

# Socio-Economic Contribution of Beach Shacks in Goa to the Shack Owners – An Empirical Study

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**Abstract** *Goa, the smallest State of India by area, attracts each year millions of tourists both domestic as well as foreign. The inflow of tourists provides employment, income and a higher standard of living to the people of Goa. It also promotes investment and infrastructural development in the State. A few industries in the State are totally dependent on tourism for their survival and one of them is beach shacks. Beach shacks in Goa are 'temporary restaurants, located on the beach, serving predominantly Goan food and beverages to the tourists every year'. They are erected by using locally available eco-friendly materials and are open for business during the tourist season each year. The present paper is based on a study conducted during the month of April and May 2016. The sample size considered are 32 shacks located at Baga, Batalbatim, Benaulim, Calangute, Colva, Mobor and Palolem beaches in Goa. The data was personally collected by preparing and administering a structured questionnaire to the shack owners. The Statistical tools used are crosstab and Multiple Regression Analysis. The results suggest that, shack improves communication skills, contributes in acquiring capital assets and helps in improving the standard of living of the shack owners.*

**Keywords:** *Shacks, Tourists, Beaches, Communication Skills, Standard of Living*

## INTRODUCTION

Goa, the smallest State of India by area, having a coast line of 105 kilometres and a population of 14.59 lakh as per the 2011 census, attracts each year millions of tourists both domestic as well as foreign. Tourists are attracted towards Goa because of its clean, lovely and scintillating beaches although Goa has a lot more to offer to the tourists like the Old Portuguese churches, beautiful temples, Museums, waterfalls, wild life sanctuaries and many more. The inflow of tourist provides employment, income, incremental tax revenue (Noronha, 1999 and Diniz et al, 2014) and higher standard of living to a large number of people in Goa. It also promotes investment and infrastructural development in the State (Sawant et al, 2013). Tourism contributes 13.7 percent of the State's Net Domestic Product and 7 percent each in the form of employment and State tax revenues (D'Silva et al, 1998). A few industries in

Goa directly depend on tourism for their survival and one among them is the "Beach Shacks".

Beach shacks, originated in the mid twentieth century are restaurants, located on the beach (Kazi et al, 2004). According to Sathish (2015) "Shacks are temporary restaurants, located on the beach, serving predominantly Goan food and beverages to the increasing number of tourists every year". Some shacks also provide simple, comfortable, affordable and temporary accommodation to the tourists close to the beach. They are erected using locally available eco-friendly materials and remain open for business during the tourist season from 1<sup>st</sup> October to 31<sup>st</sup> May every year. However, it is mandatory for them to dismantle the shacks by the end of May every year but can be re-erected during the next tourist season in October (Dias, 2016). A sizeable percentage of the people in State directly depend on the shack business to earn a living.

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Shacks are licensed every year by the State government through the Department of Tourism who allots them to the Goan unemployed individuals by following a lottery system at the beginning of each tourist season (Department of Tourism, Government of Goa, 2015). But, from the year 2013, the State government has introduced a three year licensing policy for shacks wherein they are allowed to do business for a period of three continuous years. However, they are dismantled during the monsoon due to the inclement weather conditions and the seasonal erosion of the sea (Noronha et al, 2003). Shacks follow all the rules and regulations as laid down in the Beach Shack Policy of the State Tourism Department from time to time.

The numbers of shacks in the State have increased over the years due to the inflow of tourists who prefer patronizing them rather than the starred hotels (Noronha, 1999). Shacks are popular among the foreign tourists and a sizeable number of domestic tourists also prefer going to shacks. In fact, a large number of foreign tourists book their holidays to Goa only after it is confirmed that the shack allocation process for the season has been completed (Sathish et al, 2016). Beach shacks in Goa compete with hotels and other permanent restaurants for the customers and to earn revenue (Prakash, 2013).

## REVIEW OF LITERATURE

A methodical literature survey has been carried out in order to find out the research gap, research problem and to define the scope of the present study.

