

---

# ASSESSING THE INFLUENCE OF DIFFERENT FINANCIAL SCHEMES ON TOURISM DEVELOPMENT OF KASHMIR

---

**Aijaz Ahmad Dar\*, Sushil Kumar Mehta\*\***

*\*Research Scholar, Shri Mata Vaishno Devi University, Katra, Jammu, Jammu & Kashmir, India. Email: ajazirctc@gmail.com*

*\*\*Assistant Professor, Faculty of Management, Shri Mata Vaishno Devi University, Katra, Jammu, Jammu & Kashmir, India.  
Email: mehta.sushil@smvdu.ac.in*

## **Abstract**

### ***Purpose***

*The main focus of this study is about the role of different financial schemes and their impact on the tourism development in terms of infrastructure, connectivity and controlling mechanism. This study investigates the significant contribution of these schemes on the tourism development at a destination.*

### ***Methodology***

*The influence of four Financial Scheme drivers i.e. Jammu and Kashmir Bank Tourism Schemes (JKBTS), Jammu and Kashmir State Financial corporation Term loans (JKSFCTL); Youth Startup loan Scheme (YSLs) and Prime Ministers Employment Generation Programme (PMEGP) on tourism development were investigated. The confirmatory factor analysis has been applied to validate the data. For hypotheses testing, Structural equation modeling has been applied.*

### ***Findings***

*Tourism development in terms of infrastructure has gained momentum in the past lustrum but lot of more activities needs to be done in order to improve tourist arrivals at a destination. The conflict has engulfed the destination which needs to be addressed at the earliest. In order to develop the monitoring mechanism better, the Jammu and Kashmir Bank Tourism scheme is crucial*

*followed by Jammu and Kashmir State Financial corporation term loans; Youth startup loan schemes.*

### **Originality**

*The present study complements the existing literature regarding the role of Financial Schemes drivers and linkage among these drivers with development of tourism in terms of Infrastructure, connectivity and monitoring mechanism.*

**Keywords:** *Destination Image, Revisit Intention, Tourists, J&K*

### **Need of the Study**

Tourists' inflow in the J&K leads to more economic activity as well as multiplier effect on the income levels of the large chunk of population. Therefore, it becomes imperative to know the role of financial schemes towards its development with respect to its infrastructure and connectivity. Besides this, it is an important thing to know the perspective of tourism stakeholders towards the tourism development.

### **Scope**

Researcher selects three zones of Kashmir which are representative of the Tourism sector in J&K. These can be divided into North Zone viz. Bandipore, Baramulla, Srinagar; north-East Zone viz. Tral, Pulwama and Ganderbal; and South Zone viz. Shopian, Anantnag and Kulgam.

### **Objectives of the Research**

- To study the role of financial schemes on tourism development.
- To assess the impact of these schemes on tourism development.

### **Hypotheses**

- H1: Jammu and Kashmir bank Tourism Schemes (JKBTS) is significantly related with Tourism Development.
- H2: Jammu and Kashmir State Financial Corporation Term Loans (JKSFTL) is significantly related with Tourism Development.
- H3: Youth Startup loan Scheme (YSLS) is significantly related with Tourism Development.

H4: Prime Ministers Employment Generation Programme (PMEGP) is significantly related with Tourism Development.

## Literature Review

### ***Different Financial Schemes Undertaken by Government for the upliftment of Tourism in J&K***

*Jammu and Kashmir Bank Tourism Schemes:* The Jammu and Kashmir Bank expanded its areas of operation and widened its credit base by financing schemes like PMEGP, Stand up India, Help Tourism, Youth Start up Loan Scheme etc. The Jammu and Kashmir Bank has been playing a significant role to catalyze economic transformation and capitalize on the tourism potential of Jammu & Kashmir by providing all support required for encouragement and sustainability of this industry.

