

Sustainable Economy and Tourism: A co relational study with Reference to Gujarat State

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Abstract

Tourism is an economic activity of importance to national and state level development. The changing era and dimensions of tourism in Gujarat State has shown a significant bearing in the overall development of economy. Since post globalization period numbers of tourist visited to India have a multiplier effect, which in turn has resulted in increasing trend of foreign exchange earnings. Gujarat is being recognized as one of the most diverse state in India. The state is being recognized as one of the most advanced state in terms of industrial development, and also for fetching maximum tourist. The directors level and managerial level in the tourism industry have shown a tremendous information and the industry opened its gates for new projects and new ideas.

The present study is an attempt to derive a significant relation and the bearing of tourism industry with the macroeconomic determinants of the state. The study is a blend of descriptive and analytical study and has used secondary data from various published resources. The economy of a state is being driven by the growth in various segments of industry and infrastructural scenario. The Gujarat state is being recognized as a tourist hub in recent times and has enormously supported, significantly contributed in sustainability of state.

Keywords : Tourism, Sustainable, Macroeconomic

INTRODUCTION

Tourism is an economic activity of importance to national and state level development. The charging era and dimensions of tourism Gujarat State has shown a significant bearing in the overall development of economy. Since post globalization period numbers of tourist visit to India have a multiplier effect, which in turn has resulted in increasing trend of foreign exchange earnings. Gujarat is recognized as one of the most diverse state in India. The state is being recognized as one of the most advanced state in terms of industrial development, and also for fetching maximum tourist. It has been observed that how periodically the state has grown up an industrial development level and also have enriched their culture, heritage and other facilities to make it as a tourist hub. The directors level and managerial level in the tourism industry have shown a tremendous information and the industry opened its gates for

new projects and new ideas. The study mainly covering the details of the variables which is determining the elements of tourism industry explaining the expenditure lend so far has been incurred from the period of post globalization period to the present scenario, income level investment level and also profit generated by the industry so far. The period of post globalization has shown a tremendous change in all economic spheres. Industrial Revolution, structural changes in policies and regulations bought tremendous changes in overall developmental level.

INDIAN TOURISM INDUSTRY

Tourism is highly desirable to most communities because by attracting and serving visitors a community earns new or even basic income from other parts of the country and globe. India history dates back to 3000BC. Excavations in Punjab& Gujarat reveal that the Indus valley civilization was a highly developed urban civilization. In fact the two cities of Harppa & Mohenjodaro, situated on two sides of the river Ravi are known to have been built on a similar plan. But that only meant a new wave of urbanization was taking place along the Gangas around 1500 BC. This has been recorded in the Rigveda – the earliest known literary source composed in this period that sheds light on India’s past. The tourism industry of India is economically important & is growing rapidly. The world travel & tourism council calculated that tourism generated INR 6.4% trillion or 6.6% of the nation’s GDP in 2012. It is supported 39.5 million jobs, 7.7% of its total employment. The sector is predicted to grow at an average annual rate of 7.9% from2013-2023. This gives India the third rank among countries with the fastest growing tourism industries over the next decade. India has a large medical tourism sector which is expected to grow at an estimated rate of 30% annually to reach about 95 billion by 2015.

TOURISM IN GUJARAT

Gujarat, the land of rich Culture and Heritage. The mystic experience as it unfolds its magic in abundance. Tourists flock in to explore its unique development, join in the festive seasons, and enjoy the originalities of the performing genius of the folk art, music and dances. all, the Historical Places that dates back to the time of Indus Valley Civilization and Mahabharata times to the existence of Vedas. **Gujarat** is the 7th largest state in India, located in the western part of India with a coastline of 1600 km (longest in India). It is one of the most popular tourist regions in the country, and was visited by 19.8 million domestic and

international tourists in 2010-11. Gujarat offers scenic beauty from Great Rann of Kutch to the hills of Saputara. Gujarat is the one and only place to view pure Asiatic lions in the world. During the Sultanate reign, Hindu craftsmanship mixed with Islamic architecture, giving rise to the Indo-Saracenic style. Many structures in the state are built in this fashion.