Tourism provides several benefits to the local population as well as to the State government. It has a direct and positive impact on employment, income, creation of infrastructure and balanced regional development which in turn contributes to higher economic growth (Gupta et al, 2008 and Mathew, 2002). Tourism reduces the unemployment rate, improves the terms of trade and boosts domestic demand (Federico, 2015). The growth and development of tourism in the State has led to the emergence of new tourism products and one among them is the beach shacks. Beach shacks, the temporary restaurants, promote employment as they are allotted only to the local unemployed individuals by the State government through the Department of Tourism. However, a family will be allotted only one shack during the tourist season (Department of Tourism – Government of Goa, 2015). A considerable number of youth and adults from Goa have benefited by erecting their own shacks or by working at shacks as part time managers, waiters and cashiers during the tourist season and by still carry on with their traditional occupations like fishing, agriculture and toddy tapping during the off-season (Sawant et al, 2013). Therefore, shacks not only give protection to our traditional occupations but also help the locals in improving their

economic status in the long run. According to Ardahaey (2011) “the economic impact of tourism can be increased by selling local products and encouraging locals to retain ownership of business that serve the tourists”. However, there is a conflict between the small-scale entrepreneurs who seek a living from tourism through the running of beach shacks and the large beach front hotels, as both focuses on the same client. Therefore, the State government must protect the interest of both these groups (Brammer et al, 2003). The development of beach shacks over a period of time has led to conflicts and the emergence of the shack policy where in the State government issues temporary permission to the shack owners to erect beach shacks during the tourist season (Kazi et al, 2004). The future of tourism in Goa will depend on how the different stakeholders will co-operate with each other (Dayanand, 2004).

The availability of accommodation facilities and quality restaurants are important for family leisure travelers to any destination (Sparks et al, 2003 and Ekiz et al, 2014). A beach shack offers both these facilities to the tourists and thereby contributes to family leisure travelers to Goa. However, all shacks in the State don't provide accommodation to the tourists therefore the tourists dine and spend time at a shack but stay in hotels or guest rooms close to the shacks (Prakash, 2013). Over the years, the international economic crisis has affected many countries that totally depend on tourism for their survival. However, the world economic crises like falling ruble, threats to the euro, fluctuations in oil prices, higher air fares and hotel room rates have no effect on the arrival of tourists to Goa mainly because this is one place which is open minded, tolerant and easy-going (Menezes, 2015). However, tourism do has its own share of problems in the State and they are seen in the form of higher coastal land prices, conversion of agriculture and forest land, drug abuse, drug trafficking, prostitution (Noronha et al, 2003) erosion of sand dunes, declining fish catches, accretion and siltation and depletion of ground water (D'Silva et al, 1998). Therefore, tourism in Goa requires a well defined and executed approach. Also it is the duty of the State government to be pro-active in anticipating all such problems and take preventive measures to overcome them at the earliest so that it doesn't affect tourism and the livelihood of those depending on it.

## IDENTIFICATION OF THE RESEARCH PROBLEM

Literature survey throws light to the fact that, no substantial research has been conducted till now on the socio-economic contribution of beach shacks in Goa which makes the present study more significant. The numbers of shacks in Goa increases every year and a substantial number of the people in Goa depend on them to earn a living. However,

a study of this type has not been carried out till now in the State which makes the present study on the socio-economic contributions of beach shacks to the shack owners more relevant. Therefore, this study fills the gap by adding valuable knowledge and new perspectives on the above subject. The paper also offers valuable inputs to academicians, State government, tourism related business community and other stakeholders in their area of informational needs.

## OBJECTIVES OF THE STUDY

The main objective of the present study is to find out the socio-economic contribution of beach shacks in Goa to the shack owners. However, the specific objectives are as follows:

1. To study the demographic characteristics of shack owners.
2. To find out the average capital required to start shack business.
3. To examine the average monthly profits earned by the selected shack owners.
4. To analyze the socio-economic contribution of beach shacks in Goa to the shack owners.

## SCOPE OF THE STUDY

Beach shacks in Goa are erected within 200 to 500 meters from the high tide line of the sea during the tourist season by using locally available eco-friendly materials and after obtaining necessary permissions from the Department of Tourism – Government of Goa. They attract enormous numbers of tourist majority of them foreigners. Shacks provide employment, income, higher status, business opportunity and are a source of livelihood to many Goans who totally depend on them for their survival. This study attempts to find out, the demographic characteristics of shack owners, the average capital required to start shack business, its profitability and the socio-economic contributions of shacks to the shack owners.

## RESEARCH QUESTIONS

The following research questions emerged to study the above objectives:

1. What are the demographic characteristics of shack owners?
2. How much capital amount is required to start a shack business in Goa?
3. Does the shack business earn sufficient profits?
4. What are the socio-economic contributions of Beach Shacks to the shack owners?

## Hypothesis

The following hypotheses are drawn up to test the research objectives:

H01: There is no significant relationship between income from shack business and the acquisition of capital assets by the shack owners.

