



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL
OF ADVANCED RESEARCH

RESEARCH ARTICLE

Financial Inclusion in Tourism and Sustainable Development of Ancillary Industries

Mr. Sachin S, Mr. Nagarjuna G

Assistant Professor Dept of Tourism Studies, Indian Academy Degree College, Bangalore

Manuscript Info

Manuscript History:

Received: 15 December 2014
Final Accepted: 26 January 2015
Published Online: February 2015

Key words:

Financial inclusion, sustainable growth, tourism, Karnataka

*Corresponding Author

Mr. Sachin S

Abstract

Financial inclusion growth is possible when there is people oriented policies and programmes initiated by the government. Though India is one of the fastest growing economies, unfair distribution of resources resulted in unequal growth. Service sectors in Karnataka require a big push toward inclusive growth. To procreate and mobilize resources, financial inclusion is necessary. Financial inclusion in the major service sectors like tourism industry boosts the economic growth. Financial inclusion is a key element to eradicate poverty and to meet the goal of sustainable growth and economic development. The present paper focuses on the need of financial inclusion for the sustainable growth and development of tourism sector in Karnataka.

Copy Right, IJAR, 2015.. All rights reserved

INTRODUCTION

Situated in the Southern part of India, Karnataka is the eighth largest state in India in both area and population. The state is situated between 74° E and 78° E longitudes and between 11° N and 18° N latitudes. With the punch line of "One State Many Worlds" Karnataka tourism offers fabulous sightseeing opportunities to the travelers in and around the country. Sandy beaches, dense forest, gardens, mountains, rivers, waterfalls, museums, forts, buildings, memorials, palaces, temples, well developed communication and technology, roads and infrastructure and so on are the major hubs of Karnataka tourism. As one of the fastest growing service sectors, there is an ample opportunity to invest in the tourism related products in Karnataka. Simultaneously the government of Karnataka has to impulse a number of programmes to attract private investors and to formulate policies which shall boost investment on tourism services. Introducing attractive packages in tourism undeveloped areas, encouraging local communities to extract the benefits of tourism, financial aid to the local communities and the organizations who are active in pro tourism growth and involving the banking sector to benefit the local communities towards micro financing for tourism empowerment are the key issues of financial inclusion which could bring sustainable growth in tourism sector of Karnataka.

Literature Review

In 1976 the Tourism Society of England defined Tourism as "the temporary short term movement of people to destination outside the places where they normally live and work and their activities during the stay at each destination. It includes movement for all purposes" (Geethanjali, 2010). Tourist attractions have been defined by Goodall (1990:262) as "place characteristics, often unique, e.g. natural environment or historic artifacts, or events, such as festivals and sporting occasions".

Financial Inclusion:

The report of the committee on financial inclusion India (C. Rangarajan 2008) defines Financial Inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (Neha Dangi, Pawan Kumar, August 2013) as banking services are in the nature of public goods, it is essential that availability of banking and payment services to

the entire population without discrimination is the prime objective of the public policy (Leeladhar 2006). Financial inclusion can be measured in three dimensions. i) access to financial services; ii) usage of financial services and iii) the quality of the products and service delivery. (GPFI, 2012) Hence, financial inclusion aims at overall sustainable development through financial services to unreached groups of the society.

Sustainable Development:

Sustainable development is the development that meets the needs of present without compromising the ability of future generations to meet their own needs. Sustainable development is important to preserve the resources for the future generation. The basic principle of sustainability is the participation of the local community (India and You 2009).

Objectives of the study

- An overview of financial inclusion and sustainable development.
- To evaluate how financial inclusion in tourism brings sustainable development of local communities in Karnataka
- To analyze strength and weakness of financial inclusion and sustainable development of ancillary industries in Karnataka

Methodology:

a) Study Area

The Karnataka state is situated between 74^o E and 78^o E longitudes and between 11^o N and 18^o N latitudes. The state is stretched to an area of 191791 sq kms and an average population of 6 crore. Bangalore is the capital of the state and it has 30 districts. Karnataka is famous for vivid tourist attractions.

b) Data Collection

To realize the objectives of the study, both primary and secondary data is used. Primary data has been collected through survey method with observations, field visit and personal interview with the people in the projected area. Interview was conducted with the officials of Tourism at various levels to compare the views expressed by both the functionaries.

Secondary data related to the issue was collected from the sources like, Journals, Books, Internet sources etc.

An overview of Karnataka Tourism

Karnataka, the eighth largest state of India is famous for beautiful tourist attractions. As per the report 2011 Karnataka received 2.9 per cent of total foreign visits to India. The tourism policy was adopted in 1992 with the objective of attracting the private investments. The states tourist inflow has increased to 236 percent from 25.2 million in 2005 to 84.6 million in 2011. The foreign exchange earning was US\$ 104.1 Million in 2011 and expected to grow to US\$ 169.5 million in 2020. Religious, heritage, Leisure, educational, Adventure, Medical and Coastal visits are the major holiday makers. Karnataka tourism attracts foreign investors for FDI in large scale.

