

## Tourism in Karnataka: A tool for sustainable development of economy

Thippeswamy G

Research Scholar, Department of Economics, Dravidian University, Kuppam, Bangalore, Karnataka, India

### Abstract

The state of Karnataka accounts for around 5% of India's national income and the State have been ranked No. 1 by the World Bank for its investment climate in a study that analyzed 16 States using 46 investment parameters. The fact that one new MNC invests in the State every week is testimony for the fact that Karnataka is the leading investment destination in the country. One of the fastest-growing states in the country, Karnataka has a strong industrial base and vibrant tertiary sector. The services sector, has in fact been, the engine of growth.

The state of Karnataka is one of India's leading industrial states, contributing almost 8% to the national manufacturing income. It has a long tradition of supporting entrepreneurs, and encouraging innovation and research. Its strong and vibrant industrial base combines the intrinsic strengths of large industrial public sector undertakings, large and medium privately owned industries, a wide range of small-scale units. Tourism is one of the fastest growing industries of the world. It plays a vital role in the economic development of a country. India is one of the popular tourist destinations in Asia. Bounded by the Himalayan ranges in the north and surrounded, on three sides by water, India offers a wide array of places to see and things to do. The enchanting backwaters, hill stations and landscapes make India a beautiful country. They attract tourists from all over the world.

Tourism is the second largest foreign exchange earner in India. The tourism industry employs a large number of people both skilled and unskilled. Tourism is the largest service industry in India with a contribution of 6.23 percent of the national GDP and 8.78 percent of the total employment in India. Hotels, travel agencies, transport including airlines benefit a lot from this industry. Tourism promotes national integration and international understanding. It generates foreign exchange. It promotes cultural activities. The diverse geographical locales of India delight the tourists. The monuments, museums, forts, sanctuaries, places of religious interest, palaces, etc. offer a treat to the eyes. Every region is identified with its handicrafts, fairs, folk dances, music and its people. The Indian tourism industry has been hit by pollution. The effluents emitted by the Mathura Refinery has led to the decolourization of the Taj Mahal in Agra. The condition of many of our monuments is deteriorating due to the negligence of the authorities concerned.

**Keywords:** tourism, national income, industrial public sector, multi-national complains, services sector

### 1. Introduction

Tourism is a world's largest industry and so it is of vital importance to the world economy. Tourism represents approximately 7% of worldwide exports of goods and services occupying the 4<sup>th</sup> position in the ranking after exports of chemicals, automotive products and fuels. When considering service exports, exclusively the share of tourism exports increases to nearly 30%. Tourism is constant concern of developing countries, which can only look on as their hopes to achieve substantial improvement in their economies through it.

### 2. Potential role of tourism in economic growth

The Karnataka Tourism Plan reflects the thrust given to tourism and the developmental model being implemented. In both cases, the National and the State level, infrastructure needs of the temporary visitors are being given precedence. Tourism is one of the fastest growing sectors of the global economy. Developing countries are attempting to cash in on this expanding industry financial reserves. The contribution of the tourism sector to economic growth, job creation, domestic capacity building depends on the following factors.

1) Extent to which the tourism sector is integrated into the national economy through linkages with other sectors and integration into regional and global value chains.

- 2) The extent to which revenue generated by tourism, including foreign exchange, is used to finance infrastructure development support local enterprises in particular small and medium sized enterprises to create a vibrant local economy.
- 3) The policies and strategies adopted by Government should encourage domestic and foreign investment in tourism to promote labour intensive activities.
- 4) National efforts to ensure that tourism activities are carried out sustainably and meet economic, social and environment objectives.

The tourism investigates the role of international tourism income in economy of selected countries. It has been regarded as one of the most important sectors providing an opportunity for economic growth. Tourism industry has become a major economic sector that generates foreign exchange earnings in most of the countries.

Travel and tourism has a number of advantages over other industry sectors, as it creates jobs and wealth.

It contributes for sustainable development and has low start-up costs. The World Travel and Tourism Council (WTTC) estimates that travel and tourism are directly and indirectly responsible for generating across the global economy like 1% of GDP, 200 million jobs, 8% of total employment, 5.5 million new jobs per year until 2010.

International tourist arrivals has been raising from 1950-25 million, 1990-435 million, 2000-675 million, 2010-940million. In 2013 it has crossed 1 billion. These figures clearly illustrate the trend of growth. During the period from 1970 to 1990, the annual growth rate reduced to 5%. But, this growth rate was sufficiently on a higher base two decades earlier.