H02: There is no significant relationship between the shack business and the communication skills of the shack owners.

H03: There is no significant relationship between the shack business and the standard of living of the shack owner's family.

## RESEARCH METHODOLOGY

To study the objectives, a quantitative approach was chosen. The data for the study was collected by using primary and secondary sources.

Primary data was collected by personally interviewing thirty two shack owners from Goa. The shack owners were selected at random and were served a structured questionnaire. The questionnaire used in this study was divided into two parts: The first part consisted of questions about the demographic or personal profile of the shack owners like name, age, marital status, qualification, and experience. The second part contains questions about the socio-economic benefits of beach shacks to the owners. Likert three point scales were used in collecting responses from the respondents to the second part of the questionnaire where '1' means disagree, '2' means neutral and '3' means agree. The period of study was the period of survey which was conducted during the months of April and May 2016. The place of study was the entire State of Goa. Shack owners belonging to the following places like: Baga, Batalbatim, Benaulim, Calangute, Colva, Mobor, and Palolem were selected at random and personally given a questionnaire. The above places were selected because they are popular among the tourists and together these places have 75 percent of the total number of beach shacks in Goa.

Secondary data was collected from the Travel and Tourism Hospitality Journals, Department of Tourism - Government of Goa, and from related books, Journals, news papers and other printed and online materials.

## DATA VARIABLES

In the present paper, there are three dependent variables as follows: 1) Income from shack business enables shack owners to acquire capital assets. 2) Communication skills of the shack owners have improved due to the shack business and 3) Due to the shack business, shack owners standard of living has improved.

The independent variables for the above dependent variables are: For the first one: Purchase of house/flat, colour television, refrigerator, generator, scooter, bike, car, smart phone, and computer/laptop. Second one include: Shack owner have learned to communicate fluently in English, He can understand at least one foreign language his guests speak, He can communicate in at least one foreign language with his guests besides English, His writing skills have improved and His listening skills have improved. For the Third variable they are: Shack owners family income has increased due to the shack business, Now he can afford a decent house for his family due to the shack business, Now he is sending his children to the best schools in town, Now

he can afford a family vacation every year, Due to his shack business he has installed AC in his house, Now he celebrate family functions with lot of fun, Now he use a car for the comforts of his family and Now he command respect and higher status in society.

### Results and Discussions

A reliability test was performed for the questionnaire and the reliability (Cronbach's alpha) was found to be .810 for 16 items which are on scaled data.

## Demographic Characteristics of Shack Owners

**Table 1: Classification of the respondents based on Age, Qualification and Experience**

Age, Educational Qualification and Experience: Crosstab

Age of the owner	Educational Qualification				No. of years in Business (Experience)				
	Up to SSC	HSSC	Graduation	Total	1 – 5 years	6 – 10 years	11- 15 years	Above 15 years	Total
26 – 35 years	0	3	2	5	1	1	3	0	5
36 – 45 years	3	5	2	10	1	3	2	4	10
46 – 55 years	4	5	2	11	0	1	1	9	11
56 years & above	5	0	1	6	0	2	0	4	6
Total	12	13	7	32	2	7	6	17	32
Percentage	37%	41%	22%	100%	6%	22%	19%	53%	100%

Source: Compiled from Primary Data

As seen in table 1, people from all age groups with different educational qualifications are into shack business in the State over the last many years. 41 percent of the respondents in shack business have studied till the Higher Secondary School Certificate (HSSC), 37 percent have studied up to Secondary School Certificate (SSC) whereas the remaining 22 percent are graduates. Therefore, the shack owners are educated and this helps them in understanding the business procedures and completing all the business formalities on time such as applying for: license with the Tourism Department, No Objection Certificate (NOC) with the Panchayat or Municipality, payment of fees and taxes on time, and also

maintaining cordial and friendly relations with their clients.

With regard to experience, 72 percent of the shack owners are in the business for more than ten years and 22 percent between six to ten years. This means, shack owners are depending on this business over a long period of time to earn their livelihood. Hence, the State government must allow them to carry on with the trade as they don't have any other alternate source of livelihood.

