

# Tourism and Economy of Kashmir: Analysing the performance of Tourism Department of Kashmir

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## Abstract

*The tourist influx has decreased considerably in the past two decades because of difficult circumstances prevailing in the state. Notwithstanding these problems, it has been declared as one of the priority sectors by the state government and numerous developmental measures have been initiated to augment tourist flow into the state. In fact, as far as development of tourism in the valley is concerned, some effective strategies that include development of high altitude golf courses, canoeing, skiing, trekking, fishing and pilgrimages to places of religious importance are made by Tourism Department of Kashmir. But since Kashmir possesses tremendous potential, so a lot needs to be done by the Department of Tourism to attract more and more tourists.*

**Key Words: Tourism, Economy, Department.**

## Introduction

There can be no denying that tourism is a major global economic force. Hardly a day goes by without a new pronouncement about the wider significance of Tourism industry. In many countries, foreign currency receipts from tourism exceeded currency receipts from all other sectors together. Thus, tourism, which is an alternative form of exports, contributes to the balance of payments through foreign exchange earnings and proceeds generated from tourism expansion. Over the past decades, the importance of the tourism sector for the economy has been steadily increasing. Tourism at International level is recognized to have a positive effect on the increase of long-run economic growth through different channels. Tourism is a significant foreign exchange earner, allowing paying for imported capital goods or basic inputs used in the production process. Tourism plays an important role in spurring investments in new infrastructure and competition between local firms and firms in other tourist countries. Tourism stimulates other economic industries by direct, indirect and induced effects. Furthermore, tourism contributes to generate employment and to increase income. Although, the whole Kashmir is blessed with the unmatched natural diversity that provides immense scope for tourism, there are certain areas or destinations, which are already developed as far as tourism is concerned. Development of tourism in these areas has a wide variety of impacts on the economy of that locality and on the overall economy of the state. Naturally, development of certain areas would help similar areas or destinations to develop their own tourism potential. The impacts of the development of the tourism is directly felt by those people who are directly or indirectly involved in tourism business. Therefore, the universe of the present study is limited to those areas where tourism is developed and those persons who are directly or indirectly connected with tourism business. The present study is exploratory in nature and its first kind in Kashmir.

## Review of Literature

A Substantial volume of literature both at micro and macro levels can be seen on the subject of tourism and its impact on the economic development. An attempt is made within this field for this study. The literature survey helped to understand and appreciate the earlier studies conducted in the field of tourism and has helped to provide a broad frame work for this study. The researchers and analysts hold the view that the rapid growth of tourism sector causes an increase of household incomes and government revenues through its multiplier effects, improvements in the balance of payments, and growth of the tourism industry by itself. As such, the development of tourism has usually been considered a positive contribution to economic

growth (Khan *et al*, 1995; Lee and Kwon, 1995; Lim, 1997 and Oh, 2005). Keeping in view such positive impact of tourism on economic growth many researchers have investigated the relationship between tourism sector development and economic growth in a country.

### Objectives of the study

1. To examine the existing status of tourism industry;
2. To identify and analyze the working of state Departments as facilitator in the economic development of state;
3. To analyze the impact of tourism industry on the economy of Kashmir;
4. To study feasible ways and means for the flourishing of tourism industry in Kashmir for economical benefits of the state.

### Research Methodology

#### 1. Selection of Variables

On the basis of literature survey, two sets of variables as exhibited in table 1.1 and 1.2; have been found to be important in determining the role of tourism in economic development and performance of Tourism Department as a facilitator of tourism development. A set of four variables each comprising of five sub variables (statements) for determining their influence on tourism economy and another set of six variables comprising of five sub variables (statements) for determining the performance of Tourism Department as a facilitator for tourism development were taken. The items in the five point scales were scored from 1 (Strongly Disagree) to 5 (Strongly Agree).

#### Exhibit No 1.1:- Shows variables

Variables	Cronbach's alpha
Employment	0.89
Income	0.83
Occupancy	0.80
Regional Development	0.72

#### Exhibit No 1.2:- Shows variables

Variables	Cronbach's alpha
Efficiency	0.86
Information	0.81
Infrastructure	0.78
Innovation	0.79
Promotion	0.81
Capacity Management	0.73

### Sample Selection Procedure

A "Random sampling method" has been used for selecting the respondents from the universe. The universe of the study covers the tourism organisation's and the owners and the employees of the business connected with tourism in Kashmir.

#### Table No:- 2.1

Class	No. of Respondents	Percentage
Handicraft shopkeepers	25	9.09%
Hoteliers	50	18.18%
Houseboat owners	50	18.18%
Restaurant owners	25	9.09%
Shikara owners	25	9.09%
Tour operators	25	9.09%
Travel agents	25	9.09%
JKTDC	25	9.09%
J&K Tourism Department	25	9.09%
<b>Total</b>	<b>275</b>	<b>100%</b>

Source: Direct Survey - Processed by SPSS

### Scoring and Data Analysis

The data collected on various aspects of present study whether primary or secondary for determining economic impacts of tourism and performance of Tourism Department, has been analyzed statistically by applying various relative statistical tools, such as mean average, median, mode, standard deviations, t- test and Anova. A 5-point likert type technique was administrated to assess the economic impact of tourism and the performance of Tourism Department of Kashmir.

