

Role of Tourism in the Economic Development of Sikkim

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Abstract

Tourism has become the most visible and fastest growing dimension of globalization in developing countries. Today tourism is one of the fastest growing sector of the economy worldwide, thus within the tourism industry events are getting more and more important. Tourism is important in many ways as it can be for education, culture, leisure, business and for fun etc. Tourism has become a global leisure activity and many people have become more interested in events of all kinds which make them to travel far away to participate in the events that they find interesting. Tourism industry in Sikkim is also of much significance in the sense that Sikkim is considered as one of the industrially backward states of the country. Apart from agriculture, tourism industry is next popular source of income in Sikkim. The attraction of tourists in Sikkim has been increased with the passage of time. This study will examine whether the increase in tourists really have positive impact on economic development of Sikkim or not.

I. INTRODUCTION

Tourism is a strange form of market integration. Instead of shipping goods across space, tourism involves the export of non-traded local amenities, such as mountains or cultural amenities, beaches and local services such as restaurants, hotels and local transport, by temporarily moving consumers across space. Expenditures of Tourist on the local services are considered as tourism exports in cross-country data on services trade flows. Over the recent decades these tourism exports have grown to become a quantitatively important channel of global integration and this is particularly in the case of developing countries.

Tourism has attracted widespread policy attention in both developing and developed countries. Almost every country in the world has one or several publicly funded tourism promotion agencies. Some governments and international organizations have also been advocating the promotion of tourism to create more employment and for economic development in economically backward regions within countries.

Sikkim is following a strict Organic policy since last five years and is also the first state in the country to achieve total Sanitation. A Green Mission program has been launched by the government under which every individual, agency and the Department contributes towards the planting of trees all over the State. Village tourism is being specially encouraged to preserve culture, heritage & handicrafts and to create better economic and employment opportunity in the rural area. Floriculture is being promoted at large in the State and Sikkim has earned its place as a major orchid and exotic flower producer in the country. Use of polluting plastic is also banned in the State. All the ethnic Communities have different and distinct festivals, which are celebrated all over the State. Tourism Department plays a major role in promoting these festivals in order to showcase Sikkimese culture and heritage. In recent years, the government of Sikkim has extensively promoted tourism. As a result, state revenue has increased 14 times since the mid-1990s.

II. LITERATURE REVIEW

- **Kumar and Kumar (2012)** explored the relationship between information and communications technology (ICT), the authors concluded that there is a unidirectional relationship running from capital stock to information and communications technology, from information and communications technology to tourism, and from tourism to real per capita income. These findings provide greater merit to information and communications technology as significantly impacting on tourism and, therefore, on economic growth.
- **Cortés-Jiménez (2010)** analysed the effects of tourism on the economic growth of Italy and Spain in the period between 1990 and 2004. The focus in this case was on the regions of both countries and not only on the effect of international tourism, but also on that of national tourism. The author found that in coastal and Mediterranean regions, both international and national tourism were important factors for economic regional convergence. In contrast, in inland regions only national tourism seemed to be relevant.
- **Narayan and Prasad (2010)** found that there were certain factors limiting the effects of tourism on growth. Those factors were the heavy dependence on food imports, natural disasters, political instability and a deficit of public infrastructure which represent important hindrances on making effect of the tourism sector.
- **Lanza and Pigliaru (2000)** investigated the relationship between 'tourism and growth' and found that countries that were highly specialised in tourism have

two special characteristics i.e. either they were small countries or their per capita average income grew rapidly.

- **McKinnon (1964)** found that tourism can have various benefits for the economy such as employment creation, tax revenue, and the provision of additional sources of income. In addition, international tourism may contribute to economic growth by enhancing efficiency through competition between local firms and corresponding businesses in other international tourist destinations.

III. SIKKIM TOWARDS SUSTAINABLE TOURISM

Sikkim is gifted with tremendous natural beauty with abundant green valleys to snow-capped mountains. The state is expanded from sub-tropical zone to alpine desert houses which are extremely rich biological diversity as comparable with some of other richest regions on the earth. The Sikkim has numerous ethnocultural diversity within the state. The State has 28 mountain peaks, 21 glaciers, 227 high altitude lakes, 5 hot springs, and over 100 rivers and streams. There are eight mountain passes which connect the state of Sikkim to Bhutan, Tibet and Nepal. The state is predominantly rural in nature. Approximately 40% of the total land area comprises of fixed land and another 30% is under snowcapped mountains, glaciers and rivers. Perhaps, it is one of the rare places in the world where one can travel from almost a level of 300 meters to 8598 meters above sea level. As a natural corollary, Sikkim is gradually strengthening its place in the national and international tourism map as a hot spot for scenic beauty, and an ideal place for adventure ecotourism, tourism and spiritual tourism.

