DETERMINANTS OF TOURISM DEVELOPMENT IN JAMMU AND KASHMIR: AN EMPIRICAL ANALYSIS

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Abstract

Tourism has emerged as one of the fastest-growing sectors contributing immensely to the economic development of India. Jammu and Kashmir is a popular destination for domestic tourists and tourists around the globe. Thus tourism development in this region spells out its importance. The study attempts to analyze the determinants of tourism development in Jammu and Kashmir. The paper used the primary data collected through an administered questionnaire developed to gather information on tourists, business owners, and people from Jammu and Kashmir. Logistic regression shows that factors like employment generation, income generation, poverty reduction, and economic stability play a significant role in tourism development in the region. Based on these findings, the study suggested some policy implications.

Keywords: Tourism Development, Logit Model, Jammu & Kashmir.

INTRODUCTION

Tourism is an engine of economic and social development as it creates jobs and enterprises, export revenues, and infrastructure development (UNWTO, 2015). Tourism is one of the largest and fastest-growing economic industries in the world. The growth of the Travel & Tourism industry in 2015 (2.8%) outpaced that of the global economy (2.3%). In total, Travel & Tourism generated US$ 7.2 trillion (9.8% of global GDP). The WTTC has identified India as one of the world's foremost tourist growth centers in the coming decade. The industry is expected to grow at an average annual rate of 7.5% to (US$270 billion) by 2025 (7.2% of GDP). India earned US$21.07 billion in foreign exchange earnings from tourism receipts in 2015 (WTTC, 2015). The tourism industry in India has come a long way, from just 15,000 tourists in 1950 to 1637.62 million in 2016 (Indian statistic report, 2017).

Jammu and Kashmir (J & K, henceforth) is India's northernmost union territory and stretches over 5,992.4 sq mi. The Himalayas divides J & K into three parts, i.e., Kashmir Valley, Ladakh and the Jammu region. Tourism contributes around 15 % of the state GDP and approximately 50% of the population are directly or indirectly engaged in the tourism industry. Tourism provides a substantial quantum of employment to both skilled and unskilled employment seekers. This sector in Jammu and Kashmir is attributed with enormous potential to attract national and international tourists with earning prospects for the exchequers to the country's governments. But tourism sector has been observed to have been suffering from many problems such as infrastructural shortcomings, communicational inadequacies, issues of boarding and lodging, transport availability security issues, proper sanitation facilities, etc. The study aims to examine the critical determinants of tourism development in J & K.

The remainder of the study as follows: section 2 discusses the brief review of past studies. Section 3 describes data and methodology. Section 4 deals with the empirical findings and discussion. Finally, 5 and 6 conclude the study with some policy implications.

LITERATURE REVIEW

A study by Dritsakis (2004) showed that tourism has a long-run economic growth effect in Greece. Balaguer and Cantavella-Jorda (2002) confirm the validity of the tourism-led growth hypothesis for long-run economic performance in Spain. Oh (2005) for Korea, & Tosun (1999), Gunduz & Hatemi (2005) for Turkey have also found empirical support for the tourism-led growth hypothesis. Most importantly, employing the convergence approach based on Barro and Sala-I Martin (1992), Proenca & Soukiazis (2005) found that tourism can be considered an alternative solution for enhancing regional growth in Portugal if the supply characteristics of this sector are improved.

Materials and Methodology

Primary data is collected with the help of a mailed questionnaire distributed amongst the tourists, residents, and businessmen of the state's three regions, namely Jammu, Kashmir and Ladakh. Secondary data is collected from the United Nations World Tourism Organization (UNWTO), World Travel and Tourism Council (WTTC), Ministry of Tourism- GOI, Jammu and Kashmir Tourism Development Corporation and Directorate of Tourism, etc.

Model Specification and Discussion

The logistic regression model used for examining the impact of service qualities on the tourism sector of J & K in this study is specified as follows:

$$IMT = \beta_0 + \beta_1\,IN + \beta_2\,CS + \beta_3\,VM + \beta_4\,HO + \beta_5\,AM + \beta_6\,SE + \beta_7\,CL + \beta_8 SI + U_t \quad (1)$$

IMT, IN, CS, VM, HO, AM, SE, CL and SI indicate Impact of Tourism, Information, Customer Service, Value of Money, Hospitality, Ambiance, Security, Cleanliness and Sanitation. The coefficients $\beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ and β_8 stands for coefficient of IN, CS, VM, HO, AM, SE, CL, and SI, respectively. The dependent variable, Impact on Tourism sector (IMT) in this model, is a qualitative variable incorporated into the model as a dummy variable taking the value 1 or 0.

Table 1 shows the people's perception of the overall quality of stay in Jammu & Kashmir.

