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Tourism for economic development in North-Western Himalayan states of India

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Abstract

India is the fifth largest economy in the world by nominal gross domestic product and the third largest economy in the world in terms of purchasing power parity. Over 50 percent of India's gross domestic product comes from the service sector. Among service sector constituents, the tourism and hospitality industry are the second largest contributor to the service sector growth. The expansion of the travel and tourism sector has a major impact on the economic growth and employment of India. Through its impact on employment, foreign exchange earnings, and funding national infrastructure, tourism helps in a country's economic growth. The paper aims at highlighting the role of tourism in the economic development of India in general and in the north-western Himalayan state economies in particular. With the help of time series data on the growth of various constituents of economic development, the study finds that tourism plays a significant role in the economic development of the states.

Keywords: Tourism, economic growth, employment, economic development, sector growth

1. Introduction

Tourism is one of the major drivers of economic growth and development. Research studies shows that tourism development can lead to positive economic outcomes for the developing economies ^[1-3]. These positive economic outcomes of the tourism sector activities comes in the form of foreign exchange earnings, employment creation across multiple sector, infrastructure development, stimulation of local businesses and entrepreneurship ^[1, 4, 5]. The economic impact of tourism extends beyond direct spending by visitors, creating a multiplier effect that benefits various sectors of the economy. This multiplier effect started with the spending by the travellers circulates through the local economy, generating additional economic activity and income in related industries such as hospitality, retail, transportation, and entertainment ^[6-9]. The positive impact of multiplier effect generated by the tourism industry makes it a key driver for economic development of many regions and countries across the globe.

The tourism industry also has the potential to attract foreign direct investment as investors recognize the economic opportunities presented by the tourism sector. Furthermore, the development of tourism infrastructure, such as airports, roads, hotels, and tourist attractions, can facilitate broader infrastructure improvements that benefit the overall economic development of the economy ^[10-13]. The tourism industry can also cause technological advancements as stakeholders of the tourism industry seek to enhance the visitor experience through the adoption of digital technologies, automation, and innovative tourism products and services ^[14-17]. This technological progress not only enhances the visitor experience but also improves the industry's operational efficiency, environmental sustainability, and overall competitiveness ^[18-20]. Therefore, it can be said that the tourism industry has the potential to significantly contribute to a country's economic growth, attract foreign direct investment, and support the development of infrastructure and technology. Also, the tourism sector helps to alleviate disparities in the balance of payment conditions by contributing positively to the services account of the Balance of Payment ^[21, 22].

Acknowledging the importance of tourism, many countries actively pursuing strategies to expand their tourism sectors to boost economic activity, generate employment, increase foreign exchange earnings, and support overall economic prosperity. In economic literature this growth strategy of using tourism sector as contributor to economic growth is known as tourism led growth hypothesis.

The hypothesis believes that the promotion of tourism activities can lead to economic growth ^[4, 23]. Research studies have been conducted to establish the validity of the hypothesis with mixed outcomes. The following section of the paper provides an overview of the findings of some major research studies that aimed at establishing the relationship between tourism and economic growth.

2. Literature Review

Numerous studies have investigated the relationship between tourism and economic growth. Many have explored the tourism-led growth hypothesis, which posits that tourism development in a country can lead to economic growth. Nunkoo *et al.* ^[24] conducted a meta-regression analysis of 113 studies on the tourism-led growth hypothesis. Their findings supported the tourism-led growth hypothesis but also highlighted the sensitivity of the estimates to various factors related to country data, specification, and estimation characteristics. Tang & Tan ^[25] also investigated the tourism-led growth hypothesis using dynamic panel generalised method of moments (GMM) against a panel dataset of 167 countries. Their study finds that tourism contributes positively to economic growth, but the effect varies across countries with different income levels and institutional qualities. Various research studies on the impact of tourism on economic growth also concluded that the effect of tourism development on economic growth differs across countries, depending on its stage of economic development ^[2, 26, 27]. In developing countries, tourism can play a crucial engine for growth, providing much-needed foreign exchange, employment opportunities, and infrastructure development. However in developed economies, the impact might be less pronounced as their economies are often more diversified. Studies such as Lanza & Pigliaru ^[28], Tang & Tan ^[4] and Brau *et al.* ^[29] Established that the countries highly specialized in tourism may experience rapid per capita income growth. However, the over-reliance on tourism can also make these economies vulnerable to external shocks, such as natural disasters or global economic downturns.

