

e-content for PMIR- Semester-III Paper Code-AEC-I

Tourism Management

UNIT-1 (B)

SCOPE OF TOURISM

Tourism industry has taken rapid strides in the recent years as an instrument of all-round economic growth.

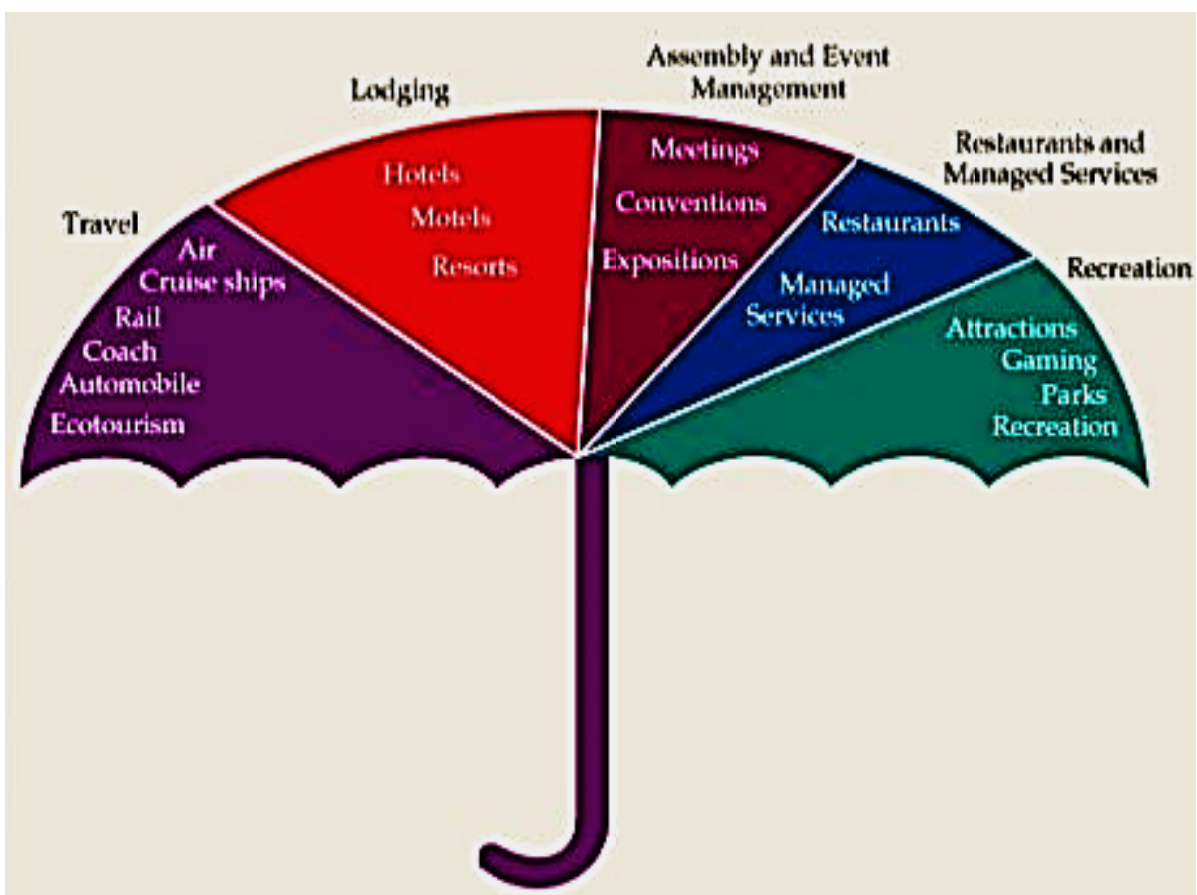


Figure: Scope of the Hospitality-Tourism Industry

The wide-ranging achievements in this field have led to a marked improvement in general standard of living.

As a service industry

It creates employment opportunities for the local population. It is a major source of income and employment for individuals in many places deficient in natural resources which cannot readily contribute to the economic prosperity of the local people except through the medium of tourism.

Balancing employment and income

Tourism has become a significant factor in redressing regional imbalances in employment and income. This aspect of provision of more employment becomes more important in a developing country where the level of unemployment and underemployment tends to be high.