The Government of Sikkim has been actively focusing on sustainable tourism development for economic development of Sikkim. There is a great need of tourism development in Sikkim than many other states where development of other industries is also equally feasible. Tourism is sector which has been unanimously identified by all concerned like - development planners, social scientists, economists, environmentalists, government, politicians and the people as one of the most significant, one of the most suitable and one of the most viable industries for Sikkim with tremendous potential for growth. Because of its geo-physical location, it is practically not feasible to develop any sort of heavy or medium industries in the state. Only service-oriented and lighter industries that will not cause damage to local fragile geo-physical and cultural environment will fit in a mountainous environment. The people of Sikkim have made a natural tourist destination because of their friendly and hospitable nature, peace and tranquility and the recent impetus given by the state government to promote Sikkim as a dream destination.

IV. SOCIO-ECONOMIC IMPACT OF TOURISM

Today, tourism is considered as one of the dynamic and largest developing economic sectors of external activities. Its high development and growth rates, considerable volumes of foreign currency inflows which actively affect the various sectors of the economy such as positively contribution to economic and social development of a

country as a whole. Most highly developed western nations, like Switzerland, Austria and France have accumulated a big deal of their social and economic welfare on revenue earned from tourism sector. According to recent statistics, tourism provides about 10% of the world's income and employs almost one tenth of the global workforce.

In the area of social and economic development of local community, the impact of tourism depend on the incomes generated by tourists towards the host communities. Hence, the point should be noted while promoting tourism in such a way that it would give both incomes and create respect for local customs and traditions.

Tourism plays an important role in the development of backward and far flung regions of a particular area. The development of tourism results in progress of rural / backward regions. It has been observed that most of the beautiful and scenic destinations of a country are widely located in the rural and backward areas which could have a significant contribution in the economic development through the development of tourism industries. Same is the case of Sikkim where tourists are attracted towards the areas which are located in remote regions of state like - Yuksam, Dzungri, Thangshing, Barsey, Chewa Bhanjang, Singallila Peak, Uttarey, Pemayangtse/ Rabdentse, Sangachholing, Khachopalri, Tashiding, Lampokhari etc. which are known for their scenic beauty and charming climate and for greater tourist potential. Tourists visiting such attractive spots can give fillip to the economic condition of the local residents of the areas.

V. TOURIST INFLOW IN SIKKIM

Tourist arrivals in Sikkim, both domestic and foreign, have witnessed a substantial increase in recent years. This could be because of an enhanced promotional campaign done by the tourism department from time to time.

Table 1: Showing Domestic Tourist arrival in Sikkim (2010-16)

YEAR	2010	2011	2012	2013	2014	2015	2016
January	40160	42314	28560	30292	28824	54229	78538
February	48420	50652	29642	31278	19830	44366	87813
March	60560	62438	45231	48102	24597	32515	74872
April	87172	89238	65341	69054	63730	89648	93220
May	106641	124323	120212	131804	92199	138695	144225
June	68236	69784	65673	68205	85763	86218	89654
July	27021	29540	18628	17161	19472	19521	20250
August	37180	38964	35294	7713	11875	19535	20310
September	53624	13943	12678	20115	25478	25535	26570
October	59582	9682	42390	50461	75025	75908	78948
November	48764	8326	39602	42836	53275	55827	10607
December	52651	13249	55287	59728	62350	63026	15756
Total	700011	552453	558538	576749	562418	705023	740763

. Source: Tourism and Civil Aviation Department Quick Links

The above table shows that From 700011 in 2010, the domestic tourist arrival has gone up to 740763 in 2016 registering almost increasing average arrival of domestic tourist during the said period. It may however be noted that there have been year-to-year fluctuations in traffic volume. The constant arrival of tourist's help the people of Sikkim encourage to engage in tourism. The table clearly shows that month of may has the highest arrival of tourists in Sikkim due to the pleasant weather in Sikkim and the month of July and August have a less number of tourists arrival due to the heavy rainfall and blockage of roads which is only the means of transportation in Sikkim.

Table 2: Showing Foreign Tourist arrival in Sikkim (2010-16)

YEAR	2010	2011	2012	2013	2014	2015	2016
January	984	1436	1904	873	4145	3458	2946
February	1320	1065	2406	1247	3803	3119	3108
March	2605	2423	3199	2524	5211	4971	6797
April	3036	2615	3939	4895	2855	6909	8477
May	1593	2875	2058	1312	4927	2326	4800
June	830	643	1152	804	3939	1727	2779
July	680	553	1282	563	2496	1382	1678
August	979	873	1048	2579	1429	1563	2067
September	1678	1415	1432	3942	2410	1406	1844
October	2780	4286	4486	5292	8906	4431	12090
November	2410	3323	2300	3210	5537	3877	14405
December	1862	2438	1283	4457	3517	3310	5021
TOTAL	20757	23945	26489	31698	49175	38479	66012

Source: Tourism and Civil Aviation Department Quick Links

The above table shows that the arrival of foreign tourist from 20757 in 2010 increases continuously and reach 49175 during 2014 and in during 2015 it went down to 38479 in 2014 and sharply went up to 66012 in 2016. The table clearly shows that month of may has the highest arrival of foreign tourists in Sikkim due to the pleasant weather in Sikkim and the month of July and August have a less number of tourists arrival due to the heavy rainfall in Sikkim. The increasing average percentage arrival of foreign tourist in Sikkim gives a good sign to boost the tourism in Sikkim and for the economic development.

