

A Study the Impact of Tourism Development on Local Business Community

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Abstract: India is witnessing high rates of Tourism growth consistently in past few years and is emerging as a strong contender in the global Tourism industry. The tourism industry in India is substantial and vibrant, and the country is fast becoming a major global destination. India's travel and tourism industry is one of the most profitable industries in the country. As tourism constitutes various other related sectors including hotels, hospitals, aviation, and shipping, it has a significant contribution to the overall revenue. The tourism industry has also helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction and even popularity. Both directly and indirectly increased tourism in India has created jobs in a variety of related sectors. The numbers tell the story: almost 20 million people are now working in the India's tourism industry. The primary objective of this research paper is to trace the impact of tourism development on local business community which directly affect the economic status of the area. Further, this study also focuses upon to recognize the dependency of local community businessmen on tourism industry. The Universe selected for the research study Amravati District in Maharashtra. The Study is based on the primary data. The data source includes nearer villages, taluka's and city to the tourist destination in Amravati District, Maharashtra. The data is tabulated and analyzed using statistical packages and graphical tools. The study found that business of local community is highly dependent on tourism at tourist destinations and associated incoming of tourist.

Keywords: Tourism Industry, Financial Impact, Local Business Community

I. INTRODUCTION

Since the beginning of time human have travelled the reasons might be food, water, safety or acquisition of resources was the early travel motivations. But the idea of travel for pleasure or exploration soon emerged. Tourism has emerged as one of the world's largest service industries with sizable economic benefits and immense opportunities. It is one of the world's fastest growing industry and it can play role in accelerating the economic development of the country is widely recognised. The world Tourism Organisation (WTO) claims that tourism is currently the world's largest industry with annual revenues of over \$3 trillion dollars. Tourism provides over six million jobs in the United States, making it the country's largest employer. This accelerating tourism industry is proved to be one of the important drivers of growth and prosperity, employment generation, raises national income and improvement in Balance of payments of the economy. It has generated a number of social and economic benefits, promotes national integration and international understanding, and creates employment opportunities to a large number of people and foreign exchange earnings.

Tourism is a collection of many activities, services and industries that delivers a travel experience, including transportation, accommodations, eating and drinking establishment, retail shops, entertainment businesses, activity facilities and other hospitality services provided for individual or groups who travel. Tourism also supports local handicrafts and cultural activities. For many developing countries, particularly the small countries, they are mainly dependent upon tourism; this tourism offers a more reliable source of income. Number of factors, such as, population growth, shorter working days, larger paid holidays, and increase in general awareness among people for travelling and the need for recuperation from tensions of modern life; have created favourable conditions for the growth of tourism. With the emergence of technology advancement, competitiveness in service based industries the tourism sector is playing a vital role in contributing to improve gross domestic product (GDP) and creation of employment across the world economy.

Tourism industry is experiencing tremendous expansion over the years as result of its inclusion into the national economic plan of developed and developing economies of the world. Developing economies have been enacting policies to expand tourism, as a source of reliable foreign exchange earning when traditional foreign exchange earning sector contribution becomes limited in GDP.

Economic Contribution of Travel and Tourism

The special focus has been given on the economic contribution of travel and tourism as it is an important economic activity in pro-tourism countries around the world. It supports the research study aim, that impact of financial management on tourism industry. As well as its direct economic impact, the industry has

significant indirect and induced impacts. Economic contribution can be understood not only through the direct contribution but also its indirect and induced impacts. It is also proved from various research and studies.

Direct Economic Impact: Hotel, tour companies, travel agencies, attraction and in some countries health spas, clothing store, cinemas and internet cafes impact due to tourist expenditure. It helps to generate income and jobs in these industries.

Indirect Economic Impacts: this refers to instances where tourist expenditure indirectly augments the local economy, via purchases made by the businesses that cater for tourists. If a hotel, for example, buys in foodstuffs from a local producer or wholesaler, it will increase its order if business is going well: either because there are more tourists or because the tourists are spending more that are benefiting for tourism indirectly.

Induced Economic Impacts: This refers to the business which affects indirectly due to the tourism. The income and job may not create directly due to tourist expenditure. But it will affect due to demand of direct tourism intermediaries. That is because of the purchase made by businesses or hotel industries that cater for tourist. For example: Accommodation or hotel industry demanded and increase their order of furniture, accessories, food, and etc. due to increase in the tourism.