Growth in other sectors

Tourism is an avenue to growth in other sectors and the Govt. is the single largest beneficiary. It is also a major source of foreign exchange earnings. It can help to correct adverse trade balance and regional imbalances. It has the advantage of being a painless mechanism for transfer of resources from the high income developed countries to the low-income developing countries. In economic terms, tourism is both a labour-intensive and capital-intensive industry.

Potential for employment

It has a vast potential for employment, direct and indirect. The employment generation by tourism development assumes special significance in the present conditions prevailing in India. *Socio-economic development of various parts of the country.*

It can be an effective vehicle for promotion of growth and development of different regions. It gives a direct stimulus to socio-economic development of various parts of the country.

Medium of cultural changes

Tourism is not only an economic activity vital to national development, but also an important medium of cultural changes among nations of the world. It can play an important role as a means of social education and social mobilization in the country it self, as a compelling force for fostering better understanding among nations of the world, for developing closer cultural and business relations and as a significant factor contributing to world peace.

Tourism, in fact, is an important human activity with great scope. The complex nature of tourism phenomenon implies that various academic disciplines are involved in its study.

Economic importance of tourism

Economic Impact of tourism can be studied in relation to its contribution to increase in national income, foreign exchange earnings, employment, return on investment, conservation of resources, etc.

Contribution to National Income

Interest in tourism in various countries has been generated due to its potential to increase the income level of people. The foreign tourists spend a lot of money on their holiday trips which has a multiplier effect on the income of the local people. However, this multiplier effect is curbed by the leakage in the economy particularly by the import content of this industry. It is generally observed that the multiplier effect of tourism both in respect of income and employment is very high. In recent years, therefore, the importance of tourism as a tool of economic development has been appreciated.

Contribution to Foreign Exchange Earnings

An important problem in the developing countries is the acute shortage of foreign exchange. Since most of the foreign tourists come from the developed countries forming the hard currency area, efforts are to be made to attract more foreign tourists. Expenditure by foreign tourists in the tourist receiving countries forms a main source of foreign exchange to them.

Contribution to Employment Generation

The importance of tourism in the national economy can be judged with reference to the contribution to the generation of employment. This aspect of tourism is of immense importance for underdeveloped countries where there is a large-scale unemployment and where employment opportunities grow at a very slow rate. It is observed that, Tourism, as an industry, enjoys a high rank as a generator of employment for an investment of a given amount, in comparison to other industries.

This industry had generated direct employment to 5.5 million, indirect employment to 8 million by 90-91. Apart from direct employment created by hotels, the tourist industry generates multiple effects by providing employment opportunities in ancillary industries.

Effect on Prices

Tourism industry has a great impact on the prices of various commodities available in the local market. Tourists compete with the local customers and are at times in a mood to pay slightly extra price. They specially compete in the field of accommodations. Apart from

the direct influence of tourists spending, we should also consider the influence of tourists' expenditure incurred by persons associated with tourism assuch.

Tourism can be visualized as an important factor activating the idle resources of the nation. The tourist industry creates a demand for the products which otherwise would remain idle. From this point of view, tourism, no doubt, contributes to intensive utilization of national resources. However, since our natural resources are limited, tourism may result in rapid depletion and exhaustion of these limited resources.