Du *et al.* ^[30] Develops a tourism-growth model and estimates it with a cross-section of 109 countries, finding that tourism's contribution to long-term growth depends on its integration within a broader development strategy. Simply investing in tourism without considering other economic sectors and development goals may not yield optimal results. Tang & Tan ^[25] in their findings emphasized that strong institutions, transparent governance, and efficient regulations can create a more favourable environment for tourism to flourish and contribute to economic development. On the whole, it can be concluded that the measurement of the true impact of tourism on economic growth can be challenging due to various methodological issues and data limitations. Researchers make use of various econometric techniques to establish the association between the tourism development and economic growth. The outcome of their analysis is sensitive to the chosen methodology and the specific variables considered. Even within the same study, results varies depending on the chosen econometric techniques and variables. Brida *et al.* ^[31] Reviews the literature on the tourism led growth hypothesis. The study provides insights into the diversification of econometric modelling used in these studies. Establishment of causal relationship between tourism and economic growth i.e.

whether tourism drives economic growth, whether economic growth stimulates tourism, or whether a two-way causal relationship exists is a complex one. Research exploring this causality has employed various econometric techniques, including Granger causality tests, cointegration analysis, and dynamic panel data approaches. There are numerous Research studies that explored the causality between tourism and economic growth, the impact of tourism receipts on economic growth, and the influence of tourism on macroeconomic factors ^[32-34]. Wijesekara *et al.* ^[35] Uses Granger causality and wavelet coherence analysis in a global study, finding mixed results regarding the direction of causality. Seghir *et al.* ^[36] Using a dynamic panel data approach for 49 countries, finds evidence of bidirectional causality between tourism spending and economic growth. This suggests that tourism spending can stimulate economic growth, and conversely, economic growth can lead to increased tourism spending.

On the basis of these findings, it can be said that the direction and strength of causality can vary significantly depending on the specific countries or regions under consideration, the time period considered, and the econometric techniques employed. Some studies have found support for tourism-led growth, while others have found that economic growth leads to tourism development, or that a two-way causal relationship exists. Brida & Risso ^[37] for instance, finds that international tourism positively affects long-run economic growth in Chile through various channels, including foreign exchange earnings, investment stimulation, and industry linkages. These are just a few examples of the extensive research conducted on this complex relationship between tourism and economic growth. On the basis of the review of the research studies conducted in the past, it can be said that the impact of tourism on economic growth though have been established by many research studies, the causality of its association remains debatable and subject to methodological considerations. In the following section the objectives and methodology adopted by the paper is discussed in detail.

3. Objectives

The aim of the present study is to examine the relationship between tourism and economic growth through regional perspectives. The specific objectives of the present paper are,

1. To examine the growth of tourism and economic development in India.
2. To study the nature and growth of tourism sector in three selected north-western Himalayan states of India.

4. Methodology

In this paper, the importance of tourism sector in the economic development of India in general and north-western Himalayan States of Uttarakhand, Himachal Pradesh and the UT of Jammu & Kashmir and UT of Ladakh in particular is studied in detail. To fulfil above specified objectives the study makes use of secondary source of data. The data on various tourist statistics and developmental indicators are extracted from various government publications. For that the publications of the Reserve Bank of India, Ministry of Tourism, World Development Indicators, and Statistical Year Books of various national and international agencies are used. To evaluate the growth of per capita income and tourist

arrivals, annual compound growth rate is calculated. The formula used for annual compound growth rate is.

