



### **Tourism Towards Economic Growth of Pakistan**

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#### **Abstract**

Tourism is a multidimensional, multicultural, and multi-trillion industries that has strong impact on the economy in term of creating jobs opportunities, boosting service sector, contributing in National Income, and enhancing brand image of the country. Most of the countries in Europe, Middle East, Asia, and American rely on tourism like UK, UAE, Thailand, France, etc. However, In Pakistan, despite of having promising potential our tourism industry is in dismal due to administrative and strategic lacking ness. In this paper, efforts are made to diagnose the causes of crawling growth of tourism industry on empirical grounds and suggest the strategies for its improvement by optimum utilization of natural, historical, and cultural resources.

**Key words:** Growth, Strategies, Utilizations, Profit, GDP

**JEL Codes:** N1, E01

## **I. Introduction**

Tourism has been referred to as a "goose that lays a brilliant egg, as well as fouls its own home" (Julio, 2001). Tourism growth has been distinguished as a powerful approach to regenerate and increase the Gross Domestic Product (GDP), regardless of whether provincial or town. (Chen and Chen, 2010). UNWTO and UNWTO (2005, 11-12) characterize manageable tourism as "tourism that assesses its present and future financial, social and natural effects, tending to the necessities of guests, the industry, the earth and host groups". Foundation for Tourism of The Republic of Croatia (2015) characterizes supportable tourism as "an industry that endeavors to have a low effect on nature and nearby culture, while creating pay, work, and the preservation of neighborhood biological systems"

Pakistan is full of immense beauty including magnificent mountains, fabulous hill stations, and superb deserts spreading over thousands of miles from South to North and become famous tourist spot for foreigner. Due to its huge tourist potential, it attracts different people and religions around the world. Tourism plays a significant in economy development of Pakistan if managed properly. Tourism enlightened features such as economic growth, infrastructure development, employment opportunities, higher way of life and additionally undesirable fundamentals such as periodic service, levy loads, inflation, and economic uncertainty. Ecological tourism influences on the atmosphere, typically containing optimistic basics maintenance of ancient structures besides honors, developed zone's presence, then deleterious components, for example, swarming, the contamination and space cramming, the shrinking of ordinary assets.

Tourists provide a significant part of the basic financing for developing countries, which are usually reliant upon principal products in exports, if the outside trade from tourism can be utilized to importation basic inputs toward manufacture things and facilities, which in turn leads to financial expansion then it is said that incomes from tourism play a vital role in economic development. Tourism has turned out to be a standout amongst the hugest fare areas in many developing nations. A general accord has developed that it increments remote trade wage, as well as makes business openings, fortifies the development of the tourism business and by ideals of this, triggers general monetary development. Accordingly, tourism improvement has turned into an imperative focus for most governments, particularly to develop nations.

## **II. Literature Review**

(Gwenhure and Odhiambo, 2017) Tourism becomes one of the major issue by many countries due to the prospective advantages it has for the economy. Furthermore, different studies are conducted in perspective of finding out the association among tourism and financial development, with no common consequences on connection between the two variables. In this paper, researcher reviewed some of the preceding empirical studies that have been led in both developed and developing countries to inspect the link among tourism and fiscal growing via different techniques. The study reveals that the pivotal association among tourism and fiscal evolution varies from country to country, however majority of the preceding research support the long-term benefits of tourism towards economic growth.

(Galant, Golja, and Slivar, 2015) examines that companies operating in tourism considered tourists as one of the most vital investor. In this paper, regression analysis is used to prove the effect of tourists' satisfaction on their daily spending which means satisfied tourists will spend more money in desired purpose, in turn leads to increased profits of companies. The study investigates that tourists' satisfaction indirectly effecting companies' performance.

According to the study of (Hye and Khan , 2013), a strong association exists between economic evolution and tourism and it specifies fundamental link from leisure industry income to economic growth. Another key outcome of this study, with provision of estimates of Government of Pakistan, is that from 2005 to 2006 the loss of tourism income increased due to the earthquake and war on terrorism in northern areas of Pakistan.

Oneiu and Predonu (2013) investigate that tourism has been an arising global progression, which encouraged us to analyze the influence of its advancement in terms of its benefits and conclude that tourism is a fundamental fragment of an economy and is considered very essential for both social and economic development.

Kruja (2012) examine the influence of tourism segment expansion on the country economy (Case study of Albania). Tourism should not be seen as the key to economic hardship, but as an expansion for the economy. Insufficient structure, promotion, regulation, training and political obligation are the main hindrances for the growth of tourism in Albania.

