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A Review on Economic Impact of Globalization on Gujarat tourism

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Abstract: There is an enormous impact of travel and tourism on economic and social development our economy. In the current economic scenario of the globalized world, tourism has proved to be successful for the year 2015. The direct contribution of travel and tourism to World GDP has increased from 2.3% in 2013 to 2.4% in 2014. Tourism has developed from just exploring new places to an opportunity for expanding business and augmenting international relations and appreciating cultural diversities. It not only brings different countries and people together but also significantly contributes to economic and social development. This paper focuses on impact of Globalization on Gujarat tourism. Tourism, in Gujarat is booming sector and the Government of Gujarat has introduced the New Tourism policy 2015-20, which highlights the innovative practices adopted by Gujarat government to make Gujarat a top 5 tourist destination. This paper reviews the economic impact of tourism due to globalization and its direct, indirect and induced influence on the Gujarat economy. This secondary research is an attempt to review the innovative techniques adopted by Government of Gujarat such as 'home stay' policies, ICT tools such as mobile applications, development of wayside amenities, introduction of tourist police, development regulations for hotels and excellence awards.

Key words: Economic Impact, Globalization, Gujarat, Innovative practices, Tourism.

I. INTRODUCTION

The tourism business has met persistent expansion and has turned into the fastest developing business and commercial areas in the world. Because of this, numerous new destinations have grown apart from the conventional most loved areas of Europe and North America. The result of development of new tourist destinations have opened new opportunities for investment in tourism. This has resulted into economic growth of regions such as creation of new employment opportunities, increase in foreign exchange earnings and development of tourism infrastructure.

Tourism Industry is booming in India. It contributes substantially to our economy. It has a capacity to generate forward and backward linkages with many sectors like manufacturing, transport, hospitality, education, health, banking and agriculture. On the occasion of World Tourism Day, 27th September 2015, Gujarat government disclosed an ambitious new tourism policy 2015-2020 and awarded 'industry status' to the tourism sector for the first time. The main objective of the policy is to make Gujarat one of the top five tourist States of India in terms of local, national and international tourist arrivals by 2025.

II. OBJECTIVE OF THE STUDY

1. To analyses the economic impact on Gujarat tourism due to Globalization.
2. To study the innovative practices undertaken by Gujarat Tourism to make Gujarat a top 5 tourist destination states of India.

III. LITERATURE REVIEW

Raval, H. R. (2015). *Micro study of selected plans of Gujarat government for the development of tourism* investigated that tourism is interlinked sector, its study becomes more complicated and complex because observations of impacts may not be exact or much accurate. Therefore, this study still leaves room for further study. From the perception of state, government can identify more effective programs; recognize limitations of past programs and guidelines for future action plans. Even it may be useful for the people who want to attempt for studies of similar nature.

Shukla, P. K. (2014). In his doctoral thesis *A study of tourism in Gujarat a geographical perspective* concluded that out of the 10 motivational factors such as business, leisure, entertainment/sports/pleasure, cultural/festivals/fairs, personal/medical/wedding, religious, educational, conventional, shopping and sightseeing, foreign tourist preferred cultural/festivals/fairs the most by 30%, 20% preferred Entertainment/sports/pleasure whereas only 2% preferred business related travel to Gujarat.

Regional tourism satellite account-2009-10. (2014). The research conducted by *National Council of Applied Economic Research* concluded that Gujarat is one of the major tourism-oriented states of India. In 2010, the domestic tourist arrival, the state ranks at the tenth place and the rank in terms of foreign tourist arrival is 15. Eight major tourism hubs have been developed in Gujarat namely Ahmedabad Metro, Ahmedabad Rural, Surat, Vadodara, Rajkot, Junagarh & Jamnagar (Saurashtra) and Bhuj (Kutch). Gujarat, especially Ahmedabad and nearby region including the state capital Gandhinagar is a major hub of internationally renowned educational institutions which attract education tourists of higher education from each corner of the country. According to the India Tourism Statistics, the foreign tourist visits in Gujarat grew from just about 30930 in 2001 to more than 6 times in 2013. The state hosted a total of 1, 98,773 foreign tourists during 2013, posting an annual growth of 14.1 per cent as against the all-India growth of 9.2 per cent over the year 2012.