*J&K State Financial Corporation Term Loans:* JKSFCC Plays a pioneering role in boosting industrial climate in the State and provided financial assistance under various credit schemes as formulated by Government, IDBI / SIDBI. JKSFCC is playing a vital role in boosting economic development and financial independence by catering to the financial requirements of ventures in industrial and service sectors particularly Tourism and Transport Industry of the state.

*Youth Start-up Loan Scheme (YLS):* Jammu and Kashmir Entrepreneurship Development Institute (JKEDI) through its flagship credit scheme YLS offers a maximum of Rs 8 lakhs to young startup entrepreneur to acquire entrepreneurial spirit and set up their own businesses. Jammu & Kashmir Entrepreneurship Development Institute (JKEDI) and J&K Bank has been nominated for the implementation of this scheme in the state.

*Prime Ministers Employment Generation Programme (PMEGP):* PMEGP is a central government credit based subsidy programme for employment generation through establishment of micro enterprises in various sectors.

*Infrastructure Development:* The framework for the travel industry in this way incorporates fundamental foundation segments like air terminals, railroads, streets, conduits, power, water supply, seepage, sewerage, strong waste transfer frameworks and administrations. Additionally, offices like settlement, eateries, recreational offices and shopping offices fall under

the ambit of Tourism Infrastructure. Making arrangements for supportable improvement of Tourism Infrastructure, in this way, includes the incorporated advancement of essential foundation and pleasantries alongside all the travel industry offices in a decent way. The fundamental prerequisites for the improvement of Tourism Infrastructure are: Accommodation - Forest hotels, visitor lodges, eateries and so on at a destination. Visitor transport - Mini-transports, jeeps, ship launchers, and so on for natural life seeing destinations.

*Connectivity:* The significant push territory of the travel industry needs guaranteed and safe transport arrangements. It needs organizing for a vacationer framework, with enquiries, schedule arranging and reservations, and uniform passage frameworks. The tourism system should develop the conflict free destinations for everyday existence of local communities and vacationers also, and have a powerful linkage with a broad calamity plan (Najar, 2017). This is particularly essential for whole state and Kashmir in Particular located in seismically dynamic zone.

*Controlling Mechanism at Destinations:* The expanding multifaceted nature of the competitive condition and the diminishing plausibility to control and anticipate markets and request are among the urgent elements nearby vacationer goals, both developing and as of now settled need to confront. Effective administration which needs to convey the travel industry goals in the new thousand years should be founded on: management of nearby assets, coordination and control among tourism stakeholders and creation of value for all actors involved in tourism industry framework.

Proficient and compelling administration will rely upon an exact information of genuine a potential interest, on performing artists associated with visitor supply and on the financial relations that exist among the partners. Like the travel industry request conduct changes, additionally goals, or better the results of the goal, should be in steady advancement. As per writing, traveler items comprise of a lot of appeal elements, products and ventures sorted out as indicated by vacationers' inspirations and requirements. The assortment of items relies upon the assortment of the assets, while the fluctuation relies upon the manner in which the attractions are produced, sorted out, oversaw and "expended". This implies numerous goals, both rising and develop, can be re-situated available, invigorating the improvement of new markets/portions and of new items too.