OBJECTIVES OF THE STUDY

1. To derive and explore the relationship between major determinates of growth of Gujarat state economy with growth of tourism industry in state.
2. On the basis of the study, suggest certain suggestion to improve the level of tourism industry in state

RESEARCH METHODOLOGY

The study is mix of descriptive and analytical research. Secondary data have been collected for the research work. Tourism annual reports, CMIE, database, books and journals, have been used to collect the data. Descriptive statistics Karl Pearson Correlation and bivariate regression has been applied to calculate the magnitude of relationship.

$$X=a + by$$

Where, x= dependent variable

Y= independent variable

LITRETURE REVIEW

Tourism development- Problems and prospects by **P. B. Patil** (2006) The book is a slightly revised version of his doctoral thesis “Marketing strategies for developing tourism in western Maharashtra and Goa. Tourism needs perspective planning a deep study of marketing possesses to induce tourists to make India their destination. It effects on creating jobs and reducing unemployment.

“Tourism planning and tour operation” by **Dr. Devesh Nigam** Edition -2008. Tourism planning and tour operation is comprehensively discusses various aspects of the business to tourism in the Indian context. Delineating systematically the functions of the tour operation in tourism, the book provides a set of tools for managing tourism problems, monitoring policy

and its implementation, promoting sites etc. approach tracing the evolution and development of tourism in the state.

Virangami N. Patel. (2012) analyzed the tourist traffic trends in Gujarat. It provides comparative study of tourist resources according to gender. Age, quality of food, price, being charged for services of tourism. They studied the resources and facilities which tourists have answered through questionnaires which include Indian as well as foreign tourists and suggested that for tourist promotion. In Gujarat some extra activities should be introduced for its betterment.

Chaudhary (2012), studied the number of strategies that should be implemented by government which benefits the local people and increases the government revenues. He also stated that tourisms centered on wild resources that local people are themselves engaged for the protection and conservation of wild animals.

Ashok Vyas: In his book ‘Gujarat Tourism’, he beautifully explains the potentiality of Gujarat as a tourist destination. The history of Gujarat will take you back to the most fascinating epochs of the past, i.e. 5000 year old civilization throbs with rhythmic life. He made an attempt to provide a bird’s-eye view of the diverse and yet integrated canvas called Gujarat.

Impact of globalization on Indian economy (2011) by **P. Rajalingam**, it critically analyzes the new developments and repercussions in the area of globalization. With the special reference to agriculture industry and service sectors. This book mainly focused on recent developments of the agriculture industry and service sectors. The globalization and recent financial crises has influenced the Indian economy both positively and negatively.

Dr. V. Harikumar and Dr. A.S. Dileed and T. Rajesh (2001) “tourism trends and strategies”- this book comprehensively analyze the trends and strategies in tourism development. The innovative concepts such as eco tourism book provide an excellent analysis of various new trends in the modern tourism.

Analysis and Findings :