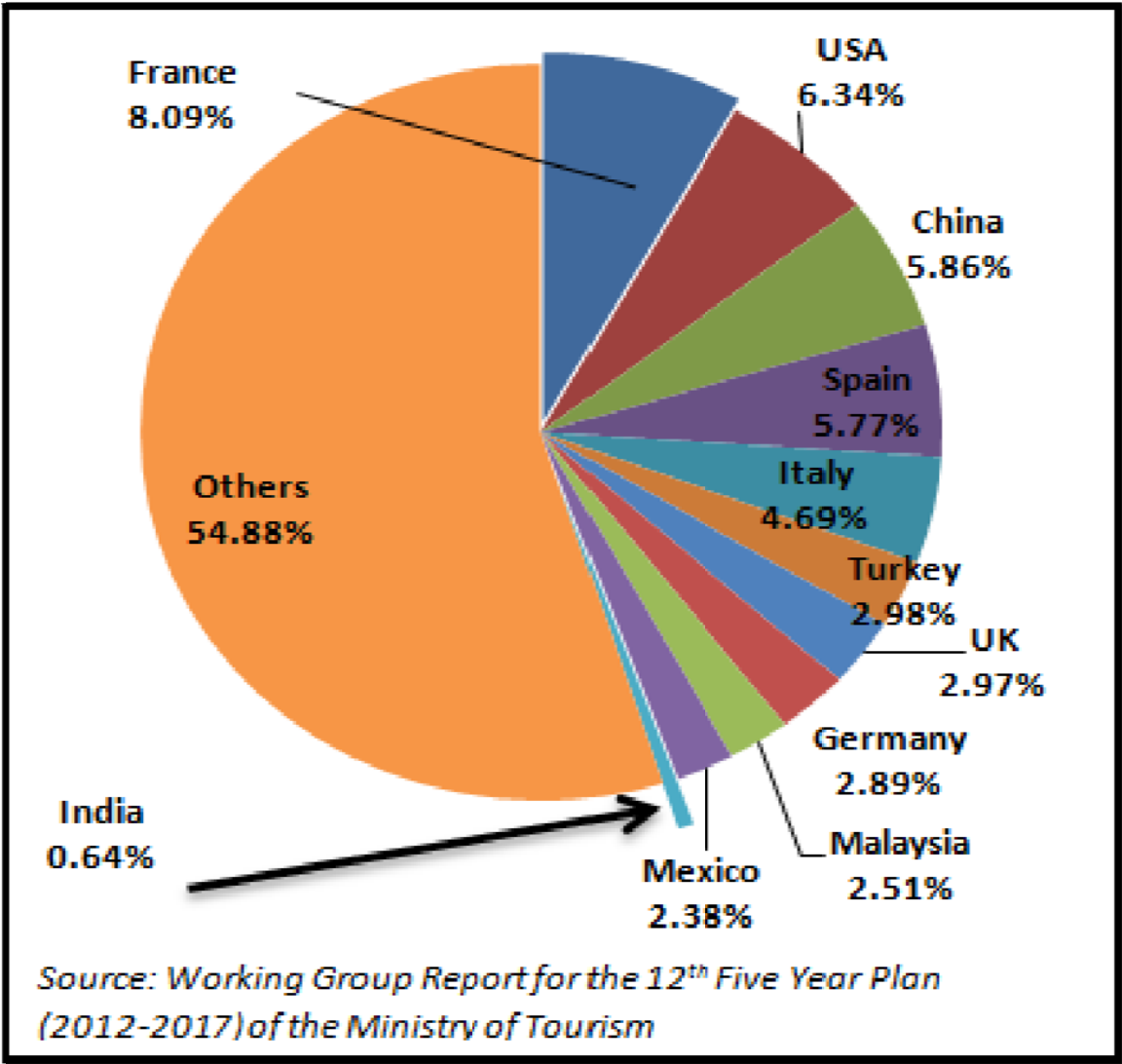


Figure: Percent share of top 10 countries and India in International tourist arrivals

The impact of tourism

The impact of tourism has been increasingly realized because of its social, economic, cultural, political and aesthetic implications. Tourism has no longer to be an adventure to be undertaken by a few. Recent phenomenal increase in tourists’ traffic all over the world testify that it is an activity to be enjoyed by common masses.

Table: Impacts of Tourism

Impacts	Economic	Socio-cultural	Environmental
POSITIVE	<ul style="list-style-type: none">• Employment opportunities• Growth in income• Increase in foreign exchange• Infrastructure & facilities development	<ul style="list-style-type: none">• Preservation of heritage, culture & local customs	<ul style="list-style-type: none">• Conservation of natural habitats
NEGATIVE	<ul style="list-style-type: none">• Leakage of tourism receipts• Seasonal unemployment• Under-use of facilities• Shortage of facilities	<ul style="list-style-type: none">• Dilution of heritage, culture & local customs• Increased crime	<ul style="list-style-type: none">• Vandalism• Littering & pollution• Destruction of habitat• Increased carbon footprint• Increased congestion