Thompson and Cowton, (2004) insighted into the environmental data wanted by banks when settling on loaning choices which evaluate ecological aspects. Ateljevic and Doorne, (2004) broke down the extent of effects in the external institutional condition that impact the improvement of small travel industry firms. These comprise government jobs, policy foundation, managerial assistance, and associations with the financial industry. Hawkins and Mann (2007) recommended that demand for financing and consultation is growing with the political economy and advancement of the travel business in developing nations. Welber et al. (2008) showed that sustainability criteria can be used to anticipate the money related execution of an account holder and enhance the prescient legitimacy of the credit assessment process. Bauer and Haan, (2010) gave the affirmation that a proactive ecological responsibility of firms is connected with a lower credit chance. Song and Lin, (2010) exactly exhibited that the current financial emergency will have a through and through negative effect on traveler entries to Asia and visitor consumption by Asian sightseers outside Asia. Joshi, (2011) TFCI assumed a basic job in the travel industry advancement by taking into account money related help necessities of different activities. Mukhtar, (2013) proposed banks and Insurance Sector can assume a basic job for sustainable growth of travel industry by joining natural and social criteria into examination methodology for credits, ventures, and protection. Zapalska and Brozik, (2013) made experiences into how travel industry is obstructed by high tax assessment, detachment of ease financing, absence of expense impetuses and horrible credit terms. Arzhang and Hamidi, (2014) Identified distinctive factors impacting financing to the travel industry like principles, financing methodologies, sanctions, monetary strategy, keeping money framework, cash changes, issues of free market activity, cash and capital market. Katjiuogua Etal (2015) cross examined the venture atmosphere covering motivating forces, administrative structure, aptitudes, and government bolster and proposes few estimates how more prominent investments can be pulled in the movement business. Ngoasongan and Kimbu, (2016) inspected the impacts of casual microfinance establishments (IMFIs, for example, through access to finance Micro budgetary institutional in Development prompted the travel industry Entrepreneurship. Ratemo Etal (2016) results developed that accessibility of security is a main consideration that emphatically impacts credit financing to little and medium lodgings by business banks. Study results moreover confirmed that advance evaluating and hazard profile adversely influences access to credit by little and medium lodgings from business banks.

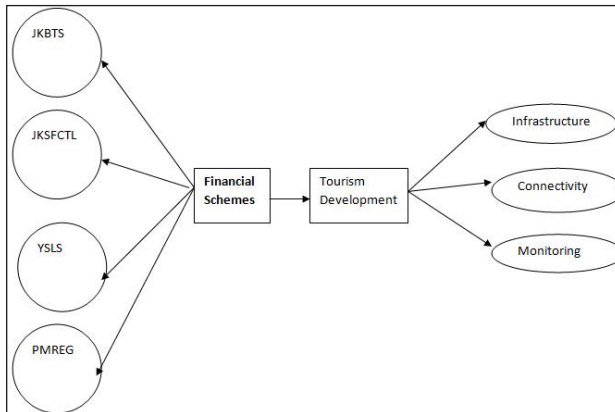
**Research Gap**

Tourist Destination development through financial schemes has received consideration from the literature from many years. It is something that should receive more attention; hence, the launch of financial schemes for a particular destination leads to tourism development, which cannot be ignored in the tourism industry.

Despite the considerable number of research on development of tourist footfall and development, it remains unclear why tourist undertake visits at destination and what kind of characteristics hold these visits, only some studies have mentioned about the tourist’s participation in tourism related activities at each destination. Hence, it is imperative to identify the relationship among different financial schemes in relation to the tourism development of a destination. Hence, there is a wide scope to do work in this area with inclusion of selected identified variables. Furthermore, with respect to tourist perception, many studies have been conducted in individual destinations of different places, but no such attempt has been made to study the Kashmir valley.

**Proposed Research Framework**

Based on the extant research, conceptual framework model suggested relationship among the variables indicates in figure 1.



**Fig. 1: Conceptual Framework Model**

## Methodology

This study employed mixed method approach with the use of qualitative information at the first designing stage of the study. In the second phase, quantitative information was used to analyze the collected data. Deductive method was chosen, as it focuses on Financial Schemes as a general phenomenon and specifically concentrates on how it can be utilized for tourism development in the J&K context. Researcher gathered responses from respondents. Hence, it lies under cross-sectional study.

### *Data Collection*

Data was collected from both the sources like primary and secondary, as per the need of the study. A self-administered questionnaire was distributed among financial institutions officials, hotels, tour Operators, travel Agencies, and House Boats owners. etc, for their response based on the Likerts-5-Point Scale in which perception of these stakeholders is being asked with set of questions. During data gathering in many cases the respondents were verbally encouraged to participate. In total 118 questionnaires were distributed out of which only 108 were filled by the respondents. 6 Questionnaires were partially filled and 4 were returned unfilled.