Table 1 : Determinants of Growth of Tourism Industry of Gujarat

Year	Expenditure	Investment	Grants received	Reserves	Income	Investment level	Net profit
	(in Cr.)	(in Cr.)	from GoG (in Cr.)	(in Cr.)	(in Cr.)	For improvement (in lacs)	(in lacs)
1997	46901624	-	42889722	28240440	32640773	-	-129.67
1998	66386305	-	44903336	32147233	61369329	266105	-34.23
1999	56912779	-	73293175	35190239	43085317	-	-122.52
2000	49778755		161628038	41891161	68361672	-	178.18
2001	59329603	-	240646748	466903794	66903438	59938	-138.95
2002	58468142	-	238789210	55095997	54197450	-	190.99
2003	69875255	-	2220.28	586.22	61220673	-	-57.29
2004	82295315	-	204480872	668506	52468663	-	-182.79
2005	81695034	-	223266996	668506	62685976	-	-385.8
2006	75618779		388705784	668506	66988157	214705	-83.56
2007	76141209	206433525	456267558	668506	86485243	-	96.38
2008	91705157	676695364	898038859	1168506	323162534	-	1764.29
2009	143931662	846885419	1269966175	1168506	196734660	59252	361.95
2010	221370204	920141729	1181699810	1168506	269867591	-	231.58
2011	179366354	1439315963	1697981014	117775987	354834055	-	1304.21
2012	189156327	1888900000	2332317501	339175285	536264618	129.67	2214

The above Stated table clearly reveals that after the period of post globalization there is an upward trend in terms of expenditure incurred in tourism industry. Also there is an upward trend in terms of grant received by tourism industry. Since post globalization the investment by the tourism industry has taken initiative from year 2007. As before this the profit level was highly uneven and also had losses in some years. From the year 1997-2006 the level of expenditure was comparatively high in comparison to income received, as a result has shown negative level of profit except year 2000 and 2002.

After year 2007 the industry has shown upward trend in net profit. The probable reason for this change is mainly the participation of private investors in the sector. The investment was mainly in the form of shares and bonds; which has respectively elevated the level of funds in the sectors. The sector has paid the attention towards the enrichment of tourist places in order to attract more tourists. Developed Infrastructural level has also contributed towards the rising growth of tourism industry in this period.

Table 2: Descriptive statistics.

	Expenditure (in crores)	Investment level (in crores)	Grants received (in crores)	Reserves (in crores)	Income (in crores)	Net profit (in crores)
Mean	96808281.5	996395333.3	590929813.6	70162516.5	146079384.3	325.4
Std. Deviation	54918781.1	591127536.1	690535705.0	135649399.2	148143919.6	754.0
Co efficient of variation	56.7%	59.3%	116.8%	193.33%	101.4%	231.71%
skewness	1.340409946	0.38981701	1.441391949	2.41612251	1.604333235	1.72185194

The average and coefficient of variation has been calculated for the determinants of tourism industry and GSDP. Among the values of coefficient of variation the variation level is lowest in expenditure i.e. 56% and highest in Net profit level i.e. 231.7%. The coefficient of variation is also a low level for GSDP (Services) i.e. 54.02%. The above calculated results supports the argument that as far as the expenditures in tourism industry is concerned the level was more or less at consistent from the period of 1997-2012, where as the profit level was on negative verge initially, which has later on picked up the level after year 2007 as a support of external findings taken up by the sector and transformation made by the tourism sector.

Table: 3 Correlation Matrix

Correlations	Investment level (in crores)	Grants received (in crores)	Reserves (in crores)	Income (in crores)	Net profit (in crores)	GSDP (at constant Price)
Expenditure (in crores)	0.711740545	0.882**	0.1415684 41	0.823**	0.5807*	0.906**
Investment level (in crores)	1	0.9922579	0.8752606 17	0.9185847 25	0.7	0.98954568
Grants received (in crores)	0.992**	1	0.3344713 8	0.957**	0.836**	0.961**
Reserves (in crores)	0.875**	0.33447138	1	0.3393455 18	0.31653751 7	0.166206108
Income (in crores)	0.918**	0.957**	0.3393455 18	1	0.931**	0.911**
Net profit (in crores)	0.699*	0.836**	0.3165375 17	0.931**	1	0.763651913
GSDP (at constant Price)	0.989**	0.961**	0.1662061 08	0.912**	0.763**	1