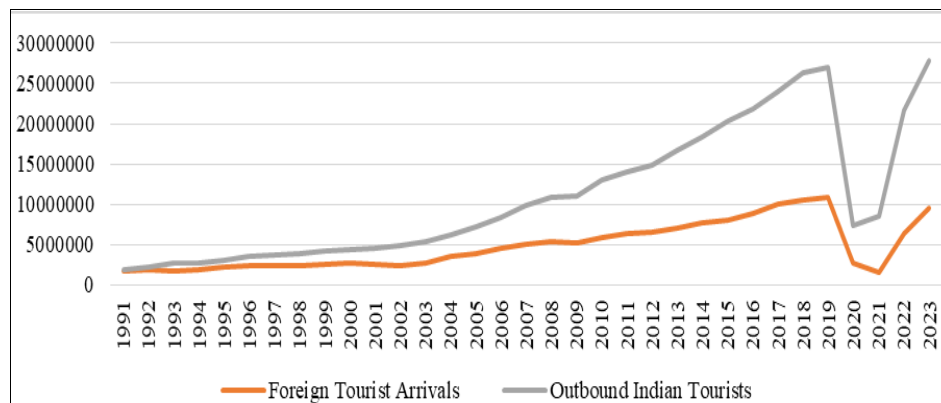
$$r = \left(\frac{x_n}{x_0} \right)^{\frac{1}{n}} - 1$$

Here, r stands for rate of growth, x_n stands for final year figures, and x_0 is the base year figure. N stands for number of years. With a view to measure the extent of variation in tourist arrivals, the coefficient of variation is calculated. The co-efficient of variation is the ratio of standard deviation to mean of the variable under study. Apart from this, trends of

the statistical data available is shown with the help of graphs.

5. Tourism and economic development in India

The growth of inbound and outbound tourist flow since 1991 is shown through the Figure 1. In the figure, it can be evidenced that there is secular growth in the number of inbound and outbound tourist movements since 1991. The growth of outbound tourist flow is more than the inbound tourist flow. This growing trend towards travel practices among Indians is attributed by various research studies to the economic development and increase in income reflected through the expanding middle income families in India [38, 39].



Source: Author's compilation for the present study from various sources.

Fig 1: Inbound and outbound tourist flow

The data on the growth of domestic tourism shows that, since 1991, there has been exponential growth in the number of domestic travellers in India. The data on the number of Indian tourist visits and foreign tourists coming to India shows that during the 1991-2000 decade, the foreign tourist arrivals grew at the compound growth rate of 5.17 percent, whereas during the 2000s and 2010s, the growth rate of foreign tourist arrivals in India was 11.126 and -0.582 percent, respectively. The negative growth rate of foreign tourist arrivals from 2011 to 2020 is due to a significant decrease in the number of foreign tourist arrivals in the year 2020 due to the outbreak of the COVID

pandemic. However, in absolute numbers, the foreign tourists coming to India have shown consistent growth from 1991 to 2020. From 1991 to 2023, the annual growth rate of foreign tourist arrivals in India was 4.985 percent. The growth of domestic tourist visits during the same period shows a significant annual growth rate of 10.867 percent, which is more than double the annual growth rate achieved by the foreign tourist arrivals in the country. Another significant finding of the annual growth rate of the tourism practices followed by Indians shows that during 1991-2023 the annual growth rate of outbound tourist visits by Indians was 8.057 percent.

Table 1: CAGR of Tourism and Economic Development

Variable	1991 to 2000	2001 to 2010	2011 to 2020	1991 to 2023
Foreign Tourist Arrivals	5.170	11.126	-0.582	4.985
Foreign Exchange Earnings from FTA	6.548	19.374	2.608	9.534
Domestic Tourist Visits	12.704	13.555	3.554	10.867
Outbound Tourist Numbers	9.259	12.962	0.869	8.057

Source: Author's compilation for the present study from various sources.

In India, the tourism industry accounts for approximately 5 percent of India's gross domestic product and accounts for approximately 12.57 percent of the total job shares. The

contribution of the tourism sector to India's GDP and employment is shown in Table 2.

