

THE IMPACT OF TOURISM ON ECONOMIC GROWTH AND DEVELOPMENT IN ANDHRA PRADESH

Manda Hemalatha^{1*} and Dr. Palleti Sujatha¹

^{1*} Full time Research Scholar (NFSC/RGNF), ¹ Assistant Professor.

¹Department of Tourism Management, Vikrama Simhapuri University, SPSR Nellore, Andhra Pradesh, INDIA-524320.

ABSTRACT:

An important element in assessing the qualities of tourism focusing on the ecosystem is determining its economic impact in there selected area. This revision uses a social accounting atmosphere to observe the economic effects of tourism in an Andhra Pradesh. The environment provides a regular structure for synthesizing and displaying the data on a region's economy and estimating district economic multipliers. Most of the Inputs, products, and money used in the region are imported. Therefore, Andhra Pradesh tourists used to pay for these imports and will produce only a small economic impact. Therefore, there is small motivation to prevent recent economic activities that are possibly answered to ecosystem-based tourism. A comparison of the results in this study with earlier studies of Andhra Pradesh suggests that the economic importance of tourism has been increasing. There are only few empirical studies that investigate the contributions of tourism to economic growth and development for Andhra Pradesh economies. This study explores the possible role of tourism to financial growth and development within the straight structure. The results explain that proceeds from the tourism industry broadly donate both to the present level of gross domestic product and the financial growth of Andhra Pradesh as do funds in physical and human capital. Our findings imply that Andhra Pradesh economies could enhance their short-run economic growth by strategically strengthening their tourism industries.

KEYWORDS: Tourism Economic Growth, regional economic impact, tourism development

INTRODUCTION:

Tourism generates a major amount of foreign exchange earnings that also contribute to the economic growth of development. Such ingredient of growth has not been effectively harnessed in Andhra Pradesh. Therefore, it is not surprising to visualize that tourism can be a possible export-oriented economic growth policy for bringing jobs and development to the people and help in the decline of horrible poverty. In spite of its increasing importance in Indian economies, however, tourism has attracted relatively little attention in the empirical literature on economic development. These studies examining the rates of growth and development have largely focused on the contributions of exports from the agricultural and manufacturing sectors, rather than those of the service industry. Even those that clearly examine the tourism sector in developing nations are mainly concerned with estimating and forecasting tourism demand and income generation using the multiplier process Since the different sectors of an financial system are usually organized, expenditure changes originating in any one sector of the financial system, such as tourism, have a tendency to have a overstated effect on the economy. The amount of the total effect depends on the strength of the linkages among a mixture of sectors or industries such as tourism, domestic suppliers, and the import sector. One method often employed for estimating the growing effect, which flows from an initial expenditure change, uses data from an input-output table to calculate multipliers. A mixture of multipliers constructed in modern years to calculate the economic impact of tourism have exposed, for example, that small countries generally tend to have lower multipliers due to smaller quantity sectoral linkages and higher import leakages. The tourism industry in any country encompasses a various group of business started selling different types of goods and services some of which is to tourists. The proceeds from tourism can

have a overstated impact on the mass country's economy in three ways. First, the primary booster of tourist spending creates direct profits to airlines, shops, travel agents, hotels, restaurants, and other tourist facilities. This is called the "direct" or "primary effect." Second, the recipients of the direct spending produce other profits to business firms supplying those required inputs. Airlines, for example, obtain inputs such as fuel, communication services, and arranged food; and the suppliers of these materials buy storage services, electronic tools, raw food, and the like. This is selected the "indirect effect" and is computed by adding straight rounds of expenditures. The process ceases when a formation process requires no material inputs or where inputs are fully imported. Finally, the beneficiaries of direct and indirect effects spend their increased incomes on expenditure or investment goods which generate following rounds of purchases by the supplying industries and additional induced consumption. These final effects taken together comprise the "induced effect." The indirect and induced effects jointly constitute what is sometimes called the "secondary effect." Tourism focusing on the ecosystem is seen as a means to maintain use of natural resources and supply income and economic safety for a region. However, if one is to estimate whether tourism could promote the region and the amount of those benefits, a descriptive and analytical model of profitable activity is required. From an economic point of view, the structure of a regional economy can be described by its production, income sharing, expenditure of goods/services, investment, savings and employment.

OBJECTIVES:

- Tourism and economic growth of Andhra Pradesh.
- Role of Tourism development in Andhra Pradesh.

