

# ECONOMIC DIMENSIONS OF TOURISM IN UTTARAKHAND

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## Abstract

Due to its majestic natural beauty and natural resources, the tourism industry of Uttarakhand has the potential of creating sustainable livelihood options in the state which can put a curb on inter and intra state migration in the state. It also has the power to regenerate the hill economy where both primary and secondary sector fail to generate enough income and employment opportunities for the geographically tough terrain in which the hills of Uttarakhand are located. The paper attempts to analyze the tourism industry of Uttarakhand and provide solutions in ways in which the potential of the industry can be fully utilized. The SWOT analysis of the tourism sector of Uttarakhand has also been covered in the paper.

**Keywords:** growth drivers, migration, hill economy, COVID19, natural resources

## Introduction

Apart from Horticulture/hill agriculture along with aromatic plants and medicinal plants with link to AYUSH, tourism has also been identified as the growth drivers of the economy of Uttarakhand. The aim of the government is to promote tourism in such a manner so that untapped potential of sustainable tourism can be utilized for the growth of the economy of the state. This will transform hill agriculture and provide sustainable livelihoods to those involved in cultivation of medicinal plants as the demand of their produce is ensured as they are required for medical tourism.

There were 29 million tourist arrivals in the state in 2015 which is more than the figure for Himachal Pradesh for domestic tourists. But Uttarakhand was able to attract only 2% of the tourists visiting India. Thus there is a need to develop the sector so as to direct the foreign tourist traffic towards the state.

**Sustainable Tourism:** The tourism activities must be done in a sustainable manner so the benefits of the sector could be reaped by the future generations as well by not letting unplanned and exploitative tourism activities harm the environment. There are broadly three criterions of sustainable tourism:

- i) Social and Cultural
- ii) Economic
- iii) Ecological

The economic dimension of tourism sector primarily focuses on growth, equity and efficiency.

# GROWTH

# EFFICIENCY

# EQUITY

**Figure1: Economic dimensions of tourism sector: growth, equity and efficiency**

The economic impacts of tourism sector can be classified as under:

- i) Balance of payments: for many nations, tourism is often the main source of foreign exchange earnings, although some reductions of the net benefits of the balance of payments can be expected because of the actions of foreign tourist operators;
- ii) Balanced Regional development: tourism frequently spreads economic activities more across the internal border of the particular country;
- iii) Diversification of the economy: because of its multi-faceted nature, tourism may foster the build up of solid economic development;
- iv) Higher income levels: the income effects of tourism may give rise to wide variations in income multiplier;
- v) Generation of state revenue: the State earns revenues due to tax collections, although it has been acknowledged that significant expenditures for building and construction activities may also be required;
- vi) Creation of employment opportunities: in most countries tourism is an important source of employment, especially for the unskilled and semi-unskilled labour-force.

## Economic Impact of tourism sector on Uttarakhand

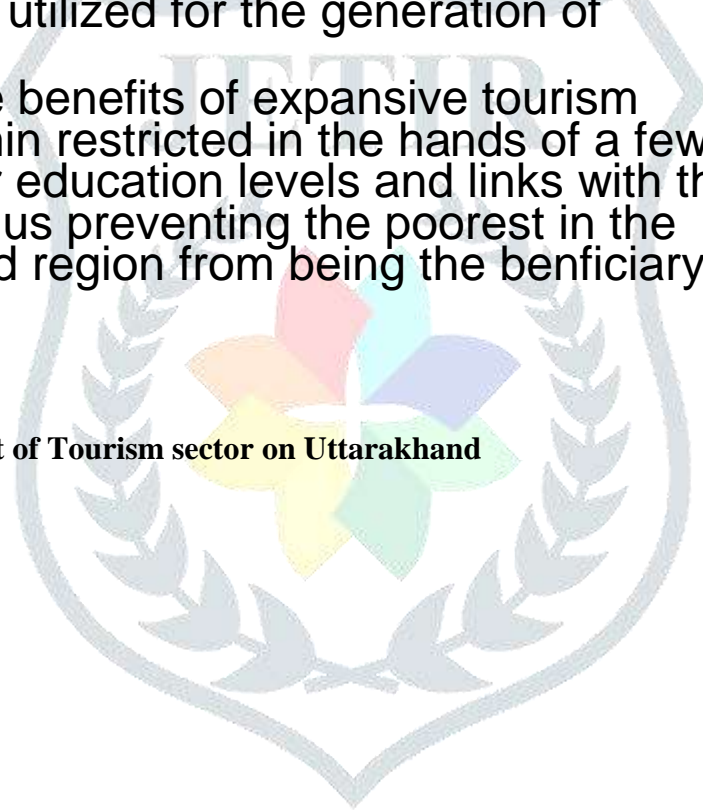
**Macroeconomic Indicators:** Generating higher economic growth and employment opportunities by providing sustainable livelihoods to the people, thus restoring balanced regional development