Table 2: Contribution of Tourism Sector in India's GDP and Employment

Year	Share of tourism in GDP			Share of Tourism in Employment			
	Share in GDP (%)	Direct (%)	Indirect (%)	Share in Jobs (%)	Direct (%)	Indirect (%)	Direct + Indirect jobs
2017-18	5.02	2.61	2.41	14.78	6.44	8.34	72.69
2018-19	5.02	2.61	2.41	14.87	6.48	8.39	75.85
2019-20	5.17	2.69	2.48	13.50	5.89	7.61	69.44
2020-21	1.50	0.78	0.72	12.81	5.63	7.28	68.07
2021-22	1.75	0.91	0.84	12.66	5.52	7.17	70.04
2022-23	5.00	2.60	2.40	12.57	5.52	7.14	70.04

Source: Annual Report, 2024-25, Ministry of Tourism, Govt. of India

The government of India has started various initiatives to accelerate the growth of tourism activities in the country. Among many such initiatives, schemes such as ‘Swadesh Darshan’, which aims at the promotion of sustainable tourism; Prashad, which aims at enhancing infrastructure at religious sites; UDAN, which aims at the expansion of airports; and measures such as the e-Visa facility to make India a convenient and attractive destination are a few worth mentioning. The World Economic Forum prepares the Travel and Tourism Development Index (TTDI), which is a composite index to measure the position of a country in five dimensions of tourism and travel development in a country. The dimensions included in the TTDI are enabling environment, T&T policy and enabling conditioning, infrastructure and services, T&T resources, and T&T sustainability. It is due to these initiatives that India's ranking has improved to thirty-ninth in the Travel and Tourism Development Index (TTDI) 2024. India stands among the top-ranked countries in terms of T&T resource dimensions, while it holds a strong position globally for natural resources, cultural resources, non-leisure resources, and high price competitiveness parameters of the index.

The relationship between economic growth and tourism development in India has been studied by various researchers through various methodologies. The outcomes of these research initiatives are mixed. Amutha ^[40] attributed the growth of the tourism sector to India's economic growth. The economic growth attained by India led to a rise in disposable income, greater spending on leisure activities, and hence growth of domestic and international travel by Indians. Kadam^[41] in his work, highlighted importance of tourism in bringing the foreign exchange to the country, which contributed to improvement in the balance of payments and higher economic development of the country. Similarly, research studies such as ^[42-44] highlight the multiplier effect caused by the tourism development in India. According to these studies, tourism sector growth stimulates growth of allied industries such as hospitality, transportation and handicrafts, creating a multiplier effect on the economy. The Indian Tourism Data Compendium, 2024, published by the Ministry of Tourism, Government of

India, provides a detailed overview of the Indian state's tourism. According to the report, Uttar Pradesh and Tamil Nadu are the top two states visited by Indian tourists, which accounted for 19.07 percent and 11.40 percent of the number of domestic tourist visits in 2023. The report states that in the year 2023, the top 10 states of India visited by domestic tourists accounted for 86.11 percent of total domestic tourist visits. Similarly, Maharashtra, Gujarat, Tamil Nadu, and West Bengal are the top Indian states visited by foreign tourists. The top 10 states visited by foreign tourists accounted for 89.14 percent of total foreign tourist visits in 2023. These figures show interstate disparities in tourism patterns in India. The state-specific differentials in domestic and foreign tourist share can be attributed to the existence of diverse attractions such as historical sites, natural landscapes, cultural experiences, and pilgrimage destinations in highly visited states.

From the discussions, it is evidenced that the tourism sector plays a vital role in the economic development through its multidimensional impact on the economy as a whole. The significance of the tourism sector in India's economic development is also discussed by analysing the contribution of the tourism sector to the gross domestic product and employment. The contribution of the tourism sector to the Indian state's gross domestic product has been discussed with special reference to the north-western Himalayan states of Uttarakhand and Himachal Pradesh and the UTs of Jammu & Kashmir and Ladakh.

6. Economic growth and tourism in western himalayan states

The tourism industry in North Western Himalayan states of Uttarakhand and Himachal Pradesh and the UTs of Jammu & Kashmir and Ladakh plays a significant role in the development of these states. This is due to its unique offerings to the tourists in the form of pilgrimage, hill stations, adventure tourism in the form of trekking, winter sports, mountain climbing, etc. Being neighbouring states offering almost identical physiographic features, a few selected physical features of Uttarakhand, Himachal Pradesh, and Jammu and Kashmir are shown in Table 3.