## Data Analysis

Table No: - 3.1: Perception of stakeholders

Variable statement	Stakeholders	Mean Score	Std. Deviation	F-Value	Sig.
Employment	Handicraft Shopkeepers	4.40	1.225	1.139	0.000
	Hoteliers	4.60	0.495		
	Houseboat owners	4.36	0.985		
	Restaurant owners	4.40	0.500		
	Shikara owners	4.28	1.100		
	Tour operators	4.48	0.872		
	Travel agents	4.04	1.241		
Income	Handicraft Shopkeepers	4.04	0.676	5.891	0.000
	Hoteliers	3.40	1.212		
	Houseboat owners	3.80	0.404		
	Restaurant owners	4.20	0.408		
	Shikara owners	3.60	0.764		
	Tour operators	3.48	1.262		
	Travel agents	4.36	0.490		
Occupancy	Handicraft Shopkeepers	4.28	0.737	8.191	0.341
	Hoteliers	4.00	0.904		
	Houseboat owners	3.40	0.808		
	Restaurant owners	4.00	0.645		
	Shikara owners	4.00	0.500		
	Tour operators	3.12	1.092		
	Travel agents	3.52	0.510		
Regional Development	Handicraft Shopkeepers	4.24	0.779	5.371	0.000
	Hoteliers	4.00	0.000		
	Houseboat owners	4.28	0.454		
	Restaurant owners	4.40	0.500		
	Shikara owners	4.00	0.000		
	Tour operators	4.00	0.577		
	Travel agents	3.68	1.069		
	Hoteliers	4.00	0.000		
	Houseboat owners	2.64	0.802		
	Restaurant owners	4.60	0.500		
	Shikara owners	4.24	0.436		
	Tour operators	4.12	0.726		
	Travel agents	3.00	1.000		

Processed by SPSS

Table 3.2:- Perceived view of employees (Kashmir Tourism Department and JKTDC).

Variable statement	Stakeholders	Mean Score	Std. Deviation	Mean difference	t-value	Sig(2-tailed)
Efficiency	JKTD	4.48	0.510	-0.28	-2.087	.042
	JKTDC	4.76	0.436			
Information	JKTD	4.48	0.510	-0.24	-1.750	.086
	JKTDC	4.72	0.58			
Infrastructure	JKTD	2.72	0.843	1.00	5.213	.000
	JKTDC	1.72	0.458			
Innovation	JKTD	3.12	0.781	0.56	3.325	.004
	JKTDC	2.56	0.917			
Promotion	JKTD	3.44	0.768	-1.28	-7.155	.000
	JKTDC	4.72	0.458			
Capacity Management	JKTD	4.48	0.510	0.20	5.459	.001
	JKTDC	4.28	0.458			
	JKTDC	3.44	1.294			

Processed by SPSS

**Factor Analysis**

The measures have been statistically validated by SPSS in the exploratory phase. The technique employed was Exploratory Factor Analysis based on Principal Components Method with Varimax Rotation. This technique allows the interpretation of the relevant factors and it is also the most used rotation technique in research (Norusis, 1993). The criterion used in the reliability assessment was Cronbach’s alpha. The results obtained from analysis are presented in Table 3.1 and 3.2 The result helps to identify constructs of efficiency and extent of economic development of tourism. The reliability assessment was followed by a Principal Components Analysis (PCA). The items that were rejected due to poor loading, after the reliability assessment and PCA, are presented in Table 4.1.1 and Table 4.2.1.

**Table No:- 4.1**

**Table No:- 4.1.1**

Factor:	Scale items	Loads	Cronbach’s alpha
<b>Efficiency</b>	EFF 3	<b>.984</b>	<b>0.86</b>
	EFF 4	<b>.917</b>	
	EFF 5	<b>.989</b>	

Factor:	Scale items
<b>Efficiency</b>	EFF 1
	EFF 2

Extraction Method: Principal Component Analysis

**Exploratory factor analysis on Tourism Economy**

**Table No:- 4.2** Exploratory factor analysis (the extent of Tourism Economy)

The extent of Tourism Economy	EMP	INC	OCC	RD
EMP1	<b>.994</b>	.127	-.092	-.043
EMP2	<b>.969</b>	-.026	-.069	-.100
EMP3	<b>.988</b>	-.235	.689	-.074
EMP4	<b>.990</b>	-.173	.080	-.035
EMP5	<b>.983</b>	-.077	-.038	.279
INC1	-.408	<b>.980</b>	.241	-.112
INC2	.208	<b>.994</b>	.201	.054
INC3	.128	<b>.991</b>	.119	.210
INC4	-.188	<b>.994</b>	-.019	-.177
INC5	.016	<b>.975</b>	-.152	.054
OCC2	.123	-.391	<b>.976</b>	-.093
OCC4	-.092	.193	<b>.994</b>	.090
OCC5	.012	.073	<b>.849</b>	-.226
RD2	.118	-.078	-.196	<b>.965</b>
RD3	-.037	.134	.038	<b>.994</b>
RD5	-.177	-.045	-.051	<b>.994</b>
<b>Cronbach’s alpha</b>	<b>0.89</b>	<b>0.83</b>	<b>0.80</b>	<b>0.72</b>