**The State:** Increase in revenues of the government which will follow only after huge investment by the state on tourism activities

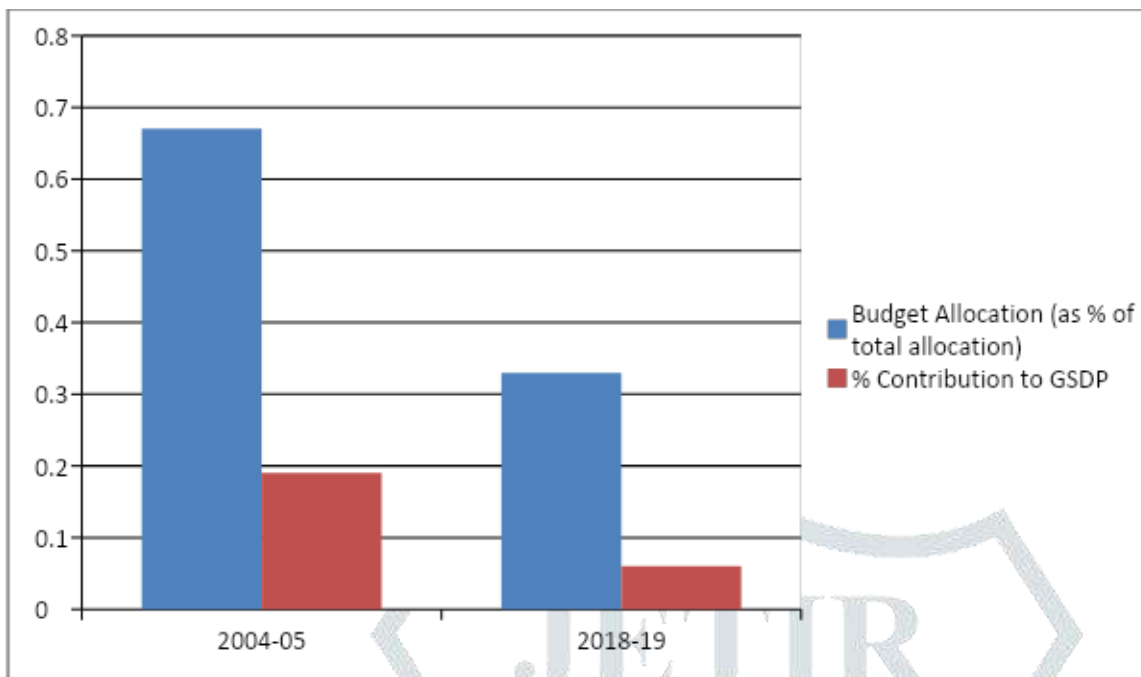
**Economic Efficiency:** Creating market inefficiencies if the resources are not properly mobilized and utilized for the generation of revenues

**Equity:** The benefits of expansive tourism activities remain restricted in the hands of a few based on their education levels and links with the bureaucracy, thus preventing the poorest in the less developed region from being the beneficiary

