
- Glass products
- Iron / Steel

TOURISM INDUSTRY

- Transport
- Accommodation
- Catering
- Entertainment
- Recreation
- Other Travel related industries
- Sanitation
- Furnishing & Equipment suppliers
- Security services

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The above diagram shows the big amalgamation of the tourism industry. The inner circle shows the basic infrastructure required for this industry and the outer eclipse reveals the industries supporting this basic infrastructures.

Currently tourism economy contributes an estimated Rs. 904.6 billion to GDP accounting for 5.6% of India's GDP as compared to the world average of 10% of GDP. The sector is expected to continue its steady growth rate inspite of the current uncertain economic environment. Forecasts suggest that the overall economic activity stimulated by tourism will grow at a rate of 8.4%\(^5\).

The major economic benefits in promoting the tourism industry has been the earning of foreign exchange income from foreign tourism in the form of foreign exchange increases the national income. Tourism as an industry can provide income from the sale of goods and services. It is the opportunity to increase the income level of the people that has motivated countries, in order to attract tourists from abroad. The income so earned by the local people results into generation of an additional stream of income. Since most of the foreign tourist come from the advanced countries forming the hard currency area, efforts have to be made to attract more tourists.
But the availability of foreign exchange will be reduced by the imports of goods and services to be supplied to the foreign tourists. Generally the receiving country itself is unable to provide essential goods to the tourists due to shortage. Since the foreign tourists have sophisticated demand, a backward country finds it difficult to provide the facilities. The net receipt of the foreign exchange would be partly decided by the terms of trade; i.e. the prices paid in the country by the tourists and the prices paid for the import of goods and services supplied to the foreign tourists. So efforts should be made to provide every requirement of the tourist in our own country.

Another important characteristic of tourism product is that neither it can be imported or exported, it is the customer who has to come up to the product himself when he buys a product. This characteristic of tourism has made it one of the very important source of foreign exchange earning. So as the product is non-transferable, it is the consumer who has to reach to the product and in doing so they spent a lot of money which is a good source of foreign exchange earning for developing countries like India as well as for the developed countries. The importance of foreign exchange earnings for the developing countries is however, much more than those for developed countries. Although tourism is sensitive to the level of economic activity in the tourist generating countries it

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provides more stable earnings than being provided by primary products. The income from tourism has tended to increase at a higher rate than merchandise export in a number of countries. There is now almost an assured channel of financial flow from the richer countries to then not so richer and developing ones, raising the latter’s export earnings and rate of economic growth.

For India tourism has become the third largest foreign exchange earner after gems and fabric industry. India has great potential for tourism and proper exploitation of these tourism product would help India to earn a good amount of foreign exchange and in turn will also help to solve the unemployment problem to a great extend.

As we know tourism industry is an amalgam of various other industries like Hotel industry, transport etc. the major source of foreign exchange earning for tourism is through the hotel industry, as the foreign tourists spends 50% of the total expenditure on accommodation and food. Foreign exchange earnings from tourism in 1996-97 was Rs. 11263.88 crores which covers almost 30% of the import bill on petroleum, oil and lubricants (Rs. 10417.59 crores) the country’s largest import item.
This graph shows the continuous increase in the foreign exchange earnings in tourism it is expected to reach Rs. 25958 crores by 2006. This shows a positive growth in tourism in India. But this positive growth can be attained only through proper planning.
and development in infrastructure to attract more and more tourists from all over the world. As we will be able to attract more and more tourists from all over the world it will also create employment opportunities in our own country. So another effect of tourism development is employment generation. In the next few paragraphs on effort is made to describe the impact of tourism on employment generation.

Another direct impact of tourism is on employment generation. At present the greatest problem of developing countries is unemployment or underemployment, so it is important for countries like India to concentrate their major efforts on a tertiary economic activity such as tourism. The problem which industrialised countries face in recruiting manpower for the tourist industry confirm, that, in any productive process consisting of services, human labour remains the basic need. None of the technological progress achieved has succeeded in rendering the human factor less indispensable than in this sector the high social impact of the tourist industry is well known for it has repercussions in every other national economic sector through multipliers effect.