### Average Capital Required to Start Shack Business

**Table 2: Classification of Respondents Based on Amount Invested, Borrowed and Source of Funding**  
Capital Amount Invested, Borrowed and Source of Funding: Crosstab

Total Capital amount Invested (Rs.)	Amount borrowed			Source of Funding			
	Yes	No	Total	Banks	Family & Friends	Self	Total
Up to 5,00,000	1	2	3	1	0	2	3
5,00,001 – 10,00,000	4	16	20	1	3	16	20

Total Capital amount Invested (Rs.)	Amount borrowed			Source of Funding			
	Yes	No	Total	Banks	Family & Friends	Self	Total
10,00,001 – 15,00,000	3	0	3	2	1	0	3
15,00,001 – 20,00,000	0	2	2	0	0	2	2
Above 20,00,000	3	1	4	3	0	1	4
Total	11	21	32	7	4	21	32
Percentage	34%	66%	100%	21%	13%	66%	100%

Source: Compiled from Primary Data

As seen in table 2, the capital amount invested in shack business by 63 percent of the respondents is between rupees five to ten lakh, 9 percent have invested up to rupees five lakh whereas the remaining 28 percent have invested more than rupees ten lakh. In fact, shacks with a capital investment of more than rupees ten lakh are all located in private properties, within 200 to 500 meters from the high tide line of the sea whereas, the remaining shacks are located in government properties which lies within zero to 200 meters from the high tide line of the sea. Therefore, shacks located in private properties require a comparatively higher capital because they offer accommodation to the tourist along with serving food and beverages and their capital requirement depends upon the number of rooms or huts erected by each one of them during the season.

66 percent of the shack owners have invested their own personal savings to start shack business, where as 13 percent have borrowed from family and friends and the remaining 21 percent have borrowed from banks. As shacks are temporary, banks don't provide commercial loans to erect shacks. Those few who have borrowed from banks have all taken personal loans at higher rates of interest and invested in shack business. Hence, majority of the shack owners in Goa rely on their personal savings or for some assistance from family members and friends to start shack business.

### Average Monthly Profits Earned by Shack Owners

**Table 3: Classification of Respondents Based on Amount Invested and Average Monthly Profits Earned**  
**Capital Amount Invested, Average Monthly Profits and Average Return on Capital Employed: Crosstab**

Total Capital amount Invested (Rs.)	Average monthly Profits earned from shack business					
	Up to Rs. 25,000	Rs. 25,001 – 50,000	Rs. 50,001 – 75,000	Rs. 75,001 – 1,00,000	Above Rs. 1,00,000	Total
Up to 5,00,000	2	1	0	0	0	3
5,00,001 – 10,00,000	4	6	3	5	2	20
10,00,001 – 15,00,000	0	1	2	0	0	3
15,00,001 – 20,00,000	0	1	0	1	0	2
Above 20,00,000	0	2	1	1	0	4
Total	6	11	6	7	2	32
Percentage	19%	34%	19%	22%	6%	100%
Average profits for the season (Monthly profits x No. of months worked for the year)	2,00,000	4,00,000	6,00,000	8,00,000	-	-
Average return on capital employed per year (Average profits ÷ Capital employed x 100)	40%	40%	40%	40%	-	-

Source: Compiled from Primary Data

Table 3 shows that, all the respondents have earned reasonable profits every month during the 2015-16 tourist seasons along with an average return of 40 percent on capital

employed. However, shacks are seasonal and the shack owners are not doing any business during the off-season, therefore their average monthly profits for the full year are lower as compare to other similar businesses.

## ECONOMIC CONTRIBUTIONS OF SHACKS

The respondents unanimously agreed that, shacks provide self employment to the owner and at least to one of his family member. A shack also provides direct employment to a large number of people in the form of cooks, kitchen helpers, waiters, cashiers, and managers. On an average a shack provides employment to about 12 to 15 people (Source, Primary data). However, only 25 percent of the workers working in shacks are Goans and the remaining workers comes from Nepal and the Indian states of Bihar, Himachal Pradesh, Uttar Pradesh and West Bengal during the tourist season because they get higher salaries here. A large number of Goans have entered the shack business

because it is very simple; no complicated procedure involved, not capital intensive, and provides a decent income to the shack owners. As per the beach shack policy, only the unemployed Goans can apply to the State government for a shack license (Department of Tourism – Government of Goa, 2015). However, it is observed from the primary data that, only 19 percent of the respondents were unemployed before entering into shack business whereas the remaining have come for better prospects and among them 47 percent were doing private service, 16 percent fisherman and 9 percent each were toddy tappers and seaman respectively. Therefore, shacks have resulted in migration of people from their traditional occupations like fishing, toddy tapping and seaman to shack business.