Induced Economic Impacts: This impact is very difficult to access as it is the least visible. This impact is a result of expenditure made by residents of the region because of income generated directly or indirectly due to tourism. Residents spend more on the life style and on flourished local businesses. They also may hire more staff or outsourced businesses or pay more taxes. This will be possible because of tourism effect.

This economic impact can be more easily understand through the classification made by Van hove in six types. They are as follows:

Income Generation: The income that is generated via tourism activity, where it is generated, and how it is distributed.

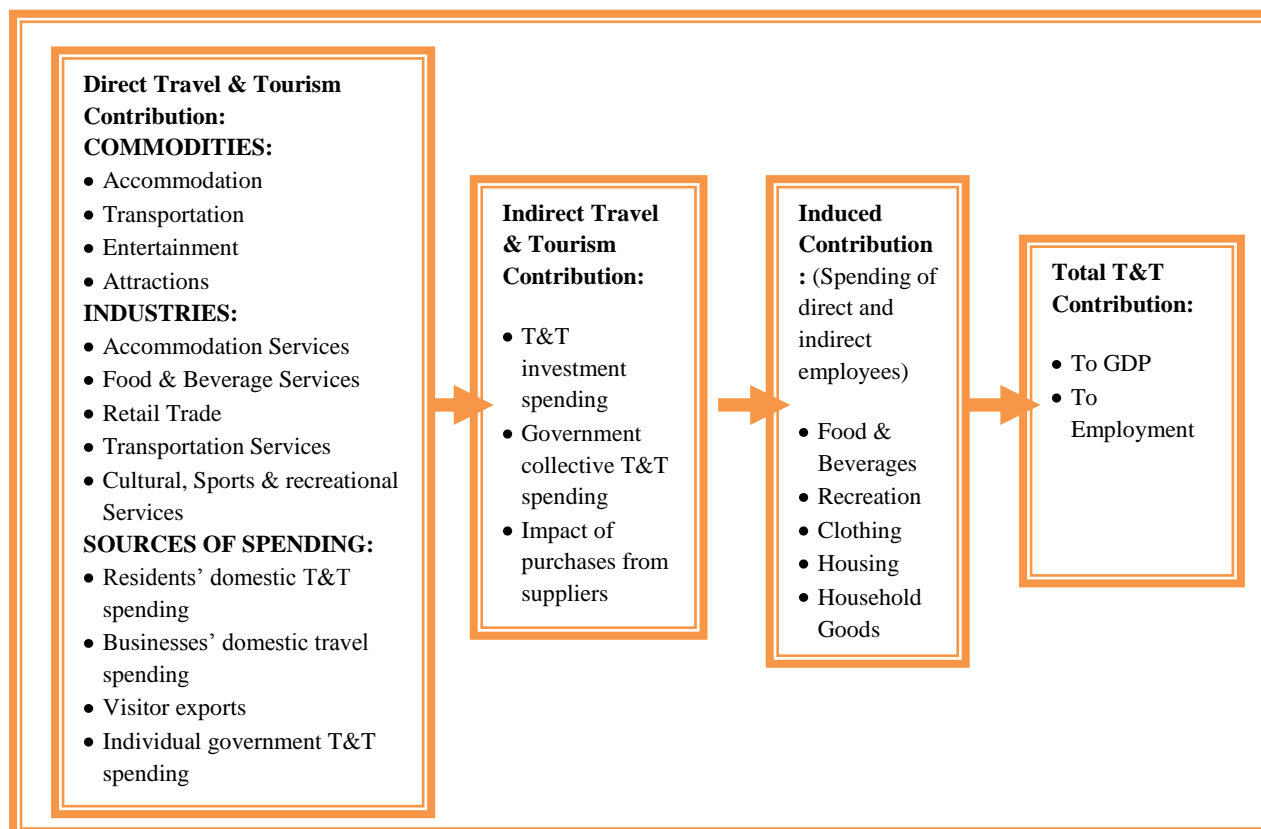
Employment Generation: The number of jobs that are generated via tourism activities, the type and quality of the jobs, and the type of employees that work in them.