As we know that tourism industry is a highly labour intensive service industry and hence is a valuable source of employment. It employs a large number of people and provides a wide range of
jobs, which extend from the unskilled to the highly specialised workers. In addition to the management personnel other specialists are also required for e.g. accountants, housekeepers, waiters, cooks and entertainers, who in turn need a large number of semi-skilled workers such as porters, chamber maids, kitchen staff, gardeners etc. Besides this it should also be emphasised that tourism is also responsible for creating employment outside the industry i.e. it can be called as an indirect employment generator for industries like equipments, furnishing, souvenir, farming and food supply. Another very big indirect employment generation through tourism can be found in the construction industry i.e. the industry responsible for creating the basic infrastructure for the tourism industry like hotels, roads and airports. In many of the developing countries where chronic unemployment often exists, the promotion of tourism can be a great encouragement to economic development and especially employment.

Thus tourism generated employment can be classified, under 3 heads that are direct employment in business that sell goods and services directly to the tourists, e.g. hotels restaurants, shops etc. indirect employment stimulated by tourists expenditure in activities that supply goods, services to the tourism business and investment
related employment in construction and other capital goods industries.

The total impact would encompass both the direct and the indirect jobs created by the sector. The visit of each foreign visitor provides employment to one person and 17 domestic tourists generate one job. Apart from this the job generated by the tourism sector have a number of characteristics which make them attractive to the governments world wide and in particular provides an opt channel to reduce the rate of unemployment. Some of these characteristics are as follows:

Jobs are rapidly generated at relatively low cost.

Jobs are concentrated in small business and local communities helping to equalise economic opportunities throughout a nation and provide an incentive for the residents in rural areas rather than more to overcrowded cities.

Provides significant opportunities for women. It has a natural affinity to the nature of women as hospitality is an industry in which women have the requisite dexterity, in fact women are in greater number than men in hotels and airlines.
Offer education training and skill development and thus impart the much needed vocational training that could absorb the unemployed educated youths.

Protect and revitalise traditional arts and crafts and thus rise the living standards of the immiserised artisans of our country.

The direct employment generated by the tourism industry has been projected at the rate of 8% from 1998-99, with 1997-98 as the base year. In 1997, the direct employment in this sector is about 10 million people and the indirect employment is another 21.5 million people.

But while discussing employment it is important to keep in mind the seasonal nature of the tourism industry. It has been observed that during the peak season, employment opportunities reach a very high level and in the off season the employment level touches the bottom. This creates a problem for many industries attached with tourism specially the hotel industry. So efforts should be made to even out the tourist registration by giving concessional rates during the off season. It has been observed that tourism as an industry suffers from seasonal fluctuations. In the light of these anticipation concrete steps should be taken both in the area of pricing and promotional activity so that the tourist season would be available to the maximum.
According to WTTC, tourism industry supports 9.3 million direct jobs in India. By 2010, this is expected to rise to 12.9 million jobs while the tourism economy supports 17.4 million indirect jobs in India which is 5.8% of the total employment. By 2010, this is expected to rise to 25.0 million jobs 6.8% of total employment.

The realisation of the employment potential would however, depends on the extent to which the education and training imparted by the public and private sector in tourism is integrated to the various employment generation schemes of the Centre and state government. Similarly the proper exploitation of employment generating characteristic of this industry is only possible if a proper study of this sector is made by specialists in this area so that proper and effective schemes can be formed by the State and the Centre Government in collaboration with private sector and hence helps in promoting tourism.
**DIRECT EMPLOYMENT GENERATED BY TOURISM INDUSTRY**

![Bar chart showing direct employment generated by the tourism industry from 1995-96 to 2005-06](chart.png)

**Source:** Report on Tourism Awareness Creation and Promotion, Jan. 21-1999. courtesy Assocham 15 and Ministry of Tourism.
The graph shows the number of direct employment in tourism industry and the expected direct employment in tourism industry in the coming years. It is very clear from the graph that the rate of direct employment in tourism industry will be on continuous increase giving chance to the developing countries to fight the grave problem of unemployment by promoting tourism. It is a great opportunity for a country like India which has every kind of tourist attraction from desert safaris to ocean cruises, from mountains to plains, lovely hills, beautiful beaches, great historical attractions etc including almost all kinds of adventures. If tourism in India is promoted in a proper and systematic way by the government it will solve the unemployment problem in India to a great extend. As we have seen that tourism provides great help in solving unemployment problem in a country, besides this it also creates means for infrastructural development. In the next paragraphs it will be seen how tourism act as a means for infrastructural development in a country.