Over the last decades, this sector grow considerably faster in developing countries than in developed countries. Developing countries account for over 45% world tourism arrivals and more than 35% international tourism receipts. The growing trend in intra-regional travel has also contributed to the grow of the tourism sector in many developing countries.

- Get Government to accept travel and tourism as a strategic economic development priority.
- Move towards open and competitive markets by supporting the implementation of GATS liberalize air transport and deregulate telecommunications in international markets.
- Eliminate barriers to tourism growth which involves the expansion and improvement of infrastructure like modernization of airports, roads and tourist facilities.
- Tourism is making tremendous head way in many countries. Growth of tourism brings benefits to an economy in a number of ways such as generation of income, expansion of employment opportunities, mobilization, cultural transformation and development of commerce.

### 3. Review of Literature

Study indicates that tourism sector has a long-run economic growth effect for Greece. Oh (2005) on Korean tourism has concluded that the increase in tourism income influences the economic growth. Kim *et al* (2006) has examined the causal relationship between tourism development and economic growth in Taiwan and find a reciprocal relationship between tourism development and economic growth of the country.

In the literature of tourism – economic growth relationship, there have been an increasing number of studies on the impact of tourism in economic growth in the developing and the developed world. The empirical analysis of china observed a strong reciprocal relationship between international trade and international tourism.

Tourism industry affects economic growth in different ways. First tourism is one of the main source of foreign Exchange earnings for many countries. Secondly, tourism has the ability to generate employment. For example, UK tourist economy directly supported over one million jobs in 2009. Tourism supports more than 8% of the world's workers. Thirdly tourism income contributes to government revenues in two ways. Direct contributions are generated by taxes on incomes from tourism employment and tourism business and industry contributions come from taxes and duties levied on goods and services supplied to tourists.

### 4. Economic benefits of tourism in India

Travel and Tourism in India is an integral part of Indian tradition and culture. The dimension of tourism changed as trade and commerce developed. With 2.37 million foreign tourist arrivals bringing in foreign exchange receipts approximately Rs.11,000 crores, tourism is the second largest net foreign exchange earner in the country. In spite of

challenges and areas of concern, Indian economy has shown positive economic trends during the last few years registering 8.5% growth rate of GDP and attaining the magic figure of \$129 billion foreign exchange reserves.

Tourism helps the visitors to get acquainted with the culture, customs and conventions, language and mode of living of the local people. Tourism thus liberalizes their mind and helps the people to strengthen the bonds of friendship, international understanding and co-operation. The economic importance of tourism in India can by no means be underestimated. It benefits the people living in and around tourist centers financially. Fortunately for India, the Ministry of Tourism of the central Government and the departments of Tourism of the different State Governments are jointly trying to make all possible attempts to attract the tourists to this country.

The Government of India understands the importance of promoting Tourism. Tourist hotels, tourist lodges, dormitories and rest houses are made and maintained by various state Governments to look to the comforts of the tourists. The money spent by the foreign tourists at hotels and other places helps the local economy. The Natural Tourism Board and the Tourism Finance Corporation of India have been working in full swing to bring about the improvement of tourist centers in India. These will immensely economic benefits to the regional people. From time immemorial it is the inherent desire of man to see the unseen and to know the known. This is why we have seen from the pages of History that foreign travellers namely Megasthenes Fa-Hien, Hiuen-T-Sang etc. made their extensive tour on our country which was and has been rich in natural beauties, architectural relics, snow covered mountains that allure thousands and thousands of people to make their extensive tour to this country of India.

It is no doubt a fact, that in ancient time travelling was limited to some wealthy classes of people. But at present with the improvement of transport and communication system – tourism has been made very much attractive all over the country. As regards tourism in our country there are innumerable lovely spots, historic sites and places from the Himalayas in the north to the Kanya Kumari in the south.

Apart from Amarnath, Kedarnath, Gangotri etc. Puri, Konark, Bhubaneswar, Digha, Bakkhali, Bakreswar, the Taj-Mahal of Agra, the Red Fort of Delhi, the cave temples of Ajanta and Ellora draw large crowds of tourists every year. Tourism has now been accepted as an industry like all other industries that earn foreign money from the tour-loving people of the world.

### 5. Tourism Industry creates employment and contributes towards improving the economy.

Tourism has caused the growth of travel agencies and tour operators, establishment of hotels and guest houses, restaurants and eating houses, making of luxury coaches and vehicles, and introduction of super-luxury trains and airways. It has also encouraged the revival and modernization. Of many small-scale cottage industries whose artisans and craftsmen have now flooded the market with innumerable gift items and curios. In its own way tourism is thus trying to solve a part of our vast unemployment problem.