IL&FS Infrastructure. (2012). *Identification of Tourism Circuits across India.* Ministry of Tourism, Government of India. 'The interim report of Gujarat' stated the objectives of study as identification of potential tourist circuits in the state of Gujarat, to assess the existing infrastructure i.e. basic and tourism related for the various tourism circuits of Gujarat, and to assess the interventions for improving quantity and quality of basic and tourism infrastructure for prioritized circuits.

Parekh, M. A. (2010). In the research paper *Fair-Based rural tourism: A potential growth engine for rural economy in Gujarat* summarized that for emerging economies the need is to figure out self-sustaining growth engines, driven by domestic demand. Tourism has proved to be a growth engine for many Asian economies, but in most of the cases it is largely driven by foreign tourist. These fairs have a very large potential for rural consumption. Huge amount of consumerism takes place which in turn stimulates the rural economy. These fairs also perform as a basis for accessing the hard-to-reach rural markets. And in addition to all, rural tourism can be heavily boosted by such fairs and festivals.

Bhattacharya, M. (2008). *Advantage Gujarat in Medical Tourism. Conference on Tourism in India – Challenges Ahead* remarked that Medical facilities in Gujarat is well developed with world class health infrastructure, zero waiting time and most importantly one tenth of medical costs spent in the US or UK, Gujarat is evolving into a preferred medical tourist destination.

Thaker, M. D. (2004)., *Problems and Prospects of Tourism Industry in Gujarat, thesis PhD,* Saurashtra University. The research was conducted to evaluate the existing problems tourism development in Gujarat particularly in terms of tourist information, publicity, and awareness aspects.