As we know that the basic requirement to promote tourism in any country is the need for proper infrastructure. So another important benefit from tourism is the development and improvement of infrastructure. The benefits from infrastructure investment justified primarily for tourism are e.g. airports, roads, water supply and public utilities may be widely shared by the other sectors of the
economy. In addition to the development of new infrastructure the improvement of the existing infrastructure is of crucial importance as they confer benefits on the resident population. Further more the provision of infrastructure may provide the basic or serve as an encouragement for greater economic diversification. A variety of secondary industry may be promoted which may not serve the needs of tourism. Thus, indirectly, tourist expenditure may be responsible for.

After the infrastructural development comes the regional development. The United Nations Conference on International Travel and Tourism held in Rome in 1963 noted that tourism was important not only as a source for foreign exchange earning but also as a factor in location of industries and hence developing the under or less developed areas.

The underdeveloped regions of the country can be greatly benefited from tourism development. A large portion of leisure and recreational travel tends to flow to economically backward areas where natural resources are generally unsuitable for agricultural and industrial purposes: snow for winter sports; the hill and mountains for climbing hiking etc., forest lands for national and provincial parks. Tourism allow these areas which have been apparently disinherited to enter into stages of regional and national growth, and
the resources which are unproductive for other industries, represent a source of wealth for tourism. These areas if developed for tourism can bring in a lot of prosperity to the local people. Tourism development in these regions may become a significant factor in redressing regional imbalances in employment and income. Tourist expenditure at a particular tourist area greatly helps the development of the areas around it. Many countries both developed and developing have realised this aspect of tourism development and are creating and developing tourist facilities in underdeveloped regions with a view to bring prosperity there. What is more, it can be a source of prosperity to the local population. There is no dearth for tourism, becoming great assets to the region in particular and to the country as a whole.\textsuperscript{8}

Tourism is to be regarded not as an area of peripheral investment but as one of primary investment whose benefits will help in creating employment opportunities and regeneration of backward regions.

In addition to the economic benefits as discussed above, there are certain social benefits of tourism also. These social or intangible benefits are in terms of education, social and cultural values, international understanding etc. and hence bringing people of the world close to each other. Tourism reduces tension and
widens knowledge. This theory applies to every tourist region and specially for countries like India which are vast and have great cultural heritage. The intra and inter region movement of people in India help them to understand each others culture, tradition, feelings. Their way of living, their believes etc. In other words it helps an individual to know others fully hence promoting understanding and peace in the country. In fact this is the factor which has kept India together in the past and will help in shaping us into a fully integrated nation in the future.

In addition to economic benefits there are some social advantages also.

The primary among the social benefits is the raising of the living standards of the people. The visit by a tourist to a country affects the living pattern of indigenous people. The way tourists conduct themselves and their personal relationship with the citizen of the host country often have a personal affect upon the mode of life and the attitude of the local people. The most profound affect of this phenomenon can be noted when visitors from developing countries travel in underdeveloped countries having a primitive culture or a culture which is characterised by low (economic) standard of living and unsophisticated population. The tourist act as
a teacher, giving a lesson of sophistication, gentleness, proper
behaviour through his action to the common folk.

Next important social factor is international understanding. Tourism has always been considered as a passport to peace, as travel has always enabled man to broaden his mental horizons. International travel break down the barriers of suspicion and exclusiveness among the nations. It is a major source for peace and understanding in the world. When people travel to distant lands, they gain an insight into the customs, traditions and ways of life of others and thus able to perceive the underlying unity of the human society, and hence makes tourism the foremost catalyst for the peace.

