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Economic impacts of rural tourism in Madhya Pradesh

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ABSTRACT

The purpose of this study is to determine how rural tourism impacts the economy of Madhya Pradesh. The economic impacts can be measured through GDP growth, employment growth, infrastructure growth, etc. GDP was considered in this study to measure the economic impacts. The data for GDP and foreign tourism was taken to check if tourism has positive or negative economic impacts. It is hypothesized that tourism has a positive impact on the economy. According to many researchers, tourism, especially foreign tourism, significantly impacts the economy of the destination. Researchers argue that employment opportunities and trading are directly linked to tourism. Employment and trading opportunities increase with tourism. Regression analysis was conducted in this study to test the economic impacts of tourism in Madhya Pradesh. The results showed that tourism has significant economic impacts on Madhya Pradesh. This paper concludes that rural tourism has positive economic impacts on Madhya Pradesh.

Keywords— Tourists, Economic, GDP, Trade, Rural

1. INTRODUCTION

Tourism is one of the fastest growing industries in the world. It is one of the great ways of promoting cultural awareness and preserving the local traditions of a particular country. Tourism is accepted globally as it helps in the economic and social development of the country. It is considered as an engine for the growth of the economy. The state can generate heavy income through tourism and can use it for the development purpose. Income from tourism can be invested in developing the infrastructure and services of the state (Shiji, 2016).

Tourism helps in developing the economy with sustainability (Shiji, 2016). Madhya Pradesh is among the best places to visit in India. Tourism is an integral part of Madhya Pradesh. The rural destinations are astonishing. The rural destinations are a big part of tourism in Madhya Pradesh. Tourists do not forget to praise the rural places in Madhya Pradesh when they visit those places. The natural scenes are worth watching and living. There is a beauty in the forts in Madhya Pradesh because they represent the historical architecture of Madhya Pradesh. The state had won the Best State Tourism National Award in the year 2015, 2016 and 2017. The place is home to the cultural heritage of many religions, such as Hinduism, Buddhism, and Jainism.

Madhya Pradesh is an agriculture-based economy. Majority of the population in Madhya Pradesh earn their livelihood through agriculture (Raj, 2018). Madhya Pradesh contributed around \$126 billion to the total GDP of India for the year 2017-2018 (Raj, 2018). Madhya Pradesh is one of the largest states in India and as the name suggests, it is in the middle of India. There is a number of astounding places to visit in Madhya Pradesh. Tourism increases the opportunities for employment and trade in the state (Raj, 2018).

2. RESEARCH QUESTION

The tourism industry is able to lift the economy's growth of single-handedly. A country can gain a significant amount of wealth by preserving what they have. People love exploring different things around the world. An effective and efficient strategy for promoting tourism can attract more and more people from different countries. People do love to watch ancient things and Madhya Pradesh is a place of historical monuments. There is a number of forts and culture related unique things which are worth watching. Promoting these things globally will easily increase tourism in Madhya Pradesh. The foreign reserves of the country also increase with an increase in tourism which helps in making the economy strong. Unemployed people can also earn by just telling about the culture, history and other important things about the places to tourists. Guiding foreigners has now become a profession. People learn different languages so that they can easily understand the foreign tourists and also, easily explain about the culture related things to them.

India is a country that is known for its vast cultural heritage and a significant part of its cultural heritage lies in Madhya Pradesh. There is a culture of Hinduism, Buddhism, and Jainism etc. With the employment generation, local trading can also be impacted positively by tourism. Tourists like buying local attractive things which are somehow related to the culture and are unique, therefore, local rural firms will also generate significant revenue by trading in tourist-oriented areas. There will be regional development in the rural and isolated areas when government observes that tourists like going to rural areas. The tax revenue of government increases with the increase in tourism in a state.

3. LITERATURE REVIEW

The researcher Lal Pritam (2012) conducted a study on the economic impacts of tourism in his research paper titled as "Tourism policy of Jammu and Kashmir 1995 and Sustainable Tourism: A Study of Rural Residents' Attitude towards Tourism". He discussed various good and bad economic, social, cultural, and environmental impacts of tourism. He emphasized that tourism creates local employment not only in the tourism sector but also in the resource management sectors that support the tourism industry (Lal, 2012). It stimulates domestic industries consisted of restaurants, hotel services, transportation system, food services and guide services. New money gets injected when foreign tourists come to visit (Lal, 2012). He said that jobs in rural areas get diversified significantly where there are very few job opportunities available. In Madhya Pradesh, almost 80% of the workforce is engaged in agriculture activities (Lal, 2012).