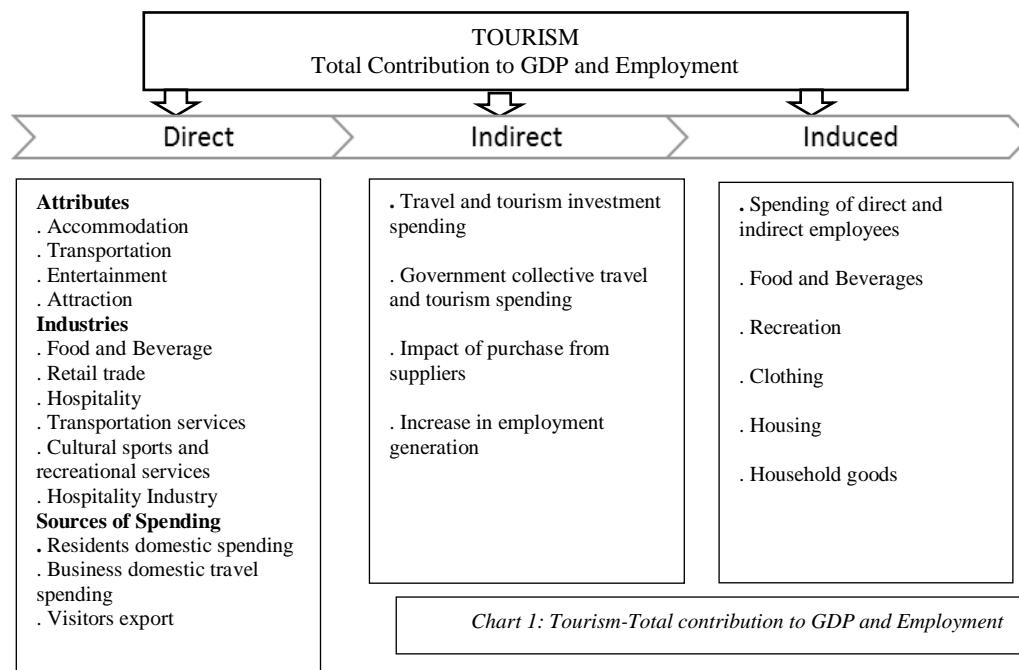
IV. ECONOMIC IMPACT OF TOURISM ON GUJARAT ECONOMY

In Gujarat, tourist arrival varies across age groups and countries of the world. There has been inflow of foreign tourists and NRI to Gujarat for variety of reasons. There have been many efforts taken by the Government of Gujarat to promote tourism. Globalization has an enormous impact on Gujarat, when it comes to Business, Gujarat is a step ahead with its exclusive

Infrastructure amenities and industrial Policies. And it is the reason why the Business Honchos all over from the world make huge investment in Gujarat in small and medium enterprises. Vibrant Gujarat provides one such platform for investors to explore investment opportunities in Gujarat. Not only is that ‘Khusboo Gujarat Ki’ Campaign another such initiative taken by the government of Gujarat. These initiatives along with many innovative schemes have boosted the tourism industry of Gujarat. The tourism has a tremendous economic impact on economy of Gujarat. This is indicated in the table below in *chart.1*

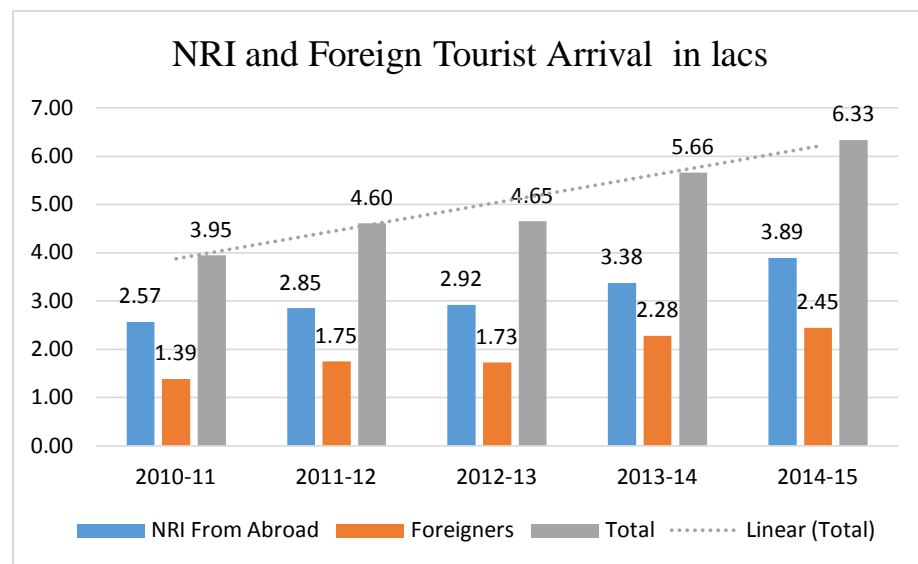
• **Foreign Tourist Arrival:**

Foreign Tourist Arrival to Gujarat is due to many reasons. Tourist inflow is not only because of various tourist destinations but also due to business opportunities that have increased in Gujarat. The following charts indicates that the number of NRI and Foreigners have increase sequentially year after year. In the year 2010-11 the total inflow of tourist was 3.95 lacs, which has increased to 6.33 lacs by 2014-15. The data shows that in 2010-11, NRI inflow was 2.57 lacs whereas foreigner inflow was 1.39 lacs. There have been increase in both NRI arrival and foreigners to Gujarat. By 2014-15, NRI inflow was 3.89 lacs and foreigner inflow as 2.45 lacs respectively. The graph indicates the upward trend in tourist inflow to Gujarat. This contributes to the economics development of Gujarat. The purpose of tourism is illustrated in table 2. The data indicates that maximum number of tourist arrival from abroad which consists of NRI and foreigners have visited business centers of Gujarat.