Tax Revenue Generation: The revenue that the government makes via taxation of tourist activities, ant the products and services that are taxed.

Balance of Payments: A record of the financial transactions between one country and the rest of the world.

Improvement of the Economic Structure of a Destination Region: The development of different linkages between tourism and other sectors in the economy of the destination.

Encouragement of Entrepreneurial Activity: The extent to which tourism encourages entrepreneurs in the host community to start or expand their business.



The direct contribution of Travel & Tourism to GDP was INR4,809.8bn (USD71.7bn), 3.3% of total GDP in 2016 and is forecast to rise by 6.9% in 2017, and to rise by 6.8% pa, from 2017-2027, to INR9,948.5bn (USD148.2bn), 3.5% of total GDP in 2027.

The total contribution of Travel & Tourism to GDP was INR14,018.5bn (USD208.9bn), 9.6% of GDP in 2016, and is forecast to rise by 6.7% in 2017, and to rise by 6.7% pa to INR28,491.8bn (USD424.5bn), 10.0% of GDP in 2027

In 2016 Travel & Tourism directly supported 25,394,500 jobs (5.8% of total employment). This is expected to rise by 2.1% in 2017 and rise by 2.1% pa to 31,910,000 jobs (6.1% of total employment) in 2027

In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 9.3% of total employment (40,343,000 jobs). This is expected to rise by 1.8% in 2017 to 41,074,000 jobs and rise by 2.0% pa to 49,868,000 jobs in 2027 (9.6% of total).

Visitor exports generated INR1,529.3bn (USD22.8bn), 5.4% of total exports in 2016. This is forecast to grow by 5.4% in 2017, and grow by 6.1% pa, from 2017-2027, to INR2,901.7bn (USD43.2bn) in 2027, 6.8% of total.

Travel & Tourism investment in 2016 was INR 2,284.9bn, 5.7% of total investment (USD34.0bn). It should rise by 4.5% in 2017, and rise by 5.7% pa over the next ten years to INR4,149.0bn (USD61.8bn) in 2027, 5.7% of total.

II. OBJECTIVE OF THE STUDY

1. To study the dependency of local business community on tourism
2. To study the effectiveness of tourism on Local Business Community

III. RESEARCH DESIGN

The most important research process is deciding on the research design is as follows:

Type of Research: As the study conducted by the researcher is mainly focused on survey and fact finding about association of natural endowments and tourism development. Hence the research study is descriptive type of study.

Sample Design: A sample design is a definite plan for obtaining a sample from a given population. The main steps of sampling design are as follows.

Sample Unit: Looking towards the objective of the study researcher decides sample unit is business community in nearer villages, taluka's and city to tourist destination in Amravati district. The Amravati district has its uniqueness in tourism; it has only hill station in Vidarbha, a huge dense forest, historically rich heritage, an exceptional National Park and Tiger Reserve. The religious sites and pilgrimages in Amravati District make it important religious place. Hence to understand the financial impact of tourism on local business community is necessary.

Sample Frame: Sample frame for local business community is collected from 38 villages / talukas / city nearer to tourist destination in Amravati District.

Sample Size: Total 1500 samples collected from the local community out of which 481 samples are having a primary or secondary source of business are selected as a sample size by the researcher.

Sampling Technique: As per the circumstances of the researcher study a random sampling method is used.

IV. DATA ANALYSIS

The data is analyzed on the basis of the type of businesses at the tourist places. The businesses which are the main contributor to tourism are considered. Monthly sales were also considered while analyzing the data to understand the dependency as per the economic status of the businesses. And at last the percentage generated by the tourist is also analyzed business wise and monthly sales wise. The analysis will help to understand the impact of tourism development on the local economy.