The overall economy will only be uplifted with increased tourism in rural areas in Madhya Pradesh (Lal, 2012). There are also some bad economic aspects discussed by Lal Pritam (2012) in the paper. He argues that there is a requirement of few skills to take advantage of employment generated through tourism and the employee can be low paying also. Due to good tourism, health and police services get increased at the cost of local taxes. There will be a mix of good and bad economic impacts on the economy when rural tourism increases. Therefore, rural tourism in Madhya Pradesh will affect its economy. The positive and negative impact is based on how the locals will take advantage of tourism.

Researcher Rakesh Kumar (2011) studied the rural tourism in Himachal Pradesh. According to him, there are not only business opportunities for the locals of the state due to tourism but it also works as a source of marketing of a place for potential local firms so that the tourists visit the place frequently. Tourism makes the quality of life of local residents better (Kumar, 2011). The locals may interact with the visitors and can learn about other different things such as their culture. They can intend to think in a broader way. In Madhya Pradesh, tourism is increasing at a good pace every year (Kumar, 2011). He also underlined that employment opportunities in rural areas must rise with the increased tourism which will further help in the growth of the economy (Kumar, 2011). Researcher emphasizes that rural tourism is multi-faceted tourism (Kumar, 2011). It consists of cultural tourism, eco-tourism, nature tourism, and agriculture tourism. There must be an economic upliftment of rural people as they get the opportunity to trade their land's beauty (Kumar, 2011). Tourists expend a significant amount of money while visiting the rural places. Tourists find food, clothes, showpieces, etc. attractive and like purchasing them. They like clicking their moments on the camera. Although these days most of the tourists get their own camera, some still hire a photographer to get good quality photos and that help the local photographers in earning their livelihood.

Poonam Mishra (2017) in her research paper on Madhya Pradesh tourism discussed that tourism has the potential to bring changes in the economic conditions of any state. She described tourism as the two-blade scissor because it develops the economic conditions of the state by increasing the opportunities for local traders and tourism firms on one hand, while on the other hand, it intends to preserve the culture and environment of the state (Mishra, 2017). She analyzed the impact of travel and tourism on the GDP (Gross Domestic Product) and found that GDP substantially increased from the period 2004 to 2015. According to her research, the GDP increased to Rs. 7962.5 billion by 2015 from Rs. 2738.70 billion in 2004 (Mishra, 2017). She found that in the time period between 2010 and 2012, there was a decrease in the growth rate of tourism. The employment share also decreased by 2015 to 7.7% from 11% in 2004 (Mishra, 2017). It shows that there is a significant impact on a country perceives due to tourism. It directly impacts the GDP of the country. The rural tourism has greater significance according because it leads to overall upliftment of the state. It has been observed that the government sometimes is not able to reach rural areas to implement their development policies. Therefore, when the rural tourism increases government also tries to reach those places to develop their infrastructure.

Researcher Geetha and Sreedevi (2014) emphasize that tourism leads to redistribution of income as it transfers the income from one country to another. According to them, the benefits of tourism depend on the self-sufficiency of the region which is hosting. The wealth generation from foreign tourism is same as the earning from exports (Sreedevi & Geetha, 2014). The tourism industry supported the growth of sectors which are not directly related to tourism such as poultry, construction, handicrafts, agriculture, and horticulture. The road and railway connectivity will increase when the government will observe good tourism in rural areas (Sreedevi & Geetha, 2014). Development of roads and railways in rural areas positively impacts the economy of the state. Development of infrastructure creates new job opportunities for the rural workforce which also leads to diversification of jobs in the rural areas. As I mentioned above, around 80% of Madhya Pradesh workforce is engaged in agriculture sector which shows how undiversified is Madhya Pradesh employment sector (Sreedevi & Geetha, 2014). It describes the weakness of Madhya Pradesh in providing job opportunities to their labor force. The rural tourism may encourage the young age workforce to engage in more productive jobs which will also increase the economic growth of the state (Sreedevi & Geetha, 2014).