Year	NRI	Foreigners	Total
2010-11	2.57	1.39	3.95
2011-12	2.85	1.75	4.60
2012-13	2.92	1.73	4.65
2013-14	3.38	2.28	5.66
2014-15	3.89	2.45	6.33

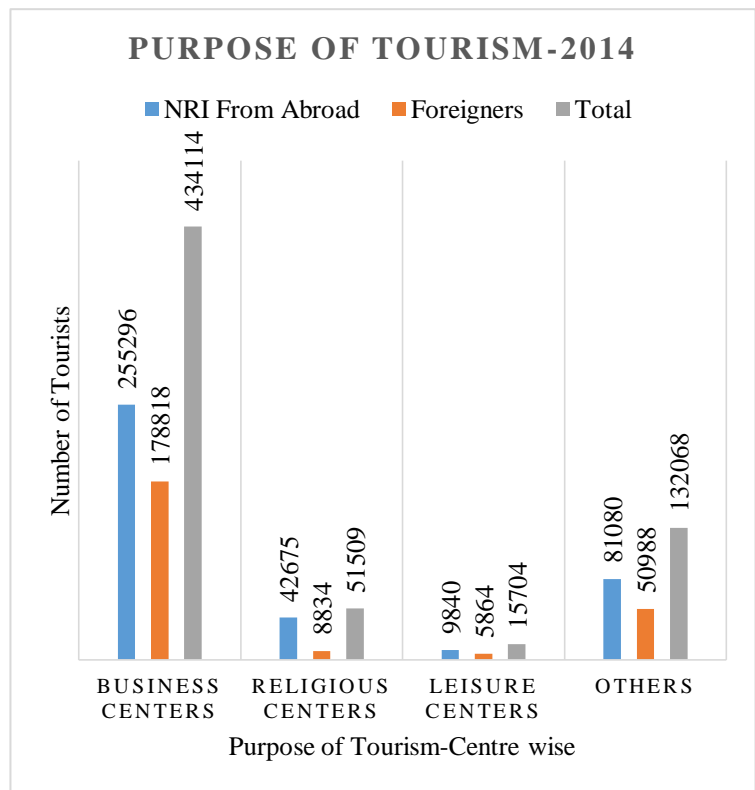
Table 1
Source: GICTO- Gujarat Industrial and Technical Consultancy Organization Limited



Graph 1-NRI and Foreign tourist arrival

The statistical data indicates that in all 4, 34,114 tourists have visited Gujarat in 2014-15, whereas 51,509 tourists have visited religious centers, 15,704 have visited leisure centers and for other purposes 1, 32,068 tourists have visited Gujarat. The above data clearly indicates that Vibrant Gujarat has played an important role in promoting business tourism whereas comparatively few tourists have visited leisure centers which signifies that leisure centers requires more development and diversification

Purpose of Tourism: The GITCO report-2014 stated that, there were 4, 34,114 visitations to Gujarat in 2014 for business centers, 51,509 visitations to Religious centers 15,704 visitations to leisure centers by NRI and foreigners. In all there were 6, 33, 395 visitors in 2014. This statistical analysis is contradictory to the research conducted by **Shukla, P. K. (2014)**. The research clearly indicated that foreign tourist preferred cultural/festivals/fairs the most by 30%, 20% preferred Entertainment/sports/pleasure whereas only 2% preferred business related travel to Gujarat. Vibrant Gujarat reports that more than 250 global CEOs and leaders attended the exclusive event in January 2015. It is predicted that due to various MOUs, investment plans and initiatives undertaken during the Vibrant Gujarat Summit there will be more NRI and foreigner tourist inflow to Gujarat. The report for Tourism Sector Vibrant Gujarat states that there are total upcoming projects worth 103.98 USD million.