Apart from primary data the secondary data was collected with valuable information from Bank Annual reports, Tourism Budgets, Tourism Department Publications, magazines, Journals, past research studies, planning commission reports, RBI data, websites etc.

*Exploratory Factor Analysis:* is used for the data reduction and to know the association in between the variables, in this technique the whole data of variables gets reduced into factors, so that it becomes easy for researcher to know the association in between the variables. On the basis of Eigen Loading the factors are generated from it.

*Confirmatory Factor Analysis:* The confirmatory Factor Analysis is applied in order to know whether the factors achieved during factor analysis of the variables fall in the particular factor or not, for the same the AMOS {Analysis of Moment Structure} software is used, which states the confirmation of factors on the basis of loading which should be more than 0.5.

## ***Sampling Design***

*Study Area:* The research is targeted at studying the role of financial institutions in tourism development of J&K with reference to Kashmir region that is why respondents are selected from the jurisdiction Kashmir region of J&K.

*Sampling Frame:* Since the respondents for proposed research study were selected from Kashmir region of J&K. Therefore, the population of sample was based on some selected financial institutions, Hotels, Tour Operators, Travel Agencies and house Boat Owners from Kashmir region of J&K.

*Sampling Method:* Keeping in view the diverse nature of universe convenience sampling method and Stratified sampling was applied as there are different strata's like Hotels, houseboats and travel agencies.

## ***Exploratory Factor Analysis (EFA)***

EFA was performed with the purpose of re-examining independent factors whether items included in the constructs were being grouped into the same groups identified from previous literature. Accordingly, EFA was performed on antecedents of Financial Schemes and Tourism Development separately. All the factors have been given appropriate names according to the variables that have been loaded on respective factors. Factor analysis appropriateness was examined through KMO value i.e. 0.79. Bartlett's measures is also significant i.e. 0.00 which revealed that the original correlation matrix is an identity matrix and data set fulfilled the basic requirements for the factors analysis.

## ***Confirmatory Factor Analysis (CFA)***

In this study, CFA was conducted and suitable modifications were made to improve the model fit. With the help of CFA, researchers determined whether the sample data is compatible with the hypothesized model of the study and also confirmed association with the theory. After EFA, CFA was performed on 4 explored constructs. Furthermore, model fit indices and factor loading was used to examine the empirical data fitness. Model fit indices revealed that the initial model was a poor fit and it required some modifications. Therefore, error covariance was established between items.

***For Financial Schemes***

	<b>CMIN/DF</b>	<b>RMSEA</b>	<b>GFI</b>	<b>AGFI</b>	<b>CFI</b>	<b>IFI</b>
Initial	3.452	0.062	0.79	0.87	0.86	0.86
Final	2.467	0.071	0.92	0.89	0.95	0.95
Recommended	Below 3	>0.07	< 0.90	< 0.90	< 0.90	< 0.90

***For Tourism Development (TD)***

	<b>CMIN/DF</b>	<b>RMSEA</b>	<b>GFI</b>	<b>AGFI</b>	<b>CFI</b>	<b>IFI</b>
Initial	2.99	0.05	0.900	0.898	0.899	0.888
Final	1.69	0.038	0.966	0.965	0.901	0.998
Recommended	Below 3	>0.05	< 0.90	< 0.90	< 0.90	< 0.90

***Reliability of Scale***

Reliability was established through **(1) Overall and inter-item Reliability** - Cronbach's alpha was applied in order to know reliability of multi-point scale measurements. The outcome of Cronbach Alpha ( $\alpha$ ) (Overall) 0.889 and individual construct Cronbach Alpha ( $\alpha$ ) viz. F1-0.91; F2-0.86; F3-0.83; F4-0.87 and TD collectively-0.856 shows reliability of scale.