Figure 2: Economic Impact of Tourism sector on Uttarakhand



## Economic Profile of Tourism sector of Uttarakhand



**Figure 3: Budget allocated and contribution towards GSDP of tourism sector of Uttarakhand**

**Source:** Economic Survey, Govt of Uttarakhand 2018-19

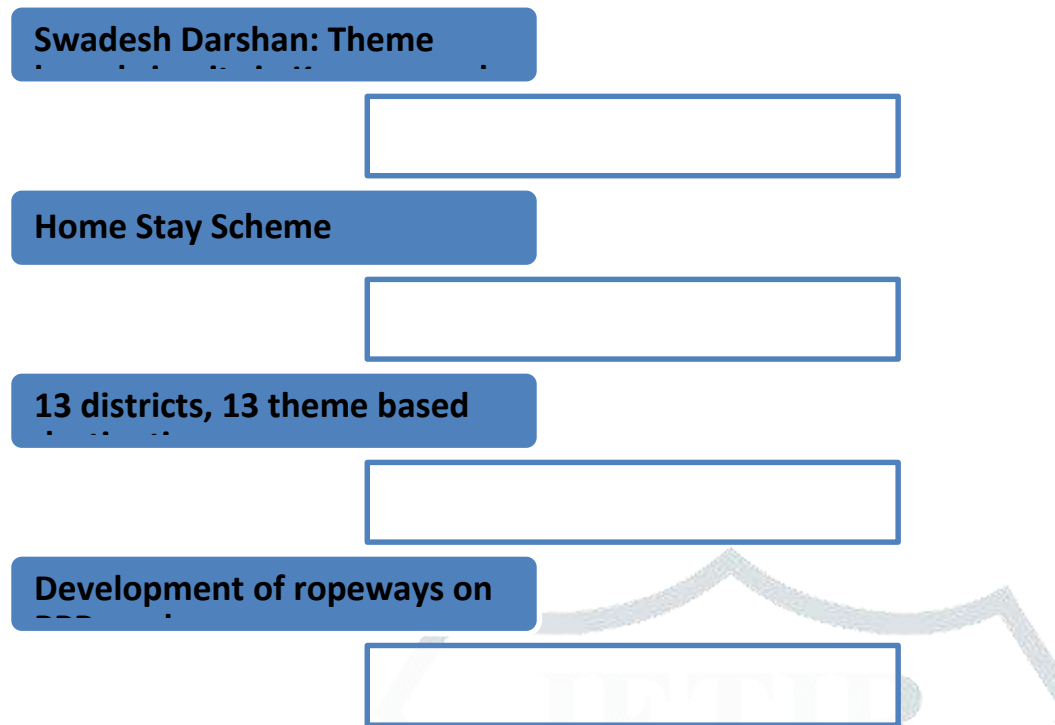
### Tourism, Employment Generation and Migration in Uttarakhand

There is an estimated potential in the tourism sector of the state to create 90 jobs per ten lakh rupees invested in the sector. This depicts the high employment generation potential of the state, Apart from the above, there is further scope of more employment generation through accommodation projects, food-oriented projects, amusement parks, etc.

### Veer Chandra Singh Garhwali Swarozgar Yojana

Around 6387 applicants have been trained till December 2019 under the above scheme for tourism related activities. 1500 lakh rupees were allocated for this scheme during the financial year 2019-20.

Because of the pivotal role that tourism sector can play in employment generation in the state, it also has the potential of containing out-migration in the state by providing sustainable livelihood opportunities to the marginalized sections mostly living in the remote hills of the state.



**Figure 4: Major schemes launched by the central and state government for tourism development in Uttarakhand**

#### **Impact of tourism on the economy of the state**

The government has been working on the tourism sector of the state as it realizes the long-term impact which higher investment in the sector can have on the economy including reducing unemployment among educated unemployed youth, reducing migration and ensuring balanced regional development. The tourism sector also has positive spillover effects on the other sectors of the economy including the hospitality and the transport sector. The tourism sector can also play a vital role in increased revenue generation of the state especially by attracting foreign tourists.

It also has the capacity of building the hill economy by promoting the indigenous strengths of the local economy in terms of promoting unexplored tourist destinations of the remote, untouched villages by encouraging eco-tourism and rural tourism. The positive impact of tourism sector on the entire economy has been envisaged in the following diagram:

Higher investment in tourism sector  
Greater employment generation and higher income growth  
Curbing out-migration from the hills  
Promote balanced regional development of the state.

**Figure 5: Impact of growth of tourism on the economy of the state**

#### **Key strategies for development of tourism in Uttarakhand**

India is currently 12<sup>th</sup> highest tourist destination of the country. The aim of the government is to make Uttarakhand the third favourite tourist destination of the country by 2030. In order to achieve this target, the government must work on the following key strategies:

Uttarakhand has the potential of promoting medical tourism using medicinal herbs on the lines of Kerela. This will have positive impact on the economy through both forward (on income and employment generation in tourism sector) and backward linkages (growth in demand for inputs of medicinal plants used for medical tourism).

Eco-tourism: As per the Swadesh Darshan scheme of the central government, the state is a site for eco-tourism. Eco-tourism and rural tourism can be encouraged using home-stay facilities in the remote but picturesque and serene villages of Uttarakhand.

Bridging the infrastructural gaps to unlock the potential of the state to build its tourism industry on world class lines.