Graph- 2, Purpose of visit 2014

Purpose of Tourism	NRI	Foreigners	Total
Business Centers	255296	178818	434114
Religious Centers	42675	8834	51509
Leisure Centers	9840	5864	15704
Others	81080	50988	132068
Total	388891	244504	633395

Table 2
Source: GICTO- Gujarat Industrial and Technical Consultancy Organization Limited- 2014

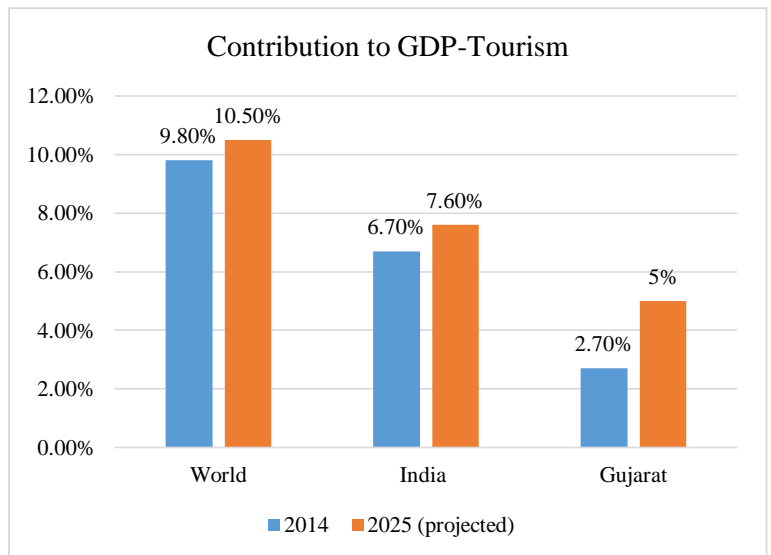
Contribution to GDP:

The report on Economic Impact-2015 of World Travel and Tourism Council concluded that 9.8% of the World GDP was contributed by tourism. The share of tourism to India’s GDP was 6.07% and Gujarat Tourism contributed 2.70% to state GDP in 2014. According to the report of ‘The 20-year perspective plan of development of sustainable tourism in Gujarat’ conducted by Ministry of Tourism-India, the

Total contribution to GDP-Tourism		
	2014	2025 (projected)
World	9.80%	10.50%
India	6.70%	7.60%
Gujarat #	2.70%	5%

Table 3
Source: Economic Impact-2015-World Travel and Tourism Council
Existing and projected figures by GITCO

contribution of tourism sector to state GDP since 2002 is as is stated in the table below. It clearly states that in the year 2002, the contribution of tourism to state GDP was 2.53%. Whereas it was 5.06% in the year 2015 and it is projected to increase to 10.18% by 2022. The ambitious growth can be achieved with the current tourism policy declared by the Gujarat Government.



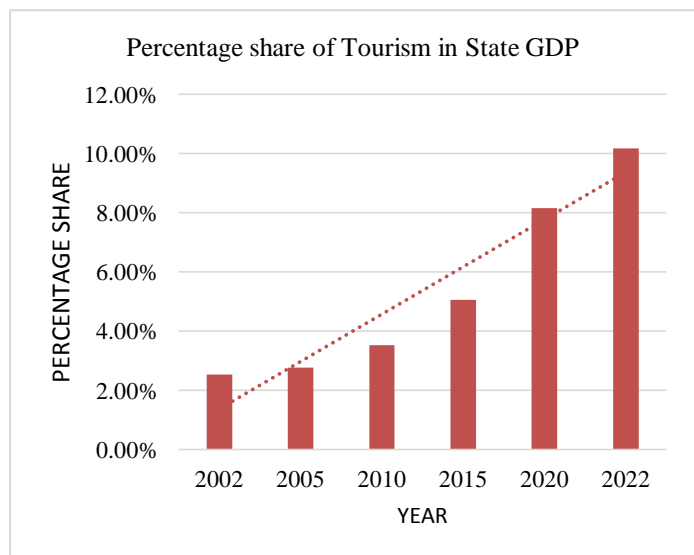
Graph-3, Contribution to GDP-Tourism

Contribution of Tourism to State GDP:

Dalal Mott McDonald. (2003). 20-year perspective plan on development of sustainable tourism in Gujarat stated the contribution of tourism sector to the state GDP. Table 4, indicates that the contribution of tourism sector has increased over the years. In the year 2002, the share of tourism sector in state GDP was 2.53% which increase to 3.53% in the year 2010 and further rose to 5.06% in the year 2015. It is also predicted that the share will increase to 8.16% in 2020 and 10.18% in the year 2022. The ambitious growth can be achieved with the current tourism policy declared by the Gujarat Government.

Year	Percentage Share of Tourism in State GDP
2002	2.53%
2005	2.76%
2010	3.53%
2015	5.06%
2020	8.16%
2022	10.18%

Table-4
Source: 20-year perspective plan on development of sustainable tourism in Gujarat-Ministry of Tourism India



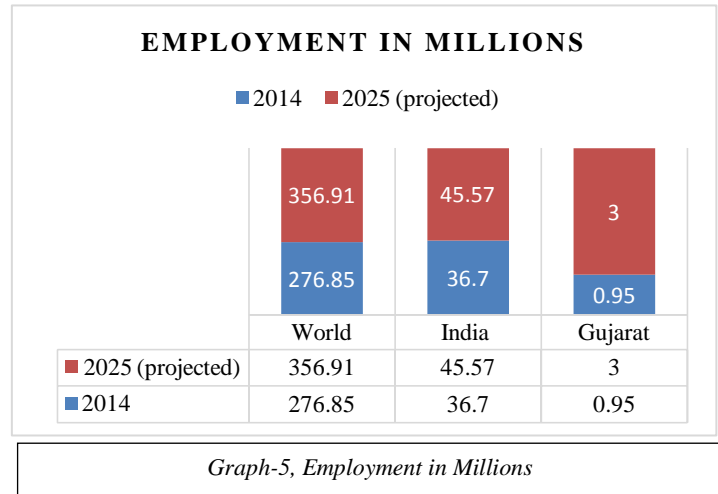
Graph-4, Percentage share of tourism sector to State GDP

• **Employment Generation:**

Tourism industry has tremendous potential to create employment opportunities. Table-5 helps us in comparing the amount of employment generated by the tourism sector throughout the world, in India and Gujarat. The data collected by World Travel and Tourism Council indicates that tourism industry generated 276.85 million jobs in 2014, where in India, tourism employed 36.7 million people and according to GITCO, 0.95 million jobs were created in Gujarat. It is projected that by 2025, tourism will generate 356.91 million jobs across the world, whereas in India due to the booming tourism, 45.57 million jobs will be created and in Gujarat alone, 3 million jobs will be generated. The new Tourism policy of Gujarat also aims generating 2 million jobs by 2025.

Employment in Millions		
	2014	2025 (projected)
World	276.85	356.91
India	36.7	45.57
Gujarat	0.95	3

Table-5
Source: Economic Impact-2015-World
Travel and Tourism Council
Existing and projected figures by GITCO