**Interpretation and Results*****Demographic Profile of the Respondents***

The descriptive statistics showed that out of 150, male respondents i.e. 59% were more than the female respondents i.e. 41%. In terms of the age, maximum number of respondents (41%) are in the group of 40 to 50 years. 20-30 age groups was accounted 26.70% followed by other age groups. Most of the tourists were married and 48.50% of representation in total sample.

***Descriptive Statistics***

Main constructs/variables of the model were taken into consideration only. In every construct several items were found. Therefore, the mean values of construct were taken into consideration while anticipating the statistics

of descriptive research. Accordingly, the mean and standard deviation of 5 constructs of the research model is presented in table 6.

**Table 6: Descriptive Statistics**

Particulars		Mean	S.D.
1.	F1 Jammu and Kashmir bank Tourism Schemes (JKBTS)	4.10	0.66
2.	F2 Jammu and Kashmir State Finance Corporation Term Loan (JKSFCTL)	3.96	0.65
3.	F3 Youth startup loan schemes (YSLS)	4.09	0.61
4	F4 Prime Ministers Employment Generation Programme (PMREGP)	3.82	0.82
5.	Overall Tourism Development	3.99	0.46

Analysis of the responses gathered from tourism stakeholders mentioned above is presented with mean values of 3.96; 4.09; and 3.82 and standard deviation is 0.65; 0.61; and 0.82 respectively. The overall mean value of the responses received from Tourism Development is 3.99 and SD is 0.46. While F1 mean value is 4.10 and standard deviation is 0.68.

***Overall Results of Measurement Model***

Model fit of endogenous and exogenous variables were assured by using relevant modifications. In this process, some items were deleted to improve the model fit indices and the composite reliability. After the aforesaid modifications, CMIN/DF =2.546; RMSEA =0.065; RMR=0.052; GFI=0.907; AGFI=0.875; NFI=0.927; CFI=0.954; IFI=0.955; and TLI=0.945, which shows the acceptable level of model fit indices.

***Hypotheses Testing***

According to the empirical results, it revealed that 03 predictors have significant effects on TD, while one hypothesis was rejected. The results are summarized into table 8.

**Table 8: Hypotheses Testing Results**

Hypotheses	Path Coefficient ( $\beta$ ) value	S.E.	C.R. (t)	p-value	Results ( $H_0$ )
<i>H<sub>01</sub></i> (Jammu and Kashmir Bank Tourism Schemes and TD)	0.16	0.035	4.65	0.00	Supported
<i>H<sub>02</sub></i> (J&K State Financial corporation Term loans and TD)	0.96	0.139	3.46	0.02	Supported
<i>H<sub>03</sub></i> (Youth Startup loan Scheme and TD)	0.87	0.042	14.13	0.00	Supported
<i>H<sub>04</sub></i> (Prime Ministers Employment Generation Programme and TD)	-0.02	0.062	-0.68	0.49	Not Supported

*H<sub>01</sub>*: The results revealed that Jammu and Kashmir Bank Tourism Schemes and TD have a significantly positive relationship and reporting 0.16 of path coefficient and 4.65 of t value ( $p < 0.05$ ).

*H<sub>02</sub>*: Second, J&K State Financial corporation Term loans and TD reported as a 0.96 correlation estimate. The empirical results further revealed that covariance among these variables are significant at a 0.05 confidence level.

*H<sub>03</sub>*: Third, the positive relationship between Youth Startup loan Scheme and TD has also been reported. The path coefficient between those two constructs was 0.87 and t value was 14.13 ( $p < 0.05$ ).

*H<sub>04</sub>*: Fourth, the insignificant relationship was detected in between Prime Ministers Employment Generation Programme and TD. The corresponding

correlation estimate was reported -0.02. The t value of -0.68 was also insignificant at 0.05 confidence level i.e. 0.49 ( $p > 0.05$ ).