Long (2012) study shows that tourism is acknowledged totally as economic activity. [( Hye and Khan , 2013) ( KRUJA, 2012)] research reveals that tourism has both negative and positive side. Positively, it creates employment, business growth, and financial growth fiscal taxes, per capita income and standard of living gets improved.

Ardahaey (2011) examined that increase in prices of commodities local people experience financial difficulties that lead to discernment of financial resources. UNWTO (2011) reveals that tourism is an emerging Business in the world that contribute significantly in Gross Domestic Product (GDP) of a country. Significant growth of tourists has been noted from 25 million to 940 million since 1950 to 2010.

Samimi, Sadeghi, and Sadeghi (2011) inspects the interconnection and long-run connections between monetary development and Tourism improvement in creating nations utilizing P-VAR approach amid 1995-2009. The discoveries uncover that there is a reciprocal causality and positive long-run connection between financial development and Tourism improvement. In alternate words, the tourism-drove development theory is affirmed, and in addition, yield level which identifies with monetary prosperity and level of improvement is critical in pulling in visitor.

### **III. Research Methodology**

Research methodology adopted is explanatory and descriptive in nature that aimed to study multiple variables and discover the nature of tourism industry and management problems. This learning is grounded on secondary facts and figures. These facts and figures includes; World tourism organization reports, published material of tourism industry of Pakistan, News Papers, International Journals, and other related material regarding its importance, potential, management structure, and governance.

### **IV. Hindrances of Tourism Growth in Pakistan**

- ✓ Inadequate involvement of Public Departments
- ✓ Law and order situation in Pakistan
- ✓ Overall perception about the country especially in Western World
- ✓ Underdeveloped tourist sites and inadequate infrastructure
- ✓ Socio Cultural constraints
- ✓ Lack of monetary and non-monetary incentives
- ✓ Lack of Projection through media
- ✓ Inadequate funding and international promotions
- ✓ Over burden of taxes on hotel and tourism resorts
- ✓ Insufficient Coordination between Government and Private Sector
- ✓ Inconsistency in hotel standards and categorization

### **V. Strategies to Remove Hindrance of Tourism Industry**

- ✓ Preparation of complete and realistic tourism policy
- ✓ Involvement of private sector in advertising, elevation and expansion of tourism Industry
- ✓ New market segments
- ✓ Advertising of cultural places
- ✓ Training of tourism agencies
- ✓ Involvement of Pakistan embassies/ missions
- ✓ Tourism related legislation
- ✓ Environment improvement and building physical infrastructure
- ✓ Mountain and Desert safaris
- ✓ Youth hostels
- ✓ Building camping sites and provide protection
- ✓ Annual festivals and gathering in regular interval like Chitral Festival
- ✓ National wild park
- ✓ Software adventure tourism for Youth

## VI. Some Famous Tourism Spots in Pakistan

<b>Murree</b>	Gilyat, Nathiagali, Ayubia
<b>Kagan Valley</b>	Shogran, Naran, Lake Saif ul Malook, Babuser
<b>Quetta Valley</b>	Hanna Lake, Ziyarat
<b>Swat Valley</b>	Kalam, Chitral, Bahrein
<b>Lahore</b>	Lahore fort, Shalimar Garden, Noor Jahan Tomb, Jahangir Tomb, Sufis Shrine
<b>Sindh</b>	Karachi Beaches, Gaddani, Hawksbey, Sufis Shrine
<b>Baluchistan</b>	Hanna Lake, Kund Malir, Gadani Beach, Spin Karez

## VII. Stats of Tourism Industry

In the Travel and Tourism Competitiveness Index 2015: Asia-Pacific, Pakistan ranking is at 21st Spot.