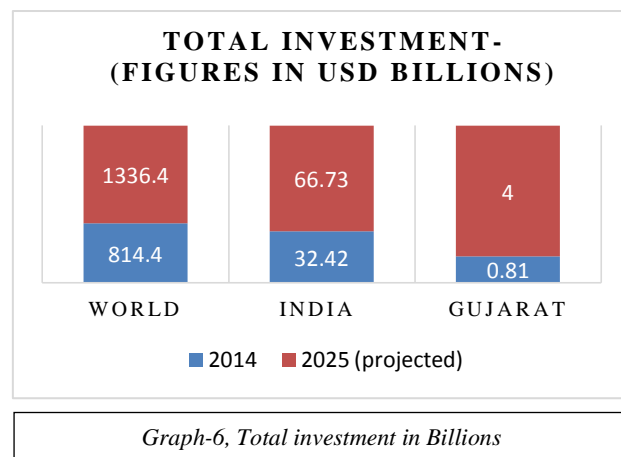


• **Infrastructure Investment:**

Tourism industry has generated immense opportunities for investment in the tourism sector. The New tourism policy offers tremendous opportunities for investments. The investment opportunities can be to augment the infrastructure for tourism. The strategy of the recent policy is to make investment in developing civic amenities, accommodation, development for wayside amenities, broad basing tourism to curtail seasonality by developing alternative tourisms such as coastal and beach tourism, golf tourism, cinematic tourism, archeological and historical tourism, adventure tourism, educational tourism etc. Investment opportunities will increase as the tourism policy empathizes on strengthening the partnership between Government of India, other state governments and private stakeholders of tourism. Table-6 indicates that in 2014, investment in tourism sector was 814.4 USD billion, whereas 32.42 USD billions were invested in tourism sector in India and 0.81 USD billion were invested in Gujarat. The World Travel and Tourism council projected a growth in investment opportunities in tourism sector. By 2025, the investment will increase to 1336.4 USD billion across the world whereas in India the investment will increase to 66.73 USD billion. GITCO has estimated the investment to be 4 USD billion by 2025.

Total Investment (Figures in USD Billions)		
	2014	2025 (projected)
World	814.4	1336.4
India	32.42	66.73
Gujarat #	0.81	4

Table-6
Source: Economic Impact-2015-World
Travel and Tourism Council
Existing and projected figures by GITCO



V. REVIEW OF INNOVATIVE PRACTICES OF GUJARAT GOVERNMENT TO PROMOTE TOURISM

The new tourism policy 2015-2020, adopted by the Industries and mines department of Government of Gujarat was declared with the vision to position Gujarat as a vibrant tourist destination with special emphasis on improving visitor experience. This policy is introduced for achieving various objectives such as to make Gujarat as the top five tourist destination of the country, to enhance MICE-(*Meetings, incentives, conference and exhibitions tourism*), to introduce innovations in tourism in the form of adventure, cruise, event tourism, to promote tourism for all segments of society and the increase the employment opportunities in the tourism sector by providing 2 million persons by 2025. Several innovative practices adopted by the government of Gujarat in the new tourism policy 2015-2020, are reviewed as under:

- **Revolution in incentives and concessions:** As the Gujarat state government has granted the status of 'Industry' to tourism sector, many revolutionary incentives and concessions are provided. Although the new status to the tourism

sector will fetch other incentives which will be declared later. Capital and Interest rate subsidy will be provided to boost tourism industry in Gujarat. The following table indicates the quantum of capital subsidy provided under the policy. The interest rate subsidy is given for loans at the rate of 5% p.a. for form maximum amount of 25 lakhs for the

Eligible Capital Investment (excluding the land cost)	Admissible Subsidy*	Maximum Limit
Investment up to 50 crores	15%	Rs. 7.5 crore
Investment above 50 crores	15%	Rs. 10 crore
Tented accommodation (with minimum investment of 0.20 crores)	20%	Rs. 0.15 crore
Equipment worth Rs. 1 crore and above for adventure and water sports Golf equipment for public golf courses registered with TCGL	10%	Rs. 0.5 crore

Table-7 Source: Tourism Policy for the state of Gujarat 2015-2020

period of five years for municipal corporation areas for eligible units whereas loans will be provided at the rate of 7% p.a. for a period of 5 years for maximum amount of Rs. 30 lakhs for the areas other than mentioned in the first category. These incentives will aid in boosting investment in tourism infrastructure.