4. RESEARCH METHODS

Secondary data was used in the study to determine whether there is good or bad impact rural tourism will put on the economic condition of Madhya Pradesh. The data was taken from journals, research papers, and government websites. Data for tourists' arrival, infrastructure development in rural areas, growth in employment opportunities, gross state domestic product has been

taken to get the best possible outcome. Various different sources were used to collect the data. A method of regression analysis between tourist arrival and infrastructure and employment development has been used to determine the economic impact. There must be a positive correlation between the tourist's arrival and infrastructure development in Madhya Pradesh.

4.1 Data Collection

Table 1: Foreign tourism in Madhya Pradesh since 2008 (tourism.gov.in)

Year	Foreign Tourism (in lakhs)
2008	2
2009	2.3
2010	2.52
2011	2.69
2012	2.76
2013	2.8
2014	3.17
2015	4.21
2016	3.63
2017	3.66

Various different sources have been used to collect the data. As per the Indian Ministry of Tourism, two lakhs of foreign tourists arrived in Madhya Pradesh in the year 2008 (tourism.gov.in). The number of tourists increased to 2.7 lakhs in the year 2011.

Table 2: Data for GDP of Madhya Pradesh since 2008 ("GDP of Madhya Pradesh", 2018)

Year	GDP (in lakh crore)
2008	1.97
2009	2.27
2010	2.63
2011	3.12
2012	3.72
2013	4.51
2014	5.08
2015	6.42
2016	7.14
2017	8.26

5. ANALYSIS AND RESULTS



Fig. 1: Graph showing foreign tourism in Madhya Pradesh

The above graph shows that foreign tourism in Madhya Pradesh increased significantly from 2008 to 2015. After 2015, there is a decline in the number of foreign tourists' arrival in Madhya Pradesh. It was concluded by many researchers that tourism always impacts the economy positively. Therefore, there must be a positive correlation between tourism arrivals and economic impact on the state.

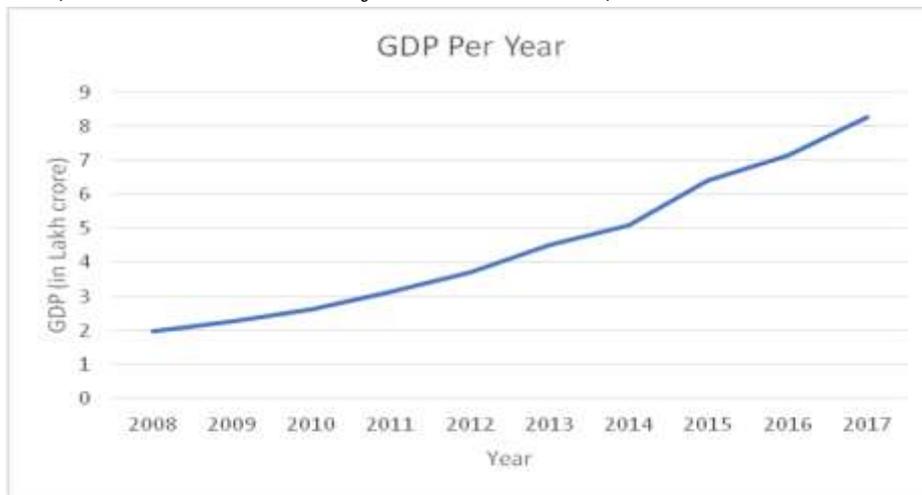


Fig. 2: Graph showing GDP of Madhya Pradesh Since 2008

GDP of Madhya Pradesh has been increased every year.