Table 3: Profile of the States

S.No	Feature		Uttarakhand	Himachal Pradesh	Jammu & Kashmir
1.	Area (Sq. Kms)		53483	55673	222236*
2.	Population (2011 Census)	Male	5137773	3481873	6640662
		Female	4948519	3382729	5900640
		Total	10086292	6864602	12541302
3.	Population Density per square km of area (2011 Census)		189	123	124**
4.	Decadal Percentage Growth Rate of Population (2001-2011)		18.81	12.94	23.63
5.	State Population as Percentage of India's Population		0.83	0.57	1.04
6.	Literacy Rate	Male	87.40	89.53	78.26
		Female	70.01	75.93	58.01
		Total	78.82	82.80	68.74

Note: * Area includes the area illegally occupied by Pakistan (78114 Sq. Km), illegally handed over by Pakistan to China (5180 Sq. Kms) and Illegally Occupied by China in Leh (37555 Sq. Kms).

** Population Density per square km of area on actual line of control area

Source: Compiled for the present paper from various sources

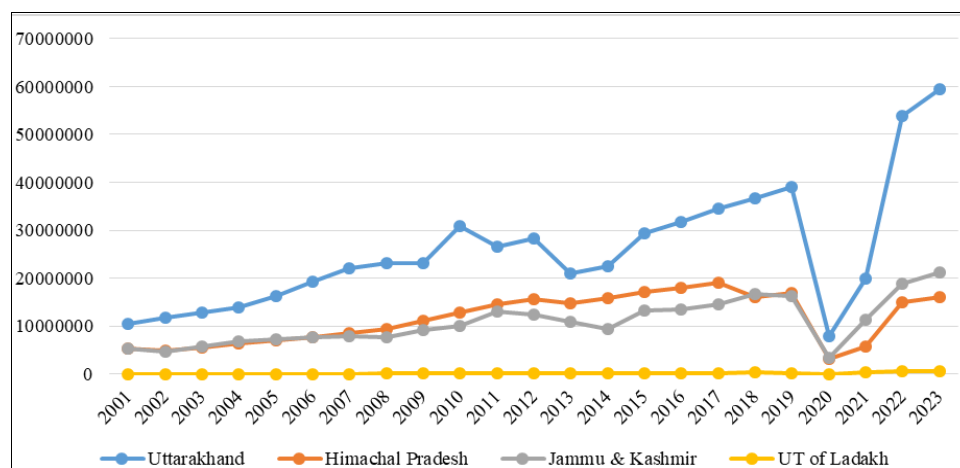
From the table, it can be seen that the states are characterised by identical physical and human features. Area- and population-wise, Jammu & Kashmir is the largest of the three states; however, in terms of population density, all three states have almost the same population density, below 200 persons per square kilometre. In terms of literacy

rate, the male literacy rate in Uttarakhand, Himachal Pradesh, and Jammu and Kashmir is well above 75 percent, with Jammu and Kashmir having the lowest male literacy rate of 78.26 percent. On female literacy rate, Jammu & Kashmir has the lowest literacy rate of 58.01 percent, whereas in Uttarakhand and Himachal Pradesh, the female

literacy rate is above 70 percent.