Financial inclusion for sustainable development in tourism sector:

Banks play a crucial role in financial inclusion. The modern system oriented approaches adopted by banks made their services to reach common unreachable people. Hence inclusive economic growth is taking place. Micro financing is a strategy that the banks follow to access the people from remote areas.

Tourism sector demands investments in various levels. Karnataka, through various schemes could able to attract a large number of investors towards the tourism sector. The Global Investors Meeting (GIM) is an annual entrepreneurs meeting to attract the domestic and foreign investors to Karnataka. A number of tourist circuits and various components are developed through financial inclusion.

Financial inclusion and sustainable development aims at overall economic development through availing the banking facility to the common people. From the tourism background the financial inclusion can be identified from the different perspectives.

- Financial aid to maximum number of tourism entrepreneurs at various levels.
- Extending the banking facility to the people/community indulged in tourism related activities.
- Financial inclusion for the sustainable development of ancillary industry.

In 2008, there were 78787 all India level bank offices were functioning. Among these 30927 were in rural India, which has been increased to 109811 all India level bank offices in 2013. The rural India had 39439 offices. The actual increasing trend was 39.3 percent for a period of 5 years (Dr. A Tamilarasu, 2014).

The number of bank branches has been increased tremendously in Karnataka. Financial institutions have introduced a series of financial aid and loan facilities to attract investors at various levels. As a result backward areas have developed in tourism perspective. Financial inclusion has an eternal objective of sustainable development and

inclusive growth of local community. In tourism sector the ancillary industry plays a vital role which is associated with Multiplier effect. A tourist expenditure on purchase of souvenirs supports the tourism ancillary industry. The problem is associated with the financial stability of ancillary industry. When a tourist visits to Channapattana he opts to purchase wooden toys as a souvenir. Coorg is famous for spices and honey. Coastal region is well known for shell products. Northern districts of Karnataka are associated with homemade sweets. Hundreds of labourers are behind the production of these souvenirs. The financial condition of the local communities associated with this industry is miserable. In Coorg most of honey extractors belong to the lowest category of the society. Majority of them don't have bank accounts and banking accessibility. Financial institutions have to reach this lowest category of the society to enhance the sustainable development.

SWOT analysis of Ancillary industry:

Strength:

- Existence of number local souvenir manufacturers
- Quality product
- Skilled Laboureres
- Influence of local culture and tradition

Weakness

- Regional market/ Un-channelised market.
- Lack of financial motivation and assistance
- Lack of banking/loan facilities
- Lack of coordination between tourism and ancillary industry

Opportunities

- Tremendous forest resources
- Increased tourists arrival induces purchase
- Improved transport and communication facilities

Threats:

- Globalization and Modern technology
- Middlemen and Mediators
- Negative attitude of financial institutions
- Tourists attitude towards the product

Suggestions:

Souvenirs are the unique products that need to be highly marketed. The study found that the local souvenir manufacturers don't have an union to represent, hence there need to be an association which would voice the needs of them. Commercial and nationalized banks are inaccessible for the ancillary industry oriented laboureres. Providing financial assistance is the matter of trust for most of the financial institutions. They don't trust in rendering financial assistance to such manufacturers. It is suggestible that, a separate union for the ancillary manufacturer has to be formed at panchayat level. A frill bank account should be opened. As the income of the members is low, an initial loan amount of Rs10,000 can be sanctioned at a subsidized rate of interest. Further, the loan amount can be increased based on the capacity of repayment. The local tour operators and service providers (Resorts, Jungle Lodges, Hotels and Homestays) have to channelize the market for ancillary products. Technical guidance, help and support can be provided from expert team. Profit should be shared equally. The tourists must be induced to purchase the local products which would earn livelihood for the local artisans and ancillary manufacturers.

Conclusion

The tourism sector has the capability as a sustainable and inclusive development driver, especially for livelihoods of weaker sections of the society. Local community's role in sustaining the resources is very crucial, especially in the preservation of cultural identities and natural heritage. While tempering the impact of the ecological footprint, tourism may create the pressure point for an equitable local share in the economic benefits of tourism. Thus, financial inclusion at various levels of tourism related activities would benefit the sustainable development and the growth of ancillary industry.

- [1]. GPGI 2012, Global Partnership for Financial Inclusion, G20 Financial Inclusion Indicators.
- [2]. Geethanjali 2010, Tourism Management, Jaipur Rajasthan: ADB Publishers
- [3]. Goodall, B.1990, The Dynamics of Tourism Place Marketing. In Marketing Tourism Places, G. Ashworth and B. Goodall, eds.,pp.259-79. London and New York: Routledge.
- [4]. Neha Dangi, Pawan Kumar, August 2013, Current situation of financial inclusion in India and its future visions, International Journal of Management and social sciences research.
- [5]. Athul Raman 2012, Financial inclusion and growth of Indian banking system, IOSR Journal of Business Management.
- [6]. India and You, September – October 2009, Sustainable tourism, the way forward.
- [7]. Dr. A Tamilarasu, 2014, Role of Banking sectors on financial inclusion development in India – An analysis, GALAXY international Interdisciplinary research journal, February 2014