REVIEW OF LITERATURE:

In a modern study of the economic growth shows of Greece, Dritsakis (2004) shows that tourism has a high economic growth result. The tourism growth shows a high financial performance. They have also created a useful support for the tourism growth. Similarly, employing the union approach based on type of analysis, Proenca and Soukiazis (2005) examine the impact of tourism on the per capita income growth of regions and draw the conclusion that tourism can be considered as an alternative solution for attractive regional growth, if the supply features of this sector are improved. The coverage given to the contribution of tourism has been limited in the relative growth performance. In some countries, Brau, Lanza, and Pigliaru (2003) document that tourism countries grow faster than all the other sub-groups (OECD, Oil Exporting, LDC, Small). Various developing countries have started to believe tourism as an important part of their economic growth and development strategies as it serves as a source of insufficient financial resources, foreign exchange earnings, job creation, and technical assistance (Sinclair, 1998; Dieke, 2004). However, Chen and Devereux (1999) disagree that tourism may reduce promote for profession by export taxes, or importance subsidies. Using a hypothetical structure, they display that foreign savings in the form of tourism is, for the mostly component, useful while tourist immiserization is also possible in Sub-Saharan Africa. Thus we cannot expect the direction of the impact of tourism proceeds on the economic growth of Sub-Saharan African economies, based on the above discussions.

RESEARCH METHODOLOGY:

This is a descriptive study; it is based on the review of literature and secondary data. Secondary data is collected from various websites, journals, magazines, newspapers and reference books. The literature review has shown prior research work done on this area

ROLE OF TOURISM INDUSTRY IN GENERATING FOREIGN EXCHANGE:

Throughout the world tourism is the biggest export industry. International tourism is one of the most important elements of the foreign employment worldwide and for several states it is now become the most

favourable export business and receiver of foreign exchange. The authority of tourism on national promote is properly systematic now a day due to the reason the growing size of the tourist industry. It is popular by the World Tourism Organization and by the World Bank and on 27 September has been assigned as World Tourism Day. On present tourism industry is the world leading industry. In 1997 international tourist exchange was 613 million which created earning around US\$444.0 billion and it was confirmed by World Tourism Organization. It is expected that tourism is dependable for about 8% of whole export of the world and additional 30% was connect in trade services globally. It is also projected that tourism and travelling is answerable for work and services that is about 212 million of persons directly or indirectly consisting for about 10.7% taken as a whole work force. The sector of tourism and travel produces an spend of per million rupees on service than any other division of the financial system and is talented of giving employment to a large range from the unqualified to the particular or specified even in the remote parts of the nation (Patel, 2013)

With respect to the original result of World Tourism Organization in 2005, the amount of foreign tourist onsets has improved by 5.5%. This growth in 2005 was preceded by the development of about 10% in 2004. In year 2005 it was first time that the quantity of the onset of foreign people has go across 800 million score (808 million) with respect to 766 million in the year 2004. However this development is not great linked to earlier year; it is yet above the “lengthy permanent yearly growth rate of 4.5%”. The area representation to the development of about 7% compared with the growing of India’s tourism that is about 13%. This development in global tourism is likely to be decelerating on 2006, about one percentage point, however yet continuing clear of the standard of this industry. There has been a worldwide tourism call in modern intervals. Worldwide tourism has been performing far better than world employment. Tourism revenues have enumerated a difficult development than that of world employment in facilities and products distribution. It is expected that the world tourist travel will rise to about 1602 million by recording a progress of about 4.3% for the period up to 2020. India is likely to record a difficult development of 6.1 %.(Patel, 2013)

TOURISM’S CONTRIBUTION TO ECONOMIC GROWTH:

The different files approves that tourism, worldwide as well as domestic, should be measured as an main element of financial motivation programs, mainly in periods of financial disaster. It act as an financial method which means that tourism should be leading to extent to expected to improve economic development for the reason that the employment flows produced by a strong tourism business and require a main consequence on trade and customer declaration, as can be comprehended from the amount of the additional financial penalty of tourism in the T20 nations (Vellas, 2012). The comparisons among the financial disaster of 2009 and the profitable improvement in 2010, illustrate that there is a major alterations present among T20 states permitting to their specific economic condition.