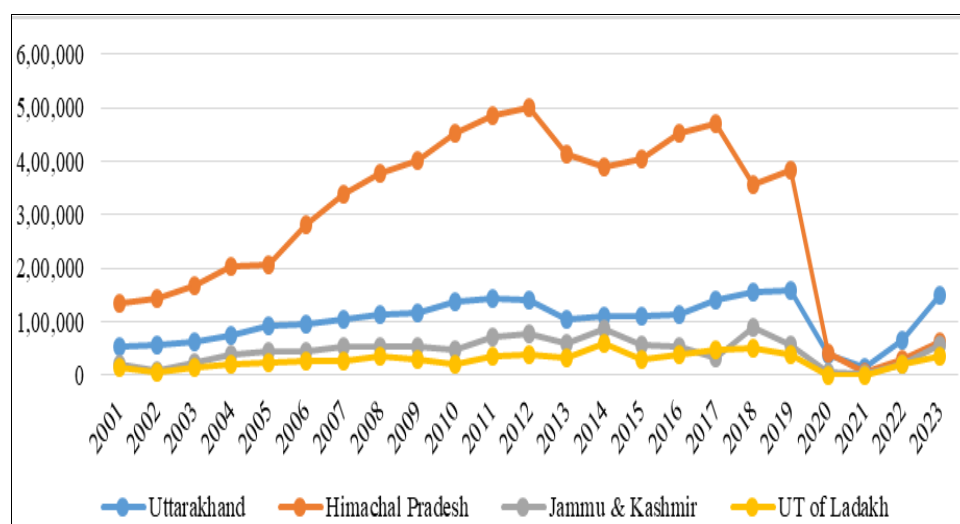
The north-western Himalayan states of Uttarakhand, Himachal Pradesh, and Jammu & Kashmir offer unique features with many similarities to tourism. Uttarakhand, also known as Devbhoomi, offers a blend of spiritual, adventure, and nature tourism. The state has many world-famous temple towns, such as Haridwar and Rishikesh, and the spiritual Char Dham, namely Kedarnath, Gangotri, Yamunotri, and Badrinath. These places are visited by millions of people throughout the year. It is due to one of these spiritually significant places in the state of Uttarakhand that the number of domestic tourists visiting the state is highest among the three north-western states of the Himalayas. Whereas Uttarakhand offers a peaceful religious atmosphere in the middle of nature, Himachal Pradesh is known for its colourful mountain landscapes and

adventurous activities. Himachal Pradesh is famous among tourists for its natural scenic beauty, climate, adventure, culture, traditions, rituals, fairs and festivals, and places of religious importance. Himachal Pradesh has many world-famous tourist places, such as Shimla, Kullu-Manali, Dharamshala, and numerous temples of high spiritual value. Just like Uttarakhand and Himachal Pradesh, the Union Territories of Jammu & Kashmir and Ladakh also provide a variety of tourist attractions. The lush forests, picturesque landscapes, culture, traditional environment, and places of spiritual importance are attractions among the tourists. World-famous tourism sites such as Dal Lake, Pahalgam, Gulmarg, Sonmarg, and Leh-Ladakh and pilgrimage sites like Mata Vaishno Devi and Amarnath are visited by millions of tourists.



Source: Author's compilation from various tourist statistics

Fig 2: Indian Tourist Arrivals since 2001



Source: Author's compilation from various tourist statistics

Fig 3: Foreign tourist arrivals since 2001

As per the Ministry of Tourism, in the year 2023, Uttarakhand, Himachal Pradesh, and Jammu & Kashmir respectively accounted for 3.16 percent, 0.87 percent, and 1.07 percent share in domestic tourist visits and 0.72 percent, 0.34 percent, and 0.23 percent share in total foreign tourist visits in India. The importance of tourism in the economies of these states can be understood through the tourist statistics shown in Figures 2 and 3. From the figures it can be evidenced that due to the COVID pandemic, there

is a sharp decline in both Indian and foreign tourist arrivals in all three states under study. During the post-COVID period, the decline in the number of domestic tourists in all states and union territories was reversed to almost pre-COVID. However, the same was not evidenced for international tourist arrivals, especially in Himachal Pradesh, where the international tourist arrivals even in 2023 were way below the pre-COVID period.

