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TOURISM INDUSTRY IN MALDIVES

Abstract: the article describes the development of the tourism industry in Maldives as one of the most important industry in the economy of the country. It examines the dynamics of foreign arrivals, exchange revenues, and the impact of the industry on the macroeconomic indicators of Maldives. By increasing the employment rate, tourism industry leads to increase the purchasing power which will face the problem of higher cost of living, but GDP of the country will raise.

Keywords: tourism industry, economy, revenues, GDP

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ИНДУСТРИЯ ТУРИЗМА НА МАЛЬДИВАХ

Аннотация: в статье рассматривается развитие туристической отрасли Мальдивских островов как одной из важнейших отраслей экономики страны. Рассматривается динамика притока иностранных инвестиций, валютных поступлений и влияние отрасли на макроэкономические показатели Мальдивских островов. Повышая уровень занятости, индустрия туризма приводит к увеличению покупательной способности и росту стоимости жизни в стране, вместе с тем ВВП страны также будет увеличиваться.

Ключевые слова: индустрия туризма, экономика, доходы, ВВП

Maldives is known as “The Tropical Paradise” for reasons such as its beauty, their living style and the beautiful peoples. Maldives is the smallest country in South Asia with the lowest population which is approximately 436 thousand as at 2017. The GDP of Maldives are lowest among the south Asian countries with \$5.853 billion. And GDP per Capita is \$12530. This may be increased by now. As the data’s are collected at 2017[2].

At the beginning, as the geographical formation of Maldives is mostly based on the water so the raw materials and the space are very limited that they can’t do the huge industrial works. Based on the geography Maldivians used do fishing as they are labeled as non-developed country and they are not educated and lay alone from other countries which faces difficulties on growth of their economy. However, with the big revolution of traveling things starts changing. As many foreigners visiting to the beautiful Maldives build with about 1190 small islands. This starts to build ideas about how to use their nature to get income and how to build a strong economy. And with the help of world they became one of the leading location for tourists. Tourism is the largest economic industry in Maldives as, it plays an important role in earning foreign exchange revenues and generating employment in the tertiary sector of the of the country [1].

The huge improvement brings in tourism make a huge increasement in employment of the Maldives. As there are 87 resorts in different 9 atolls with a total of about 16000 beds. The unemployment rate of Maldives is 5 to 4 % for last 3,4 years which is very balancing. As many are changing their sector of work and the region due to migration etc. Anyways, there are possible ways that they can change and decrease the unemployment rate as the most of the resorts are using foreign workers. By exchanging them Maldives can reduce the unemployment rate as government is trying to increase the number of beds year by year [3].

The growth in employment leads to improve the social stability within the group as it will create rest in the society. Which will help them to come up with good ideas in order to complete the economy.

Chinese market is the biggest market for Maldives tourism as it shows a huge growth from past 10 years. However, the European countries are also increasing there numbers of tourists as Maldives highly targeted the Europeans [2].

Due to the strong marketing strategies Maldives are well known to the world. As it helps at huge infrastructure investment which leads the country to strong their economy. Especially, Chinese government gives many free aids and loans as they have a great bond between Maldives. And they are one of the biggest economy in Asia and in world. This will help Maldives to increase there infrastructure investment [2].

Moreover, with all the marketing within world Maldives can easily be able to market the tradition and the culture which will lead them to increase the local tourism within the inhabited islands such as Maafushi island one of the leading local destination in Maldives.

Forex Market or foreign exchange market refers to the monetary gain by selling goods and services or exchanging currencies in global markets.

As the above chart shows the foreign exchange have increased by 2018 due to increasement in tourists and the import. At the peak it holds at MVR 12663.1 million which means it will help to increase the value of their currency. The average interest rate of Maldives stayed still at the 7 % [3].