- Those states having constant economic development, profits from worldwide tourism support to speed up development, growth rates in times of recovery are complicated than those for industrial development.
- In nations with delicate financial development, early result about the improvement in GDP progress in 2010 in association to 2009 identify that global tourism does not perform to run into potentials as a reason preferring financial retrieval in a definite quantity of T20 states.
- equally, tourism’s classified the involvement to the extension of financial growth most likely resembles only to a time-shift, since a very sharp development can be seen in some important tourism nations in the most important half of 2011 (Vellas, 2012)
- In nations with a strong retrieval in economic development, mostly in India and particularly in Andhra Pradesh, the tourism subdivision creates a significant involvement to the continuation of financial development.
- as a result, the tourism region can show a main position in financial motivation strategies in return to disaster conditions, administered that tourism is practical as a major component of such strategies, as both

an financial method and a cause of job formation that balances other divisions, particularly industrial (Vellas, 2012)

ECONOMIC GROWTH AND DEVELOPMENT:

However, much of the literature and conclusion about 'development' focuses on economics. Positively 'development' and 'economic development' have frequently been treated as equal concepts. The economic development of a country or the public is frequently associated with rising incomes and related increases in spending, savings, and investment. Obviously, there is far more to economic development than income growth; for if income sharing is highly twisted, growth may not be accompanied by much improvement towards the goals that are usually associated with financial development. Clearly not all the developed countries exhibit all these features in equal measures. The economic growth can go after many different paths, and not all of them are sustainable. In fact, there are many who dispute that given the limited nature of the world and its resources, any form of economic growth is finally unsustainable. We shall leave these debates for afterwards. For now allow us appear at what exactly financial growth is and how it is measured. Economists frequently measure economic growth in terms of gross domestic product (GDP) or related indicators, such as gross national product (GNP) or gross national income (GNI) which is imitative from the GDP calculation. GDP is calculated from a country's national financial statement which report annual data on incomes, investment and expenditure for each sector of the economy. Using these data it is potential to approximate the total income earned in the country in any given year (GDP) or the total income earned by a country's people (GNP or GNI). GNP is copied by adjusting GDP to include repatriated income that was earned abroad, and eliminate expatriated income that was earned nationally by foreigners. In countries where inflows and outflows of this type are considerable, GNP may be a more suitable display of a nation's profits than GDP.

There are three different ways of measuring GDP

- the profits approach
- the production approach
- the spending approach

The income approach, as the name suggests schemes people's incomes, the output approach measures the value of the goods and services used to generate these incomes and the outflow approach methods the expenditure on goods and services. In theory, each of these approaches should lead to the same effect, so if the output of the financial system increases, expenditures and incomes should increase by the similar quantity.

WORLD TOURISM ORGANIZATION'S VISION 2020:

The World Tourism Organization, make a calculation of few years back that US\$ 2000 billion will be created by the business within the year 2020. It has investigated that the developing tendencies and influences, which will effects the upcoming development pattern of the industry. These are the important investment made by World Tourism Organization's that are given below:

- By 2020, there will be 1.6 billion worldwide tourist onsets and tourism income will rise to a wonderful US\$2000 billion, internationally. There will be continuous regular yearly growth rate of 4.3% (for entrances) and 6.7% (for earnings) during the world till 2020.
- In the face of this development only 7% of the world's citizens will turn out to be achievable visitors. Thus permitting to World Tourism Organization the business would be gentle in original stages even at the time of 2020.
- The top 10 tourist recognition republics would experience most important variations and China would be getting final amount of tourists that are expected to be 137.1 million together with a market share of 8.6% by 2020. Straight market leader, France would drop to the third position. China will have a regular growth rate of 8.0% in traveller onsets during the period 1995-2020.
- There will be variations in the peak tourist creating states. Japan, Russian, and China association will arise as the new main outbound tourist states.

- However Europe will continue the most important tourist-receiving area, its section will come down to 45% from the existing 59%. Purpose of Tourism Industry in generating Foreign Exchange.
- South Asia will increase at a rate of 6.1% per annum all over the phase but its share will raise only up to 1.2% from the existing 0.7% (Patel, 2013)

In a nutshell, tourism is the world's foremost industry and is dependable for savings, creation, growth and development; it is the most significance source of foreign exchange along with the foreign instruction investment. Making tourism a business more possible will encourage financial system of the country and produce more and better service and jobs for the higher savings profits this may promote the development of the region and may also take part in the reduction of deficiency and raising the awareness and support for the constant use of natural resources.