- **Exemption from Taxes:** The new policy presented many changes in the taxation polices by providing exemptions in the variety of taxations. Exemptions from entertainment tax, luxury tax and electricity duty are some major footsteps towards development of tourism. Under this innovative step all eligible tourism units will get exemption from luxury tax and entertainment tax for the period of five years from the date of commencement of commercial operations or date of completion of expansion. All the eligible units claiming this benefit will have to pass the same to the end user. This exemption will be reviewed when GST will be introduced. Exemption from electricity duty will be given to new units only for the eligible units for the period of five years from the date of commencement of the unit.

- **Incentive for promotion of Innovation:** To encourage innovations in tourism sector, incentives will be provided if any one of the following criteria is met.

1. If the technology is introduced first time in the state.

2. Significant leveraging of information technology.

3. Having negligible carbon footprint.

Project cost	No. of persons directly employed	Incentive amount
Investment between Rs. 10-15 crores	50	Rs 10 Lakh
Investment between Rs. 1-10 crores	30	Rs. 5 Lakh

Table-8 Source: Tourism Policy for the state of Gujarat 2015-2020

The state level implementation committee will review the proposal and determine the eligibility. The incentive for innovations are indicated in the table 8.

- **Incentive for IT Enablement:** To promote tourism, Gujarat government has decided to give incentives for IT enablement. The state government will encourage international and national level conferences promotion of use of ICT in tourism sector. Financial assistance will be provided maximum up to 5 lakhs per event after the approval of state level implementation committee. TGCL has also undertaken steps to update website, improvement in existing portal, use of social media, online booking and mobile apps. To encourage the use of ICT in tourism, the tourism service provider, providing audio visual guide will be given the assistance of 25% or 25 lakhs whichever is less, of the cost for procuring the equipment and content creation.
- **Home stay policy:** One of the most innovative practices adopted by the state government is introduction of home stay policy. The state government declared this innovative practice in November 2014. The home owners who live with their families in the residential houses which exists from before 31st March 2014 will be eligible for this policy. This will not only provide employment opportunities for families but also it provides a platform for foreigners to explore the Gujarati culture and food. At present there are not sufficient hotels and accommodation available at major tourist destination, especially in peak seasons and there is lack of availability of lodging and boarding. This policy will serve the shortage of accommodation with minimum investment.
- **Introduction of Tourist Police:** To increase the safety of tourist and for better traffic management of the tourist centers, in consultation with home department an institution of tourist police will be introduced.
- **Introduction of Excellence Awards:** To recognize the excellence in tourism products and services, the state government will institutionalize Annual Tourism awards. The various categories for awards will be
 1. Best entrepreneur in Tourism
 2. Best lady entrepreneur in Tourism
 3. Best start-up in tourism
 4. Most innovative tourism project
 5. Best ICT enabled tourism projects
 6. Best maintained tourism Asset
 7. Recognition for Hotels, tour operators and travel agents.

VI. CONCLUSION

The review of the secondary data for Economic impact of globalization on Gujarat tourism concludes that there are many innovative practices adopted by the Government of Gujarat and TCGL to make improvement in attracting tourist from other countries of the world, this will not only create more employment opportunities for local residents but also it will develop the state of Gujarat as more investment opportunities are created for investment in infrastructure for tourism. Tourism growth will also fetch more foreign exchange for the state of Gujarat. Vibrant Gujarat 2015, in its sector wise report has clearly chalked out the major tourist destinations which have been completed by 2011-13 is worth USD 11.76 million. Also, there investment worth USD 416.67 million to build the tallest iconic structure of the world of Sardar Patel -Statue of Unity at Sadhu bet Kevadiya-Narmada. The total ongoing projects for tourism is worth 35.11 USD million, which includes Chotila Devasthan, Surendranagar, development at Dakor, Kheda, Sunrise point Dang etc. This indicates that tourism has huge potential for growth.

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