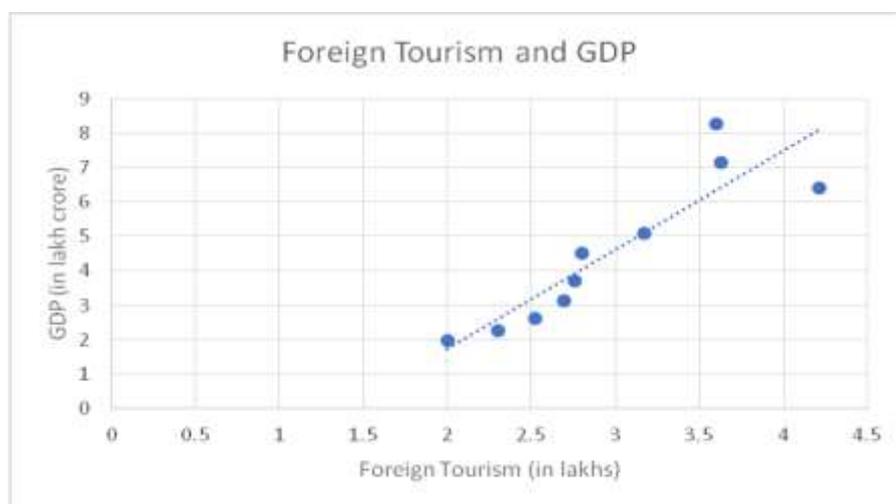


Fig. 3: Scatter Plot for Tourists arrivals per year and GDP per year for Madhya Pradesh

The above graph depicts that there is a positive relationship between the tourist’s arrival and the GDP of Madhya Pradesh. The GDP measures economic impact. Therefore, the positive impact on GDP shows a positive impact on the economy.

Regression Analysis: The regression analysis is to check how the tourism arrival impacts the economy. Following regression results have been driven:

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.899003							
R Square	0.808207							
Adjusted R Square	0.784233							
Standard Error	1.009551							
Observations	10							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	34.35861	34.35861	33.71157	0.000402326			
Residual	8	8.153548	1.019193					
Total	9	42.51216						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-4.02413	1.504446	-2.67482	0.028151	-7.493388985	-0.55487	-7.49339	-0.55487
Foreign Tourism (in lakhs)	2.876054	0.495345	5.806167	0.000402	1.733787279	4.018322	1.733787	4.018322

Fig. 4: Regression analysis summary output

Regression Equation

$$GDP = -4.024 + 2.88 \text{ Foreign Tourism}$$

The above regression equation depicts that GDP is a dependent variable which positively depends on the independent variable "Foreign Tourism". The Gross Domestic Product of Madhya Pradesh will increase by 2.88 lakh crore when the arrival of foreign tourism increases by 1 lakh.

T-Test: To test the significance of independent variable "Foreign Tourism" we conducted a t-test.

Null and Alternate Hypothesis

H₀: $\mu = 0$ Tourism has no significant economic impact on Madhya Pradesh

H₁: $\mu > 0$ Tourism has a significant economic impact on Madhya Pradesh

The formula to calculate the t-statistic value

$$t = b/Se$$

Where, b = 2.88

$$Se = \frac{\text{Standard Deviation}}{\sqrt{n}}$$

$$t = 5.81$$

t critical value at alpha = 0.05

Degree of freedom 8 for two-tailed test will be = 2.306

The calculated t value is more than the critical value. Therefore, we reject the null hypothesis. It concludes that there is a positive impact of Foreign Tourism on a Gross Domestic Product.

6. RECOMMENDATIONS

This study proves that foreign tourism has a positive impact on the economy of the state and therefore, in the country. It promotes many economies related aspects, such as employment, trade, small and medium industries, transport, etc. The government should focus on foreign tourism as it positively impacts the growth of the economy. The foreign tourists get attracted by the infrastructure and unique culture which includes different food and different living style. Therefore, the government should develop tourist destinations in such a way that their uniqueness does not get harmed. The rural areas are quite lucrative in respect of foreign tourism. Foreign tourists like exploring an original India (Madhya Pradesh) which lies in the villages. The government should develop them in such a way that their vibe is able to attract as many as tourists from all across the world. It should increase the connectivity between the culturally significant places as well as promote them to get explored by the tourists.

7. CONCLUSION

Tourism is among the most lucrative industries in India currently. Madhya Pradesh is one of the most preferred tourism states by tourists. The rural areas are worth watching. People from all over the world come to enjoy the beauty of Madhya Pradesh. Literature studies during the research support the good economic impacts of tourism in the destined places. However, some researchers also discussed a few bad economic impacts but they can be covered by the gigantic good economic impacts, such as increasing employment opportunities and infrastructure growth. After statistically analyzing the relation between the GDP of Madhya Pradesh and Foreign Tourism, it can be concluded that there are good overall economic impacts of tourism on Madhya Pradesh.

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