## **Discussion and Conclusion**

This study determined the positive relationship among majority of Financial Scheme predictors and Tourism Development. Although under dimensions effect, it revealed that select element viz. Prime Ministers Employment Generation Programme does not lead to tourism development. The present research concludes that (Jammu and Kashmir Bank Tourism Schemes) is very effective and positively correlated with TD. While, one of the Financial Scheme Prime Ministers Employment Generation Programme determinants not have positive influence on TD. Further, previous researchers noted that when tourists have favorable atmosphere then national economy also grows. Hence, there is a need to promote more economic support in terms of infrastructure and connectivity. That means tourists may feel they have an individual responsibility to develop the country.

## **Implications**

Thus, strategy makers need to make sure that the tourist should have positive experiences with respect to destination which is possible when there is good support from the government for the tourism development at a destination. Tourist emotions should be continuously monitored during the service delivery process. For this purpose, community needs to be trained in order to understand the tourists' emotional responses and their satisfaction. Various stakeholders should develop a cordial relationships with the guests and tourists, in order to make them, more cheer up and help the destination to prosper.

## **Limitation and Directions for Future Research**

This study expresses an investigations based on cross sectional responses, which were collected from the respondents during the course of this study. In future, longitudinal study can be accomplished. Moreover, the study is confined to tourists who visit in J&K only. Comparative study between J&K and other states can be undertaken in future. The present study examined the relationship of some selected variables; however, the relationship of other related factors need to be examined in future.

## References

- Arzhang, P., & Hamidi, N. (2014). Financing of tourism industry (A hybrid approach DELPHI-ANP-VIKOR). *Arabian Journal of Business and Management Review (OMAN Chapter)*, 3(8), 17.
- Ateljevic, I., & Doorne, S. (2004). Theoretical encounters: A review of backpacker literature. *The global nomad: Backpacker Travel in Theory and Practice*, 60-76.
- Hawkins, D. E., & Mann, S. (2007). The World Bank's role in tourism development. *Annals of Tourism Research*, 34(2), 348-363.
- Bauer, R., & Hann, D. (2010). Corporate environmental management and credit risk.
- Desai, V. (1997). *Institutional frame work for industry*. Bombay: Himalaya Publishing House.
- Seth, P. N., & Bhatt, S. S. (1998). *An introduction to travel and tourism*. New Delhi: Steerling Publishers Pvt. Ltd.
- Joshi, A. (2011). In-depth analysis of financial support by a specialized financial institution. *Elixir International Journal*, 33, 2291-2299.
- Mukhtar, S. (2013). Insuring the uninsurable for poverty alleviation in Nigeria: What Micro-Insurance can do?. *Mediterranean Journal of Social Sciences*, 4(2), 375.
- Najar, A. H. (n.d.). Recovery Marketing Activities (RMA's): A Tool to Manage Destination in Conflict Situation-Research.
- Ngoasong, M. Z., & Kimbu, A. N. (2016). Informal microfinance institutions and development-led tourism entrepreneurship. *Tourism Management*, 52, 430-439.
- Sharma, J. K. (2000). *Tourism planning and development*. New Delhi: Kanishka Publisher.
- Singh, I., & Gupta, N. S. (1977). *Financing of small industries*. New Delhi: S Chand and Co.

- Selvam, M. (1989). *Tourism industry in India: A study of its growth and development needs*. Bombay: Himalaya publishing House.
- Song, H., & Lin, S. (2010). Impacts of the financial and economic crisis on tourism in Asia. *Journal of Travel Research*, 49(1), 16-30.
- South Africa. Government of South Africa (1996). The White Paper on the Development and Promotion of Tourism in South Africa. Government of South Africa. Retrieved from <http://www.tourism.gov.za/AboutNDT/Publications/Tourism%20White%20Paper.pdf>. [Accessed:17<sup>th</sup> October 2014].
- Thompson, P., & Cowton, C. J. (2004). Bringing the environment into bank lending: Implications for environmental reporting. *The British Accounting Review*, 36(2), 197-218.
- Weber, O., Scholz, R. W., & Michalik, G. (2010). Incorporating sustainability criteria into credit risk management. *Business Strategy and the Environment*, 19(1), 39-50.