Table 1 LOGISTIC REGRESSION RESULTS					
Variables	Coefficient	Standard Error	Wald Statistic	P-Value	Odd Ratio
INFORMATION (IN)	0.118	0.020	36.126	0.000	1.125
CUSTOMER SERVICE(CS)	0.195	0.170	4.323	0.004	1.453
VALUE OF MONEY(VM)	0.368	0.078	22.508	0.000	1.445
HOSPITALITY(HO)	0.304	0.063	23.358	0.000	1.355
AMBIENCE(AM)	0.108	0.027	15.909	0.000	1.898
SECURITY(SE)	0.093	0.050	3.473	0.052	1.911
CLEANLINESS (CL)	0.245	0.119	4.251	0.039	1.278
SANITATION(SI)	0.053	0.033	2.566	0.009	2.566

Codes Used: Information (Excellent=1, Very Good=2, Good=3, Average = 4 & 5= Poor)

Source: Authors Own Calculation

The Relationship of Information (IN) and Tourism status in Jammu & Kashmir

The model shows that information has a positive impact on the tourism sector of Jammu & Kashmir and it is highly significant (coefficient=.118, p-value= 0.000 and Wald statistic=36.126). This reflects that if tourists have good information regarding various tourist spots, hotels, and restaurants, it will positively impact the economy. The result supports the results of Mir (2014).

The Relationship of Customer Service(CS) and Tourism status in Jammu & Kashmir

This model also shows customer service has a positive impact on the tourism sector of Jammu & Kashmir and is highly significant (coefficient= .195, p-value= 0.004 and Wald statistic= 4.323). This shows that if tourists are provided with good customer service, they will be satisfied with the money they have spent and will be willing to pay more, which will help boost the economy.

The Relationship of Value for money (VM) and Tourism status in Jammu & Kashmir

Similarly, value for money is highly significant and has a positive impact on the tourism sector (coefficient= .368, p-value= 0.000 and Wald statistics=22.508). This shows that if tourists get good value for money for whatever they spend like hotels, food, and entertainment, it will positively impact the economy.

The Relationship of Hospitality (HO) and Tourism status in Jammu & Kashmir

The model also shows that hospitality has a positive impact on the tourism sector of Jammu & Kashmir and is highly significant (coefficient=.304, p-value= 0.000 and Wald statistic=23.358). It shows that if the tourists are provided with good hospitability, they will be happy and will be willing to come again and spend more time in the place and spread good reviews amongst others too which will bring more tourists to the state increasing the arrival of tourism hence more revenue in the sector which will ultimately be helpful for the economic growth, thus creating a positive impact on the tourism sector.

The Relationship of Ambience (AM) and Tourism status in Jammu & Kashmir

Ambiance has a significant positive impact on the tourism sector and is highly effective (coefficient=.108, p-value= 0.000 and Wald statistic=15.909). It shows that if the ambiance provided to the tourists at the hotels and restaurants is good, they will be attracted to the place and happily spend more money, creating a positive impact on the state's economic growth.

The Relationship of Security (SE) and Tourism status in Jammu & Kashmir

This model shows that security positively impacts the state's tourism sector and is highly significant (coefficient=.093, p-value= 0.052and Wald statistic=3.473). It reflects that if tourists have good security provided, it will positively impact the economy. Security has always been a significant concern for J&K as it has always been surrounded by issues like terrorism, political instability, and many more. Because of the insufficient security services, the state had faced a low footfall of tourists in the early 90s, which gradually improved in 2007 and again went low after that.

The Relationship of Cleanliness (CE) and Tourism status in Jammu & Kashmir

This model also shows a positive impact of cleanliness on the tourism sector and is significant (coefficient=.245, p-value= 0.039and Wald statistic=4.251). This reflects that if tourists are provided with clean surroundings, it will positively impact the tourism sector.

The Relationship of Sanitation (SI) and Tourism status in Jammu & Kashmir

The model also suggests that improved sanitation facilities like providing good toilets positively impact the tourism sector and are highly significant (coefficient= .053, p-value= 0.009and Wald statistic=2.566. It was seen that the places with the best hygiene facilities and hygiene were preferred over other destinations.

V. Policy Implications

There is a dire need to open institutions like the Institution of Hospitality Management (IHM), which will provide proper training to the local people engaged in tourism-related activities like guides, tour operators and chefs, etc., so that they may be better equipped in tourism handling tourist inflow. Security issues have always surrounded J&K since the turmoil started in 1989. After that, due to the abrogation of Article 370, security has become a significant concern for the local and foreign tourists. So J & K tourism needs enough measures to provide proper protection to tourists to feel a sense of safety. The state should make sure that such tourist spots are not misused at any cost by anyone. All the new upcoming projects, which impact tourism and the environment, should be carried out sustainably without damaging the fragile ecology of the state.

Concluding Remarks

It is noticeable from the above findings that tourism is a significant source of economic development for the socio-economic development of J & K for several decades and will continue to be a cogent contributor in the future. Owing to the growth of the tourism sector in J & K, economic parameters like income generation, infrastructure development, employment generation will improve. Thus, tourism development leads to the entry to new projects in the market, thus providing better services, more satisfaction to the people, and the exchequers of the state, hence increasing the quality of life and the socio-economic development of the state in comparison to the rest of India.

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