Basically these are two significant factors contributing towards peace, they are co-operation and understanding. The development of tourism in many countries have been a major factor in building international understanding. While speaking on an international relations, Mahatma Gandhi once said, "I do not want my house to be walled in all sides and my windows to be stuffed – I want the culture of all lands to be flown about my house as freely as possible. But refuse to be blown out my feet by any."

These words reflect the true spirit of tourism, and with this spirit in our hearts we can promote cooperation and goodwill for our
country. To make it more clear, one thing required desperately to create goodwill of our country is appreciation and understanding of other peoples way of life and institutions, because tourism is nothing but the production of a nation's culture which has been defined as the sum total of its achievements, its own expressions of its personality, its ways of thinking and acting. Tourists are a mirror to the country they belong as they reflect the social conditions prevailing in their motherland. Tourism has done its best in wiping out the political boundaries and hence creating an atmosphere of international understanding and cooperation in this world.⁹

Another very important social benefit of tourism is that it helps in promoting and preserving cultural heritage. Cultural attraction of a country has always remained a great source of tourism promotion. From ancient times till today people undertake tourism to understand the different cultures and traditions prevailing in various parts of the world. India being a lucky country have innumerable culture and traditions prevailing in her, due to its regional diversity. Each region in India has its own culture and tradition different from the other. This characteristic of India attracts large number of tourists from all over the world who are keen to visit and understand the exotic culture and tradition of a historic country like India. Every dynasty that had survived in India had left the traces of its culture
and tradition in India in form of monuments etc. hence making India a great historic county with the invaluable assets of its cultures and traditions.

The credit for prevention of such precious culture and traditions goes to tourism, as many developing countries like India, on path of development were paying no attention to prevent their culture and tradition, but demand of the foreign tourists have force such countries to prevent their cultural heritage. As a result today tourism in India has become the third largest industry.

Besides this tourism is generally accompanied by cultural exchange and by cultural enrichment of those who travel as well as those at the receiving end. Cultural factors attract tourists to various destinations, architecture, historical monuments etc. Festivals and exhibitions rely heavily on visitors traffic for their audience and attendance. Hence the activities in which tourist engage also have a great educational significance. Tourism in other words is an education of other people, habits, society, food, dress and the whole way of life which helps in dispelling the wrong notions that people have about others. This is possible only because of tourism as seeing observing and talking to the people can only give you the real impression than what you have heard about them. Hence tourism helps in killing false notions and perceptions that
people form about a particular society. But in turn it promotes valuable education about a place and its people, clearing a man's perception and broadening his mental horizons.¹⁰

Tourism not only fastens 'economic growth' but also brings about greater 'economic development' which involves economic growth with more equity. The activities associated with tourism lead to a balanced development of backward areas and weaker sections and create an environment of equity in the long run.

In this chapter we have dealt with the economic and social benefits of tourism.

In conclusion we can say that tourism is an important instrument of change and development. It brings about a number of reforms and gives direction to economic development of a country in the form of capital investments, human resource development, employment generation, promotion of environmental and ecological conditions, social integration and above all the foreign exchange earning to the country.
CRITICAL ANALYSIS

But besides being a great economic developer tourism has certain limitations as well which are not appreciated by the local population. Tourism as we know is growing in importance to many countries. Between 1995 and 2000, tourism receipts, measured in US dollars, have grown at 6 per cent per annum in Africa, 7 to 14 percent in Central and South America, 6 percent in the Middle East and 7 percent in South Asia. Only in East Asia and the Pacific has growth (at 2 percent) which is significantly below the world average of 3.1 percent. Even in Eastern Europe, which was experiencing significant transition problems over this period, tourism receipts grew at 2.8 percent per annum. The result was that the Asian countries had to suffer loss to some extent in the tourism invested area.

As we know that tourism creates employment in rural and backward areas as well but the workers from these areas have low incomes as a result they are employed on a very low scale and are more liable to get exploited.

With the increase popularity of the destination there is considerable increase in the tourist inflow at a particulars place as a result congestion of tourists takes place it not only has a significant
environmental impact but it also affect other tourist benefits. As a result new infrastructure starts developing for eg. Hotels, motels, etc. which distributes the economic benefits of the already existing, infrastructure and hence there is uneven distribution of income.