Tourism in India has a strong relevance to economic development, cultural growth and national integration. As mentioned earlier, India is a vast country of great beauty and diversity and her tourist potential is equally vast. With her rich cultural heritage as superbly manifest in many of the

architectural wonders (palaces, temples, mosques, forts, etc), caves and prehistoric wall paintings, her widely varied topography ranging from the monotonous plains to the loftiest mountains of the world, her large climatic variations ranging from some of the wettest and the driest as well as from the hottest and the coldest parts of the world, beautiful long beaches on the sea coast, vast stretches of sands, gregarious tropical forests and above all, the great variety of the life-style, India offers an unending choice for the tourist.

### 6. National tourism policy

India has realized the profits available from this sector. India's tourism industry now brings billions of dollars into the economy each year especially in the last twenty years when India liberalized its markets. Service sector employs about 30% of India's workforce. Tourism is a growing portion of India's economy with an earnings increase of more than 17% from 2009.

- a) The type and scale of tourism developments should be compatible with the environment and socio-cultural characteristics of the local community.
- b) It should be planned as a part of the overall area development strategy guided by an integrated land-use plan and associated with the expansion of public services.
- c) It should involve the local community and lead to the overall economic development of the area.
- d) It should identify the likely conflicts between resource use for tourism and livelihood of local inhabitants and attempt to minimize such conflicts.

### 7. Issues and challenges faced by global tourism industry

The World tourism sector enjoyed its fourth consecutive year of growth in the year 2008. Foreign tourist arrivals grew by 2.3 percent in 2008 to reach a figure of over 924 million. This represented 21 million more arrivals than in 2007. The growth in international tourist arrival in 2008, 2.3 percent, is lower compared to 6.6 percent in the year 2007. Tourism can continue to deliver its current benefits and can extend them even more widely, all the ensuring that it remains sensitive to its potential negative impacts.

Global uncertainty remains a major concern. Terror attacks and climate uncertainties are the most direct example of global uncertainty. However, there are other areas of concern such as geopolitical relations, government travel restrictions and currency exchange rates. The industry needs to take a proactive approach in addressing these issues and their impact.

Human Resource is an area that is growing in importance. As the industry continues to recover, it needs to focus on its employees and their roles as service provider. Increasing demand requires increased staffing levels at a time when the labour pool is shrinking. To address this issue, the industry must attempt to work with the unions as allies, devote more time and money to recruitment and training and educate the workers in the tourism industry as to give effective service.

Following Branding issues are faced by the industry. Instilling authenticity of local culture into brand standards remains a challenge. Increased competition between the brands is leading to amenity creep and diverging interests between owners and brands.

The industry must align technology investment with business objectives for better utilization of it in marketing and to meet

customer requirements.

There is a significant amount of capital currently flowing into the industry. Not only investors are betting on a strong recovery, but also in some cases they are performing realistic projections and investment analysis.

Customer issues present a challenge to industry in several ways. Increasing loss of control over the customer in homogenization of the hotel product and increased corporate oversight reduces the amount of control that operators have over the customer. Changing of customer expectations as consumers become more sophisticated and better educated, their expectation also increases and changes time to time.

The terrorist attack remains a major concern for the industry. So, the sector should offer enough safety and security to protect their guests while encouraging tourism. Tourism provides an economic incentive to conserve natural environment and habitats, thereby, helping to maintain biodiversity. Tourism need to be expanded while promoting and protecting natural resources, local culture and lifestyle.

### 8. Conclusions

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. But much more remains to be done. Eco-tourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of the India's natural and cultural environments. Tourism in India should be developed in such a way that it accommodates and entertains visitors in a way that is minimally intrusive or destructive to the environment and sustains & supports the native cultures in the locations it is operating in. Moreover, since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organizations become active partners in the Endeavour to attain sustainable growth in tourism if India is to become a world player in the tourism industry.

The tourism infrastructure in India should be strengthened. Airports and railway stations should provide information to the tourists about the tourist destinations. Government owned hotels should be properly managed. The government should be taken to restore the ancient splendor of the monuments. Sincere efforts could help to further develop the Indian tourism industry.

The National Tourism Policy 2015 which is in the offing would become a catalyst to drive the tourism industry and give a fillip to infrastructure projects in the sector. The industry is private sector driven, where young and innovative entrepreneurs are the providers of products and services and the government's role is to act as a facilitator in removing the barriers and irritants for smooth functioning of the sector.

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