*5% level of significant **1% level of significant

For the purpose of seeing the relationship among the various determinants growth of tourism industry since from the period of post globalization correlation technique has been applied. It has been observed that all the determinants of growth of tourism industry except the reserves and Net profit is showing positive relationship with Gross State Domestic Product (GSDP) of the services at constant price which mainly includes services Trade Hotels and restaurants, Transport , Storage & Communications at 1% level of significance. Among the various determinants of tourism Industry Expenditure is showing a positive Correlation with grant received and income at 1% level of significance where as with Net Profit it is showing positive correlation at 5% level of significance. The variable Grant received is showing a significant relationship with investment levels, income, net profit at 1% level of significance. Income and Net profit is showing positive correlation with the variables except reserves at 1% level significance. The variable reserves are showing positive. Correlation only with the investment level of 1% level of significance. The results of Justifying and signifying the fact that all the major determinants of growth of tourism industry has significant bearing on GSDP

level of services. It is an obvious fact that each and every sector has a bearing and contribution in identifying the GSDP level. The present study mainly try to signify the fact that in overall GSDP level, the tourism sector has a significant contribution since the period of post globalization. Further to support the argument bivariate regression has been computed on the variables taking GSDP as an independent variable and all the determinants of growth of tourism industry as dependent variables

Table4: GSDP Independent variable

GSDP- Independent Variable				
Dependent Variables	A	B	r²	't'
Expenditure	4705505	0.906	0.82	8.012
Investment in tourism industry	2999.269	1.99	0.97	13.72
Grants Received in tourism industry	2289.729	0.96	0.92	13.09
Reserves	511644.9	0.166	0.028	0.631
Investment level (in Crores) for improvement	245721.2	-0.67	0.75	-1.57
Net Profit	-740.368	0.76	0.58	4.42

It is being clearly depicted from table no.4 that regression coefficient of expenditure (.906) , investment in tourism industry (1.99), Grant received in tourism industry (.96) are statistically significant at 1% level of significance, individually explaining more than 50% of variance of GSDP OF services other variables are not having significant bearing in explaining the GSDP.

The economy of a state is being driven by the growth and development of various sectors operating at individual level. The other way to represent the fact is that as the economic structure of a state is on upward trend, it leads to the further development of different industries and sectors. There is always an existence of bidirectional relationship among the industry growth determinants and micro economic indicators.

It is being evident from the results calculated that although the growth of economy has given a direction and growth to tourism industry, but the other way to see the fact is that since the

period of post globalization, the increasing level of tourism industry has also showing a magnitudnal effect on the total product of GSDP of state.

Conclusion:

Gujarat is well known as better business place in India as giant businessmen are attracted to have their best business with best projects in Gujarat. This was come of mind of CM and other senior officials in regarded of up gradation of tourism in Gujarat and they tried their level best, to do needful in the matter, accordingly various tourists place have been renovated very well with best infrastructure facilities. Moreover other new best projects in tourism have been place in better way and fulfilled like anything. As a result tourism has been the wide spreader business. Gujarat is now identified as tourism hub in all types of entertainment like, reverse, mountains, wild animals, and so many others.

Since, inception tourism corporation of Gujarat Ltd. have done lot of activities, but there are some points to be noted during the years above as indicated about up to the year 2006 as the total command of CM and in the absence of net teamwork and officials their created financial losses and ultimately the other investors could not take any interest in the business of tourism which is the minus point. This point should be taken care of by the corporation as name itself reflects the nature of working as well as their activities as stated about the famous businessmen attracted in Gujarat with the or best new projects. The other investor must take more interest in the activities of Gujarat, but when the team officials started working deeply and with special interest with the help of grants the situation went in the better way after the year 2006. Naturally the change was necessary with the new generation and it was totally done in way. Moreover, other investors have are keenly interested in tourism business getting way progressive margin year to year.

It is being observed that growth of tourism industry and the growth of Gujarat state economy are being hand to hand. Every day innovative and creative transformations in the industry are uplifting the level of industry. New policy framework will be enabling in the near future to make. Gujarat state distinguish tourism hub and state will have a remarkable stand in terms of tourism and tourist.

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