Tourism also has a negative impact on poverty which includes impact of price changes on real income, reduced areas to other necessary livelihood due to tourist demands, reduced access to conservation areas and there is impact on health. This is mainly the result of lack of interference of local communities in planning and decision making when tourist facilities are being developed. There is lack of impact of local population to provide services to the tourist as a result there is economic leakage. Besides of these economic leakages still government has not planned an efficient measure to provide alternative livelihood to the local population of a developing area.

With increasing tourism development all over the world no specific measures have been taken to overcome pressures of increasing international competition and possible capability of holograph to reproduce artificial environment which have led to increasingly shorter innovation cycles in an effort to penetrate into newer markets, since unlike other sectors of the economy, the capital lost in tourism cannot be regained.
Besides these reasons there is inflation, reduction in the quality of life of local residents as there is hike in prices and there in also rise in property prices of a developing region. The influx of money into a local economy may distort occupational stability and contribute to a breakdown of family and community cohesion. Government encourages tourism because of varying reasons ranging from the lack of any viable alternative where an existing industry or traditional primary sector declines or because jobs in the tourism sector are relatively quick, easy and cheap to create while the influx of affluent visitors stimulates the general economic development of the region but in turn it, changes the economics of the host region or place which in turn effects the economy of the country. Moreover the development of a major tourism sectors imposes a variety of costs on the host community, as additional amenities and infrastructure improvements are required to change an area into a competitive destination. And tourism sector often claims priority over other users for resources resulting in conflicts with other sectors.

The employment potential of tourism compared with other industries has been criticized on several grounds. The employment generated in tourism in most areas are seasonal, it also sometimes does not provide meaningful jobs. The inhabitants are in fact
relegated to inferior or menial positions and are given unskilled and low-paying jobs; the local population is often unwilling to fill vacancies.

Tourism employment may detract workers from other sectors because of attractive opportunities like meeting outsiders, to learn new skills and to earn high commissions, affecting adversely the production of other sectors. Another specific criticism of tourism employment directed at developed countries related to its limited career potential, the unsocial hours often required, and the high proportion of low paid, seasonal and temporary jobs normally filled by women or by students in the peak season. To the extent that poor working conditions demoralize on disenchant staff serving in tourism organizations resulting in an uncalled for risk of low service standards.

Besides all these economic limitations tourism also has certain social and cultural limitations as well. As more and more exposure of a region is made to an open world certain changes are likely to take place in its social and cultural settings. These changes at present are seen more negative rather than positive. With the increase in tourists visiting a place the culture of the place is exposed to the Western World and hence the originality is tampered.
It is also seen in small towns as well as cities that low income tourists are increasingly demanding for flesh trade as a result most local women and girls are indulging in such trade to earn money. This in turn is also creating severe health problems and is resulting in the rise of diseases like AIDS. Still no strong measures are been taken by governments of developing countries to stop such activities.

With the increase in tourists inflow the crime against tourist have also increased, which do not only destroys the image of a particular destination but also destroys the image of a country. In spite of increase in the crime rate government has failed to provide proper identification to the tourist, guides, taxi drivers auto rickshaw drivers and others who come in close contact with the tourists.

In this chapter one have dealt with the economic and social impact of tourism as well as the critical analysis of these impacts.

CONCLUSION

In conclusion one can say that tourism is an important instrument of change and development. It brings about a number of reform and gives directions to economic development of a country in the form of capital investments, human resource development, employment generation, promotion of environmental and ecological
conditions, social integration and above all the foreign exchange earning to the country.

But in most developing countries like India active involvement of government in tourism is required to compensate for the absence of a strong and tourism experienced private sector. Under these conditions, the government has to undertake an entrepreneurial role to ensure that pioneer activities are initiated, including the development and operation of tourist facilities. Five areas of active consideration for the government which is the requirement of present era include maximizing net foreign exchange earnings, attracting foreign investment, ensuring employment openings for residents, designing befitting land use policies and securing commensurate air transportation. Besides these areas government has another significant role to play, a formidable and invidious role, the role of regulator or referee between the incompatible interest in society with social chaos as the alternative.
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