Kind of Business	Monthly Sale		Percentage of Sale Generated by Tourist's					Total
			<30	30-40	40-50	50-60	>60	
Shopkeeper	Less than Rs.10000	Count	0	9	1	3	17	30
		Percentage	.0%	30%	3.3%	10%	56.7%	100%
	Rs.20000 to Rs.30000	Count	9	1	10	10	20	50
		Percentage	18%	2.0%	20.0%	20.0%	40.0%	100%
	Rs.30000 to Rs.40000	Count	10	4	9	1	10	34
		Percentage	29.4%	11.8%	26.5%	2.9%	29.4%	100%
	Total	Count	19	14	20	14	47	114
		Percentage	16.7%	12.3%	17.5%	12.3%	41.2%	100%

Taxi Driver	Rs.10000 to Rs.20000	Count	0	0	0	2	18	20
		Percentage	.0%	.0%	.0%	10.0%	90.0%	100%
	Rs.30000 to Rs.40000	Count	0	17	21	12	0	50
		Percentage	.0%	34.0%	42.0%	24.0%	.0%	100%
	Rs.40000 to Rs.50000	Count	1	6	3	0	0	10
		Percentage	10.0%	60.0%	30.0%	.0%	.0%	100%
More than Rs.50000	Count	0	0	0	10	0	10	
	Percentage	.0%	.0%	.0%	100%	0	100%	
Total	Count	1	23	24	24	18	90	
	Percentage	1.1%	25.6%	26.7%	26.7%	20.0%	100%	
Hotel or Restaurant	Less Than Rs.10000	Count	0	0	0	9	0	9
		Percentage	.0%	.0%	.0%	100%	.0%	100%
	Rs.20000 to Rs.30000	Count	0	0	11	3	25	39
		Percentage	.0%	.0%	28.2%	7.7%	64.1%	100%
	Rs.30000 to Rs.40000	Count	0	20	0	1	9	30
		Percentage	.0%	66.7%	.0%	3.3%	30.0%	100%
	Rs.40000 to Rs.50000	Count	0	0	9	13	8	30
		Percentage	.0%	0.0%	30.0%	43.3%	26.7%	100%
	More than Rs.50000	Count	0	0	0	6	50	56
		Percentage	.0%	.0%	.0%	10.7%	89.3%	100%
Total	Count	0	20	20	32	92	164	
	Percentage	0	12.2%	12.2%	19.5%	56.1%	100%	
Guide	Less than Rs.10000	Count	0	0	0	1	10	11
		Percentage	.0%	.0%	.0%	9.1%	90.1%	100%
	Total	Count	0	0	0	1	10	11
		Percentage	.0%	.0%	.0%	9.1%	90.1%	100%
Travel Agent	More than Rs.50000	Count	0	0	0	10	0	10
		Percentage	.0%	.0%	.0%	100%	.0%	100%
	Total	Count	0	0	0	10	0	10
		Percentage	.0%	.0%	.0%	100%	.0%	100%
Honkers	Less than Rs.10000	Count	0	0	0	1	20	21
		Percentage	.0%	.0%	.0%	4.8%	95.2%	100%
	Rs.10000 to Rs.20000	Count	0	0	0	2	39	41
		Percentage	.0%	.0%	.0%	4.9%	95.1%	100%
Total	Count	0	0	0	3	59	62	
	Percentage	.0%	.0%	.0%	4.8%	95.2%	100%	
Other	Rs.20000 to Rs.30000	Count	0	0	0	0	10	10
		Percentage	.0%	.0%	.0%	.0%	100%	100%
	More than Rs.50000	Count	9	1	10	0	0	20
		Percentage	45.0%	5.0%	50.0%	.0%	.0%	100%
	Total	Count	9	1	10	0	10	30
Percentage		30.0%	3.3%	33.3%	.0%	33.3%	100%	
ALL TYPE BUSINESS SALE		Count	29	58	74	84	236	481
		Percentage	6.03%	12.06%	15.38%	17.46%	49.06%	100%

V. CONCLUSION

The businesses play an important role in developing the economy of the nation, then it may be any kind of business. Hence the relation of tourism development and local businesses is tried to analyze in the study. An

abstract of the relationship between tourism development and local businesses, can be justified by the sales generated by tourist to the local business at the tourist destinations and nearer connecting places. Table No.1 shows the dependency of businesses at the tourist destination which are direct contributors to the tourism. From the data, it can be concluded that tourism plays an important role in the local businesses. The more will be the tourism in the region the more will be the demand for these businesses which are direct contributors to the tourism industry. Hence the infrastructural development on the tourism sites and destination is highly needed in the region so that the tourism should increase and in the result, it will directly affect the local economy positively due to the growing market demand.

VI. REFERENCES

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