**Table 4: Table Showing Average Number of Tourists Visiting Shacks and Amount Spend Tourist Visiting Shacks Per Day and Average Amount Spend Per Visit**

Number of Foreign Tourists visiting shacks		Average amount spend by Foreign Tourists per day in rupees		Number of Domestic Tourists visiting shacks		Average amount spend by Domestic Tourists per day in rupees	
Up to 20	No. 15	< 1,000	No. 21	Up to 20	No. 14	< 1000	No. 8
21 – 40	9	1000 – 2000	5	21 – 40	14	1000 – 2000	17
41 – 60	6	2001 – 3000	5	41 – 60	3	2001 – 3000	6
More than 60	2	More than 3000	1	More than 60	1	More than 3000	1
Total	32	Total	32	Total	32	Total	32

Source: Compiled from Primary Data

Table 4 shows that, tourists, both domestic as well as foreign; prefer patronizing the shacks. 47 percent of the respondents receive up to twenty foreign tourists per day, 28 percent receive between 21 - 40, 19 percent receive between 41 – 60 and the balance 6 percent receive more than sixty foreign tourists per day during the tourist season whereas, 44 percent each receive up to twenty and between 21 - 40 domestic tourists per day, 9 percent receive between 41 -60 and the balance 3 percent receive more than 60 domestic

tourists during the tourist season. Also, 53 percent of the domestic tourists spend between rupees 1,000 to 2,000 at a shack per visit, whereas, 66 percent of the foreign tourists spend less than rupees 1,000 at a shack per visit. However, an average domestic tourist spends five days in Goa where as an average foreign tourist spends nine days in the State (Department of Tourism - Government of Goa, 2015). Since an average foreign tourist spends more days in Goa, on a long term basis, they end up spending more at the shacks and because of this “Shacks in Goa prefer foreign tourists”.

**Table 5: Impact of Income from Shack Business on Investment in Capital Assets  
Multiple Regression Analysis**

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
.727	.529	.366	.350	3.232	.013

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.214	.447		-.478	.637
Generator	.043	.172	.041	.252	.803
Scooter	.124	.178	.118	.695	.494
Bike	.177	.146	.197	1.211	.238
Car	.214	.191	.214	1.122	.273
Smart Phone	.511	.415	.205	1.232	.231
Computer/Laptop	.394	.164	.432	2.406	.025
House/Flat	.004	.164	.004	.023	.982
Colour TV	-.220	.225	-.168	-.980	.337

Source: Computed from Primary Data

The above table gives the results of Multiple Regression Analysis. The results are found to be acceptable at 95% level of significance ( $p < 0.05$ ). The R square value of .529 indicates that there is a good relationship among the independent variables and the model is found to be fit. Hence, the null hypothesis 'H01' is not accepted. This means, there is a significant relationship between 'Income from shack business enables the shack owners to acquire Capital Assets'.

The standardized co-efficients of the independent variables indicate that, the income from shack business enables shack owners to purchase capital assets like computer/ laptop only as the co-efficient value of this variable is found to be significant at 95% level of significance ( $p < 0.05$ ). This also means that the shack owners are interested to invest their income in capital assets like computers / laptops.

### Social Contributions of Shacks

**Table 6: Impact of Shack Business on the Communication Skills  
Multiple Regression Analysis**

R	R Square	Adjusted Square	R	Std. Error of the Estimate	F	Sig.
.927	.860	.833		.160	31.850	.000

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.483	.220		2.189	.038
Learned to communicate fluently in English.	.356	.105	.470	3.390	.002
Understand at least one FL of the customers.	.043	.095	.075	.455	.653
Communicate in at least one FL with the customers.	.115	.105	.219	1.098	.282
Writing skills have improved.	-.122	.092	-.191	-1.323	.197
Listening skills have improved.	.457	.148	.457	3.095	.005

Source: Computed from Primary Data

The above table gives the results of Multiple Regression Analysis. The results are found to be acceptable at 95% level of significance ( $p < 0.05$ ). The R square value of .860 indicates that there is a good relationship among the independent variables and the model is found to be fit. Hence, the null hypothesis 'H02' is not accepted. This also means that, the overall communication skills of the shack owners have improved due to the shack business.

The standardized co-efficients of the independent variables indicate that the shack owners have learned to communicate fluently in English and their listening skills have improved due to their shack business. The co-efficient value of these two independent variables is found to be significant at 95% level of significance ( $p < 0.05$ ). In other words, the shack owners are good listeners and communicate fluently in English with their customers.