Table 4: Variation in Tourist Arrival

State	Period	Tourist	Mean	SD	CV
Uttarakhand	2001-2010	DTA	1,83,94,443	64,97,060.48	35.32
		FTA	91,122	28,071.77	30.81
	2011-2019	DTA	2,99,83,115	61,40,713.39	20.48
		FTA	1,30,693	21,233.37	16.25
	2020-2023	DTA	3,53,10,936	2,52,97,783.14	71.64
		FTA	66,769	58,002.47	86.87
	2001-2023	DTA	2,58,71,139	1,29,14,281.39	49.92
		FTA	1,02,371	39,512.32	38.60
Himachal Pradesh	2001-2010	DTA	78,37,116	26,08,985.44	33.29
		FTA	2,71,209	1,15,229.70	42.49
	2011-2019	DTA	1,64,51,969	14,85,007.89	9.03
		FTA	4,28,674	50,188.47	11.71
	2020-2023	DTA	99,54,012	64,99,512.60	65.30
		FTA	34,909	24,318.14	69.66
	2001-2023	DTA	1,15,76,301	50,89,766.34	43.97
		FTA	2,91,730	1,62,123.36	55.57
UT of Jammu & Kashmir	2001-2010	DTA	72,09,590	16,88,882.17	23.43
		FTA	39,415	16,114.70	40.88
	2011-2019	DTA	1,33,42,313	23,29,228.80	17.46
		FTA	65,452	18,011.79	27.52
	2020-2023	DTA	1,36,93,681	80,02,511.37	58.44
		FTA	20,573	24,492.49	119.05
	2001-2023	DTA	1,07,37,019	46,79,145.45	43.58
		FTA	46,327	24,453.21	52.78
UT of Ladakh	2001-2010	DTA	23,012	18,376.51	79.86
		FTA	22,434	8,710.46	38.83
	2011-2019	DTA	1,75,235	62,824.41	35.85
		FTA	40,967	9,290.23	22.68
	2020-2023	DTA	3,27,241	2,33,053.28	71.22
		FTA	14,939	17,131.53	114.68
	2001-2023	DTA	1,35,487	1,48,532.17	109.63
		FTA	28,382	14,702.89	51.80

Source: Author's Calculations from Various Tourist Statistics

During this period the variation in tourist arrivals is also calculated, and the findings are shown in Table 3. From the table, it is evidenced that, whereas during the 2001-2010 period the variations in the number of tourist arrivals were higher than the variations during the 2011-2019 period. The decline in the variation of the tourist arrivals was highest in the case of Himachal Pradesh. During the 2020 to 2023 period, the variation in the number of domestic and international tourist arrivals shows a sharp increase. On the whole, it can be concluded that since 2001, the Uttarakhand state attracted the highest number of domestic tourists, with average domestic tourist arrivals of 25871139, a standard deviation of 5089766.34, and a coefficient of variation of 49.92 percent. This was followed by Himachal Pradesh and the Union Territory of Jammu & Kashmir. Ladakh attracts the least number of domestic tourists during the period. However, the rate of increase in the number of domestic tourist arrivals was highest in the case of the Union Territory of Ladakh, where the average number of domestic tourist arrivals increased from 23,012 during 2001-2010 to 175,235 during 2011-2019. During the post-COVID period, the number of domestic tourist arrivals in the UT of Ladakh grew sharply. In the case of international tourist arrivals, the situation is not the same for all the north-western Himalayan states and Union Territories. Since 2001, the number of international tourist arrivals in Uttarakhand increased from merely 54,701 in 2001 to 148,412 in the year 2023. In Himachal Pradesh, the number of international tourist arrivals decreased from 135,760 in 2001 to 62,806 in 2023.

The number of international tourist arrivals in the UT of Jammu & Kashmir and the UT of Ladakh during the same period increased from 21,298 and 15,439 in 2001 to 55,337 and 36,315, respectively, in 2023. Therefore, Himachal Pradesh witnessed the decline in the number of foreign tourist arrivals, especially during the post-COVID period. Tourism has been one of the main drivers of the state economies, as it provides direct and indirect employment across various sectors to a large number of the population and also contributes significantly to the state gross domestic product. The compound annual growth rate of state per capita income and tourism inflow in Uttarakhand, Himachal Pradesh, and Jammu and Kashmir since 2001 are shown in Table 4. In order to remove the impact of the COVID pandemic on the tourist inflows, the growth rate of variables for the period prior to 2020 is calculated. Which shows that during 2001 to 2019, the state of Uttarakhand shows the highest per capita growth rate of 8.81 percent, followed by Himachal Pradesh and Jammu and Kashmir with 5.99 percent and 3.90 percent growth rates. The domestic tourist visit during the period shows the highest growth rate of 8.27 percent in Himachal Pradesh, whereas during the same period the domestic tourist inflow in Uttarakhand and Jammu & Kashmir was 6 percent and 7.72 percent, respectively. In terms of international tourist visits, Uttarakhand shows the highest growth rate of 8.87 percent, followed by Himachal Pradesh at 6.25 percent and Jammu & Kashmir with 6.09 percent growth.