**Figure 1 World Development Indicators by World Bank**

Country	International Tourist				Inbound Tourism Expenses				Outbound tourism Expenses			
	Inbound		Outbound									
	Thousands	Thousands	Thousands	Thousands	Millions (\$)	Per. of exports	Millions (\$)	Per. of imports	Millions (\$)	Per. of imports	Millions (\$)	Per. of imports
	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014
Pakistan	823	..	..	..	986	971	3.9	3.2	2163	2000	4.5	3.9
India	5283	7679	10868	18330	12462	20756	4.1	4.3	12083	17493	3.2	3.2

Inbound tourism has monetary impact on financial stability and growth of the country. Inbound tourism expenditures like hoteling, dining, entertainment and other conveniences services create jobs and business opportunities for locals, increase Govt. revenue, and attract investors in tourism sectors. Outbound tourism has inverse impact on the economy as financial resources expensed out of the country and boost host country economy. Pakistan has 1029 million \$ travel trade deficit which has direct effect on the other factors of economy as well. To cater this deficit, it does not mean to put restriction on outbound tourism or keep fulfilling through debt financing. We need to build positive relationship with other countries as it has intangible effect on both inbound and outbound tourism and continuous learning process of surrounding world. In comparison of Pakistan, India tourism industry is running in surplus and contributing significantly in national income through his friendly tourism policies and positive image in the world. Indian Inbound tourism expenditures are increasing gradually and outbound vice versa.

Pakistan Tourism performance indicators are below then the Asian Pacific average scores that clearly shows Infrastructure pillars, values that include Air Transportation, Ground and Port Transportation, and Tourist Service Infrastructure are not enough to host International tourism even if we look at Natural and Cultural resources indicators these are itself alarming.

## VIII. Conclusion

The role of Government is not sufficient to boost this under-rated industry. Our tourism organization with the coordination of Central, provincial and Local Government should worked on improvement of basis infrastructure, Natural and cultural resources and advertise it in the world to attract foreign tourist. Govt. should declare this industry tax free for minimum 10 to 15 years to encourage more investor from private sector and monitor their performance and quality. Environmental laws should be implemented rigorously to protect the natural environment and preserve it for future generation. Although Pakistan is facing issues like terrorism, political instability and poor administrative policies but it cannot be a justification of its downfall.

**Figure 2 Tourism Performance Indicators**

Country/Economy	T&T Policy and Enabling Conditions Pillars, values				Infrastructure Pillars, values			Natural and Cultural Resources Pillars, values	
	Prioritization of T&T	International Openness	Price Competitiveness		Air Transport Infrastructure	Ground and Port Infrastructure	Tourist Service Infrastructure	Natural Resources	Cultural Resources & Business Travel
<b>SOUTH-EAST AND SOUTHERN ASIA</b>									
Singapore	5.95	5.25	3.82	4.31	5.26	6.44	5.17	2.87	3.30
Malaysia	4.71	3.85	5.76	3.42	4.46	4.50	4.43	4.09	2.95
Thailand	4.95	3.70	5.06	3.46	4.57	3.41	5.70	4.47	2.79
Indonesia	5.61	3.55	6.11	3.11	3.81	3.27	3.07	4.36	3.12
India	4.14	3.08	5.59	2.89	3.88	4.02	2.90	4.42	5.09
Sri Lanka	5.17	3.21	4.67	3.74	2.64	4.24	4.15	3.76	1.60
Philippines	5.26	4.05	5.28	3.41	2.77	3.02	3.77	3.39	1.71
Vietnam	3.73	2.68	5.30	3.16	2.72	3.14	2.95	3.61	2.79
Bhutan	4.93	2.13	5.18	4.07	2.93	3.15	2.61	3.13	1.29
Lao PDR	4.83	2.94	4.93	3.55	2.29	3.01	3.22	2.74	1.29
Nepal	4.68	2.80	5.29	3.14	2.08	2.57	2.65	4.11	1.23
Cambodia	4.99	3.43	5.00	3.43	2.10	2.61	2.91	2.84	1.53
Pakistan	3.72	2.21	5.59	2.82	2.09	3.27	2.57	2.25	1.76
Bangladesh	3.19	2.57	4.43	3.01	1.87	3.29	2.32	2.30	1.56
Myanmar	3.99	2.05	3.63	3.57	1.95	2.19	2.06	2.70	1.43
South-East and Southern Asia average	4.66	3.17	5.04	3.41	3.03	3.47	3.36	3.40	2.23
South-East and Southern Asia standard deviation	0.76	0.85	0.68	0.42	1.09	1.03	1.06	0.77	1.09
Asia-Pacific average	4.74	3.34	4.75	3.61	3.48	3.83	3.68	3.52	2.85
Best performer (global)	6.03	5.25	6.62	5.63	6.75	6.45	6.83	6.01	6.69

Note: Dark green = very strong performance, dark red = weak performance, and yellow = average performance, compared to the best/worst performers on each pillar, globally.

Source: Travel and Tourism Competitiveness Index 2015: Asia-Pacific

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