**Table 7: Impact of Shack Business on the Standard of Living of the Shack Owner's Family  
Multiple Regression Analysis**

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
.802	.643	.519	.171	5.173	.001

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.180	.576		.317	.754
Family income has increased due to shack business.	.664	.212	.478	3.136	.005
Afford a decent house for the family due to shack business.	.035	.051	.115	.685	.500
Sending my children to the best schools now.	.032	.065	.074	.495	.625
Afford a family vacation every year now.	.084	.055	.284	1.522	.142
Due to the shack business AC is installed in the house.	.001	.045	.004	.023	.982
Celebrate family functions with lot of fun now.	-.030	.057	-.097	-.523	.606
Use a car for the comforts of the family now.	-.021	.056	-.068	-.372	.713
Command respect and higher status in society now.	.189	.089	.324	2.124	.045

Source: Computed from Primary Data

The above table gives the results of Multiple Regression Analysis. The results are found to be acceptable at 95% level of significance ( $p < 0.05$ ). The R square value of .643 indicates that there is a good relationship among the independent variables and the model is found to be fit. Hence, the null hypothesis 'H03' is not accepted. This means that, the standards of living of the shack owners' family have improved due to shack business.

The standardized co-efficients of the independent variables indicate that the family income of the shack owners have increased and they command respect and higher status in society due to their business. The co-efficient value of these two independent variables is found to be significant at 95% level of significance ( $p < 0.05$ ). This also means that, a shack not only increases the income of the shack owners' family, but they also command respect and higher status in society due to the shack business.

## CONCLUSION AND MANAGERIAL IMPLICATIONS

Shacks provide self employment to the owners and also to their family members thereby increasing the family's wealth. A substantial number of Goans work in shacks as cooks, waiters, kitchen helpers, cashiers and managers. But since these jobs are temporary, seasonal and don't offer any other employment benefits like provident fund, insurance

and medical allowance, majority of Goans prefer working elsewhere rather than working at the shacks and this lead to migration of people from Nepal and other Indian States to Goa during the tourist season. Shack owners in Goa are educated, well experienced and majority of them belong to the age group of 36 to 55 years. They completely depend on this business for their survival as they don't have any alternate source of livelihood. A vast majority of them are doing this business for years together, some for thirty years and more. Therefore, the State government must protect their interests and livelihood while framing the Tourism Policy.

Beach shacks in Goa are located both in government as well as in private properties and the capital requirement for both these shacks varies tremendously. Shacks in government properties are not capital intensive as they can be erected with a maximum capital of rupees ten lakh. However, shacks in private properties require a comparatively higher amount of capital because they also provide temporary accommodation to the tourists. In fact, the capital investment required for a private shack is directly proportional to the number of rooms or huts erected by them during the season and it usually varies between rupees ten to fifty lakh. The shack owners spend their own money or borrow from family and friends to start the business because banks don't provide business or commercial loans to them as their business is temporary and seasonal. A few shack owners however manage with personal loans taken from commercial banks at comparatively higher rates of interest. Hence, the State government should allow

at least the State Co-operative Banks to lend money for shack business.

Beach shacks in Goa have earned a decent profit during the 2015-16 tourists season giving them an average return of 40 percent on capital employed. However, most of the shacks in Goa must be actually earning higher profits because in general people mostly don't disclose their actual profits for various reasons. Shacks in Goa prefer both foreign as well as domestic tourists. But, as a matter of fact, they give higher preference to the foreign tourists as they spend more days in the State and also at the shacks in spite of spending comparatively less per day per visit. Therefore, on a long term basis, it's the foreign tourists who spend more because a domestic tourist spends average five days and a foreign tourist spends average nine days in Goa (Department of Tourism, Government of Goa - Statistics, 2015).

The economic and social contributions of shacks are statistically tested by using Multiple Regression Analysis. The results of these are found to be acceptable at 95% level of significance ( $p < 0.05$ ). Hence, the null hypotheses are not accepted. It is observed that, income from shack business enable shack owner's to acquire capital assets like computer or laptops as the coefficient value of this variable is found to be significant at 95% level of significance ( $p < 0.05$ ). Also, this business improves the communication skills of the shack owners as by interacting with the tourists they are able to communicate fluently in English, Hindi and even in a foreign language like Russian or Spanish. Shack business also contributes to the family income of the shack owner thereby improving the standard of living of his family and he command respect and higher status in society due to his shack business.

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