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Table No:- 4.2.1/Factor Occupancy	Scale items
	OCC1
	OCC3
<b>Factor: Regional Development</b>	RD1
	RD4

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## Component matrix

Table No:- 4.3

	Component						
	1	2	3	4	5	6	7
EMP1	<b>.986</b>	.130	-.088	-.026	.144	.236	-.112
EMP 2	-.128	.641	-.654	-.335	.128	.106	-.093
EMP 3	-.566	.448	.168	-.663	-.060	.035	.010
EMP 4	-.594	.781	.156	.059	-.011	-.080	-.147
EMP 5	-.089	.978	.127	.053	.127	.403	.126
INC1	.563	.662	.252	.401	-.008	.028	.229
INC2	<b>.958</b>	.130	-.088	-.026	.233	.140	-.032
INC3	-.667	-.109	-.262	.682	-.174	-.130	-.027
INC4	<b>.945</b>	-.130	.088	.026	-.034	-.262	-.213
INC5	-.295	.682	.397	.516	-.150	.054	-.032
OCC1	-.268	.093	-.800	-.133	.070	-.002	-.088
OCC 2	-.004	-.053	.749	-.643	-.127	.189	.212
OCC3	-.403	-.138	.030	.263	.022	-.291	-.086
OCC4	.341	.130	-.088	-.026	-.030	-.035	-.048
OCC5	.285	-.545	.033	.287	-.077	-.427	.037
RD1	<b>.893</b>	.356	-.231	.146	.213	-.170	.135
RD2	.359	-.124	.897	.126	.228	-.466	-.097
RD3	.285	.130	-.088	-.026	-.113	-.090	-.100
RD4	-.129	-.250	-.121	-.103	-.454	-.010	.034
RD5	-.985	-.130	.088	.026	-.419	-.095	.172

Extraction Method: Principal Component Analysis.

a. 7 components extracted

The component matrix has been done by Principal Component Analysis with seven rotations. The results findings in the component matrix have revealed correlation between the scale items of Tourism Economy as highlighted in table (4.3). The above result has shown that there is correlation between different scale items on tourism economy (employment, income and regional development). The highlighted scale items can be used in the further research studies pertaining to Tourism Economy in the shape of "Improvement".

## Co-relation matrix

The co-relation matrix was done to find out the relationship between variables of Tourism Economy as shown in the below table.

Table No:- 4.4

Tourism Economy	EMP	INC	OCC	RD
EMP	1			
INC	<b>0.79</b>	1		
OCC	0.49	0.51	1	
RD	0.53	0.58	0.23	1

Co-relation is significant at 0.05 sig. (2- tailed)

Extraction Method: Principal Component Analysis.

The correlation on variables of tourism economy has been done by Principal Component Analysis. The table (4.4) reveals that there is high co-relation between Employment and Income in tourism industry of Kashmir. The result finding has shown that employment generation has developed more sources for income generation.

## Key Findings of present study

- The tourism industry is the backbone of the state's economy.
- The tourism industry has not brought the desired results to the economy of Jammu and Kashmir.
- There is lacking of main infrastructural facilities for the tourists in Kashmir.
- The Tourism Department is the main facilitator for the development of tourism in Jammu and Kashmir.
- The Tourism Department has not stressed on various factors like innovation, information, promotion, infrastructure, capacity management etc. up to its fullest extent.

## Conclusion

The result of this study revealed that tourism is playing an important role in the economic development of Jammu and Kashmir. Development of tourism is now accepted everywhere in the world as one of the major means of developing the economy of the country. Studies and researches, both academic and practical, on tourism development and its manifold impacts have now become highly significant in developed as well as developing countries. This is particularly true in the case of Jammu and Kashmir, where industrial development is low. The only sector in the present situation where Kashmir can rely upon with confidence is the development of tourism. An efficient and sustainable development of tourism is crucial in ensuring the growth of the economy of Kashmir. A serious handicap in the development of tourism and its positive impacts on the economy of Kashmir is the failure of Tourism Department as a facilitator in the development of tourism in Kashmir.

## Suggestions

The following suggestions are made to develop tourism in Kashmir so as to have positive sustainable impacts on the economy of Kashmir through tourism development.

1. In order to develop the different tourist destinations in the state, there should be different master plans for individual tourist destinations, and there should be a combined master plan for the state. The master plans for each destination and the master plan for the state should be reviewed periodically.
2. The government and other agencies connected with tourism should take special care in developing infrastructure facilities. In the case of infrastructure facilities the special project of BOOT (build, own, operate and transfer) could be made use of.
3. Tourism is basically a private sector activity. In the development of infrastructure, private sector participation should be encouraged. The role of the government should be that of a facilitator and there should be private as well as state participation in the field of infrastructure development.
4. The existing legislations like Rent Control Act, Labour Act, Building Act, and Excise Law etc., should be rationalized and these laws should synchronize with the growth of tourism in the state.

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