VI. ANALYSIS AND FINDINGS

Although the arrival of tourist in Sikkim has increased steadily and Govt. of Sikkim believed that Tourism in Sikkim has helped the people of Sikkim for their economic development. A very wide variety of indicators have been used to characterize the economic development. The following ten important questions (based on past studies) has been used in questionnaire to know the economic development done by the tourism in Sikkim, for that 20 employees/officials and 80 beneficiaries have been interviewed through the questionnaire.

The questionnaire was provided to measure the impact of Tourism in economic development of Sikkim and were multiple choice which include strongly agree-5, Agree-

4, Neutral-3, Disagree-2, Strongly Disagree-1 on Likert scale. Where 1 indicate strongly disagree, 2 indicate disagree, mean score of 3 indicate Neutral where one is not able to decide, 4 indicate agree and 5 indicate strongly agree.

Table 3: Questionnaire analysis relating to the Role of Tourism in economic development of Sikkim

Sl. No.	Questions	Officials/ Employees		Beneficiaries		t-value	p-value
		Mean	S.D	Mean	S.D		
1.	Tourism in Sikkim plays an important role in improving the financial status of the people	4.07	.942	4.01	.800	.6906	.4901
2.	Tourism in Sikkim helps in maintaining standard of living of the people of Sikkim.	4.02	1.034	3.98	.989	.3845	.7008
3.	Tourism in Sikkim focus on a sustainable development.	4.05	1.062	4.03	.806	.2205	.8256
4.	Tourism in Sikkim have a great contribution in the employment generation	4.05	.799	3.98	.874	.7844	.4331
5.	Tourism in Sikkim provides long term employment	4.13	.872	3.78	.811	4.0740	.0001
6.	Tourism in Sikkim helps in identification and optimum utilization of available resources which increases employment	4.10	.945	4.04	.804	.6875	.4921
7.	Tourism in Sikkim provides an employment opportunity for all irrespective of caste, religion or political affiliations.	3.97	1.060	3.82	1.072	1.3478	.1783
8.	Tourism in Sikkim creates conducive environment for the development of employment sector	4.04	.799	3.99	1.057	.4787	.6324
9.	Government of sikkim is encouraging the tourism sector and working for the betterment of tourism in Sikkim	3.98	1.061	3.83	1.073	1.3466	.1787
10.	Tourism in sikkim plays an important role for the economic development of Sikkim.	4.02	.797	3.87	1.055	1.4388	.1508
		4.01	.985	3.84	.992	1.4551	.1462

Source: Field Survey (Computed)

As shown in above table, it is found that there is positive attitude towards the tourism in Sikkim. The table presents comparative analysis of responses amongst beneficiaries and employees/official of tourism industry and Tourism department, Govt. of Sikkim. Mean, Standard Deviation, t-value and p-value were computed for total response scores in each field.

In comparative analysis it was revealed that in the area “Tourism in Sikkim plays an important role in improving the financial status of the people” the mean score of officials/employees was 4.07 and in case of beneficiaries it was 4.01 and difference in the row was found not statistically significant as evidence from t-value .6906 and p-value 0.4901. The position was similar in other nine variables except in the area “Tourism in Sikkim provides long term employment” which have t-value of 4.0740 and p-value of .0001 which indicates significantly different response of employees/official and beneficiaries as shown in the above table, which indicates that beneficiaries are not fully agree with the view point of employees/official in the particular area. Overall mean and S.D. & t-value have been worked out for Tourism officials/employees and beneficiaries. Overall mean was 4.01 in case of officials/employees and 3.84 in case of beneficiaries and the difference was found not statistically significant as evident from t-value 1.4551 and p-value 0.1462. Overall Standard deviation of officials/employees was .985 and in case of beneficiaries, it was .992, which shows that range scores were less in case of officials/employees and more in case of beneficiaries. In nutshell it is confirmed from the above discussion that less or more beneficiaries also agree with the view point of the employees or officials of the Tourism in the area that Sikkim Tourism has played a crucial role in the economic development of Sikkim.

VII. CONCLUSION

It is evident from the study that tourism has been an important source of economic development of Sikkim from over several decades and will continue to be a significant contributor in future also because of the changes taking place on both demand and supply sides. Supply side changes are due the growth of new areas like Ecotourism, Adventure tourism, Medical tourism and Spiritual tourism. Moreover the factors which increase its scope from demand side include, change in the standard of living, late marriages, rise in disposable income, better education and long leisure time.

An important feature of tourism is that it is a labor intensive industry, a particularly attractive aspect in economies with a number of poorly educated or unskilled workers, a characteristic that applies to many rural areas. It thus helps reduce income inequality and poverty. The ability of rural tourism to contribute directly to the village economy and the growing industry of tourism can be capitalized to mitigate poverty by promoting rural tourism in pockets of poverty. There has been a paradigm shift in the focus of tourism in recent times. Although seen as a means for economic and sustainable development, tourism has to play a great role in the changing dynamics.

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