ANDHRA PRADESH TOURISM VISION 2020:

Andhra Pradesh presently tops in domestic arrivals with a huge 11.17 crore tourists streaming in from across the country constituting 24 % of domestic travellers in the country, and 7.69 lakh foreign travellers accounting for nearly 6% of international tourists. However, unlike Karnataka, Kerala, and even Goa, tourism is not what comes to mind when one thinks of Andhra Pradesh. Being a highly liberalised state clearly this is fast changing and the government of Andhra Pradesh has motivated plans with its focus on tourism as major money –spinner and foreign exchange earner. Andhra Pradesh vision 2020 sees tourism as generating large scale employment, particularly in small services. It expects to control on its historical, religious, and leisure sites, existing or potential, on which it can build a great tourism sector, its central location in India, and its lengthy coastline. Similarly, Andhra Pradesh has ventured on a forceful promotional drive, in an effort to improve tourism both at national and international levels. With a vision, bring the world to Andhra Pradesh and 'Take AP to the world', the government plans to make the state the final destination in India by the year 2020.

CONCLUSION:

The main goal of this study is to investigate the effect of international tourism on the economic growth and development of Andhra Pradesh. According to the World Tourism Organization (WTO), Andhra Pradesh offers a considerable potential for seaside tourism, environmental and ecotourism, cultural tourism, pilgrimage tourism, sports tourism, and adventure tourism. However, this potential remains largely untapped. A policy implication which may be drawn from this study is that Andhra Pradesh can improve their economic growth performance, not only by investing on the traditional sources of growth such as savings in objective and human investment, employment, and foreign direct investment, but also by with determination harnessing the involvement the tourism industry and improving their authority performance. The comparative results tend to suggest that the economic importance of tourism in Andhra Pradesh has increased over the years. This analysis provides an outstanding framework for measuring the impact of a multiproduct industry such as tourism. It provides a wealth of useful information for the policymakers as well as the researchers interested in tourism studies.

ACKNOWLEDGEMENT:

This work was supported by University Grants Commission (UGC), Government of India, with UGC National Fellowship for Scheduled Caste students to Mrs. Manda Hemalatha, Award letter number - F1-17.1/2017-18/RGNF-2017-18-SC-AND-45034 / (SA-III/Website).

REFERENCES

1. Sinclair, M.T., 1998, "Tourism and Economic Development: A Survey," *Journal of Development Studies*, 34 (5): 1-51.
2. Solow, R., 1956, "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, 70:65-94.
3. Lucas, R.E. Jr.1988, "On the Mechanics of Economic Growth," *Journal of Monetary Economics*, (22):3-42.
4. Neeta Rath, Nilima Singh and Sandra A. Lopes (2011) "Impact of tourism on Indian economy", *Tactful Management Research Journal*, ISSN: 2319-7943.
5. Kuznets,S., 1966, *Modern Economic Growth* (New Haven, CT: Yale University Press)
6. Umadevi B, Krishnaveni M, (2014) "Impact of Tourism Development on the Economy in Andhra Pradesh", *Indian journal of applied research*, volume: 4, Issue:1, Jan 2014, ISSN-2249-555X.
7. Eugenio Martin and Morales N.M (2011), *Tourism and Economic Growth in Latin American Countries: A Panel Data Approach*, *Fondazione Enrico Mattei Working paper Series-26*.
8. Bichaka Fayissa, Badassa Tadasse and Christian Nsiah(2007), " The Impact of Tourism on Economic Growth and Development in Africa." *Research gate*.
9. Bezmen, Trish, "Estimating the Impact of Tourism on Economic Development in Latin America," *Paper presented at the Academy of Economics and Finance, Houston, TX, February 8-11,2006*.
10. Karthik S K (2012), *Role of Tourism Industry in Economics Development of India*, *International Journal of Management and Business Affairs* Volume 2, Pp 44-51.
11. Ivanostanislav and Webster (2006), *Measuring the Impact of Tourism on Economic Growth*, Pp 21-30.
12. <http://www.incredibleindia.org>.
13. Ministry of tourism, Government of India.
14. Manda Hemalatha and Dr. Palleti Sujatha (2018), "socio economic impacts of tourism development at andhra Pradesh" *International Journal of Research and Analytical Reviews (IJRAR)*, November 2018, Volume 5, Issue 4, Pp 733-738.