Table 5: Growth of Per Capita Income and Tourist Arrivals

S. No.	State	Variable	2001-2019	2001-2022
1	Uttarakhand	Per Capita Income	8.81	7.36
		Domestic Tourist Visits	6.00	1.05
		International Tourist Visit	8.87	-0.08
2	Himachal Pradesh	Per Capita Income	5.99	5.58
		Domestic Tourist Visits	8.27	3.69
		International Tourist Visit	6.25	-5.23
3	Jammu & Kashmir	Per Capita Income	3.90	3.60
		Domestic Tourist Visits	7.52	3.66
		International Tourist Visit	6.09	-1.41
4.	India	Domestic Tourist Visits	13.27	9.09
		International Tourist Visit	10.11	2.00

Source: Author's Calculations

From the Table 4 it has also been established that from 2001 to 2022, the growth rate of domestic and international tourist arrivals in the three north-western Himalayan states is less than the national growth rate of 13.27 and 10.11 percent, respectively. Despite being one of the main drivers of the state economies, as it provides direct and indirect employment across various sectors to a large number of the population and also contributes significantly to the state gross domestic product, the slow growth rate of tourist statistics is a cause of worry for the states.

The governments of Himachal Pradesh, Uttarakhand, and the Union Territories of Jammu & Kashmir and Ladakh have been actively promoting tourism as a key driver of their regional economies, implementing various measures to enhance visitor experiences and boost local industries. In Himachal Pradesh, the government has focused on developing ecotourism, adventure sports, and cultural tourism, with initiatives like the 'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT) aimed at upgrading tourism infrastructure. In Uttarakhand, the state has leveraged its religious and spiritual appeal, particularly through initiatives like the Chardham Yatra, while improving road connectivity and offering incentives for private investments in hospitality. Jammu and Kashmir, once affected by political instability, has made remarkable strides in rebuilding its tourism sector by promoting the natural beauty of places like Gulmarg and Pahalgam, as well as offering subsidies for tourism-related businesses. A comprehensive tourism policy was drawn up in the year 2020, which, among other things, aims to generate employment for approximately 50 thousand people per year and to attract an average investment target of Rs. 2000 crore per year for the next 5 years.

The government of India, with initiatives such as Dekho Apna Desh, the National Mission on Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD), the Vibrant Village Programme, SWADESH 2.0, and the Regional Connectivity Scheme—Udaan, is trying to promote domestic tourism in the country. Along with this, the central government is also providing financial assistance to the states and union territory administrations for the development of tourism-related infrastructure and facilities under Assistance to Central Agencies for Tourism Infrastructure Development. All the states and union territories are collaborating with the central government on programs like the 'Dekho Apna Desh' campaign and improved safety measures, ensuring that tourism remains both accessible and sustainable in these beautiful yet diverse regions.

7. Conclusion

The contribution of tourism in global gross domestic

product and employment has been widely acknowledged by the international agencies. In India, the travel and tourism sector accounts for approximately 5 percent share in the country's gross domestic product and accounts for more than 12 percent jobs in the country. The government of India considers tourism as a vehicle for social inclusion, employment and economic progress. At national level, owing to the initiatives of the government for the promotion of tourism, the country's ranking in global Travel and Tourism Development Index has improved to 39th among 119 countries.

Tourism plays an important role in boosting the state's economic development through its spill over effects and other forms of positive externalities. The tourism sector is an important driver of the economies of the north-western states of Uttarakhand and Himachal Pradesh and the Union Territories of Jammu & Kashmir and Ladakh, as it contributes significantly to the state gross domestic product, provides jobs to a large number of the population, and generates economic activities, especially in the tertiary sectors. The relatively slow growth rate of tourist arrivals to these states and UTs is a cause of concern that is required to be addressed through effective policy measures by the governments. The research studies have highlighted inadequate infrastructure, limited capacity, and overcrowding in certain traditional tourist spots as some major challenges faced by these states.

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