The tourism department should work in close synergy with other departments like sanitation, electricity, water, PWD, etc so that success can be achieved in tapping its full potential

There is great scope of development of spiritual tourism in the state with focus on yoga, mental health and wellness centres.



At present the state spends on tourism sector only 0.147 % of the total public expenditure on all the sectors and ranks 6<sup>th</sup> among all Indian states in this respect with Sikkim at the top spending 6% on tourism. Thus the state government must increase its expenditure on tourism to get better returns.

As far as marketing the state as an attractive tourist destination is concerned, the state lies fairly low at 15<sup>th</sup> among all Indian states.

Increasing the accessibility by road, air and rail of the state from other parts of the country, ensuring connectivity within state, education and training of workers of public and private tourist agencies, etc are some of the many factors which can attract the domestic as well as foreign tourists towards the state.

Active participation of the private sector is required in order to ensure higher efficiency in the working and administration of the tourism sector. The government can intervene later to link the unemployed youth of the state directly to these projects. There are several ropeway projects including that from Purukul to Mussoorie which are being managed on the public private participation basis.

### SWOT Analysis of Tourism Industry of Uttarakhand

Strengths	Weaknesses
Natural resources and pilgrimage sites High literacy rates and low crime rates High employment generating capacity of the tourism sector Potential to build the village economy by preventing migration	Unplanned growth in Religious tourism Inappropriate cellular and telecom infrastructure Inadequate accommodation facilities
Opportunities	Threats
Making home-stays popular : focus on connecting village to the world Development of theme based circuits to promote world class tourism Ensure balanced regional development of the hills and the plain areas of the state The ongoing construction of all weather road and development of Rishikesh-Karnprayag Railway Project will give a big boost to tourism and the economy.	Poor connectivity- The inadequate physical infrastructure due to the tough terrain hinder and lack of investment tourism development to its full potential. Disaster prone areas Unsustainable tourism growth strategies can potentially harm the highly sensitive and diverse eco-system of the state

## Impact of COVID 19 pandemic on tourism sector of Uttarakhand

It is too early to assess the impact of the pandemic on the tourism sector of Uttarakhand but there are some visible changes including the very timing of the pandemic induced lockdown that effected the entire world economy. The major revenue earner for the tourism sector of Uttarakhand is the Char Dham yatra which is much awaited by many people of the state whose entire livelihood depends largely on this. Most of the temples are open for the devotees in April beginning when the snow has melted or starts melting from the peaks. The COVID 19 pandemic has crushed the entire circuit of tourism sector.

Apart from this the world renowned Kumbh Mela , which is organized once in every twelve years in Haridwar, is due in 2021. This makes the state a huge attraction for religious tourists. But due to the outbreak of this crisis, there are chances that the Kumbh Mela might get postponed.

The tourism sector is closely linked to the hospitality sector and both contribute to the service sector of the state which has a significant share in the GSDP of the state. These are the two sectors, along with those in the transportation business, have been worst effected by the pandemic which means all those earning their livelihoods from the above sectors have become vulnerable and might increase the incidence of poverty in the state which will further encourage lopsided economic development in the state.

### Impact of Covid 19 on tourism

Covid induced loackdown:Low or no demand for tourism realted services

Low income generation and loss of employment opportunitites

Increased public expenditure on COVID control measures: Low investment capacity for tourism sector

Influx of migrant labourers: Increased the burden on the sector to provide jobs to them

Adverse impact on hotel, restaurants and transportation due to low tourist arrival

**Figure 6: Impact of COVID-19 on tourism in Uttarakhand**



## Conclusion

It can be concluded from the chapter that tourism has rightly been identified as the growth driver for the economy due to its huge untapped potential. But this untapped potential can not be utilized solely on the efforts of the state government or central government. The government has already started devising methods to attract the private sector to invest in tourism related activities of the state so that huge investment demand can be met. It is also important to realize that the state does not have many sources of revenue generation and hence we need to work on our strengths and tourism sector is one of our biggest strength. It has the capacity to provide employment opportunities in those remote areas where it becomes difficult to rely on primary and secondary sector for income and employment generation. The latest COVID 19 outbreak is expected to have a very negative impact on the growth of tourism sector of the state and brings to a standstill the rigorous efforts put by the state to promote brand Uttarakhand. This impact will remain there atleast in the near future and substantive government intervention will be required to bring the things back on track

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