Table 1- Foreign arrivals to Maldives between 2011 and 2016

Foreign Arrivals to Maldives							
Rank	Country	2016	2015	2014	2013	2012	2011
1	China	324,326	359,514	363,626	331,719	229,550	198,655
2	Germany	106,381	105,132	98,328	93,598	98,351	90,517
3	United Kingdom	101,843	92,775	88,704	85,869	91,776	104,508
4	Italy	71,202	65,616	57,862	57,854	62,782	83,328
5	India	66,955	52,368	45,587	38,014	31,721	30,978
6	Russia	46,522	44,323	66,308	76,479	66,378	63,936
7	France	40,487	42,024	50,656	54,328	56,775	59,694
8	Japan	39,894	39,244	38,817	39,463	36,438	35,782
9	United States	32,589	29,308	25,641	20,034	16,049	14,490
10	South Korea	29,580	33,001	34,896	30,306	23,933	25,285
	Total	1,286,135	1,234,248	1,204,857	1,125,202	958,027	931,333

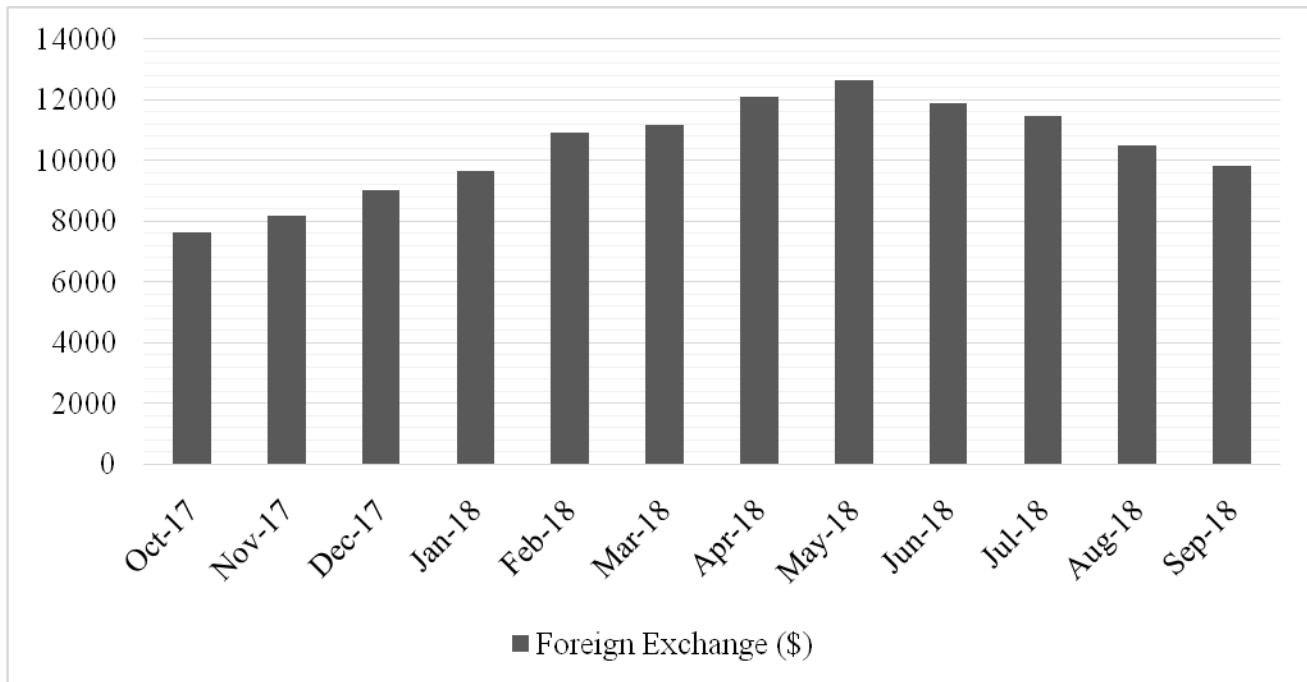


Figure 1- Foreign exchange revenue in Maldives in 12 months of 2018

However, with the positive impacts to the economy by tourism, on the other hand there are negative impacts. First of all, with the improvement shows in the employment will leads to a higher cost of living. As the more local businesses pushes out of the areas in order to meet their new customers [4].

And the impacts that affect environment by carrying capacity of the area, vegetation, air quality, bodies of water, the water table, wildlife, and natural phenomena. As the strict action to protect environment they can't do the huge investments on the buildings which the local tourism in Maldives are to be developed.

Local tourism or sustainable tourism is defined as tourism that respects both local people and the traveler. More European countries use this type of tourism. With the religious believes Maldivians and Europeans are very different in their cultures and trends. So, it found difficulties on local tourism [5].

To the conclusion, as the main industry and the huge sector which impactsthe economy of Maldives, tourism plays an important role in economy of Maldives. Both positive and negative. By increasing the employmentrate, this leads to increase the

purchasing power which will face the problem of higher cost of living. But GDP of the country will raise. And the stability within the country makes it easier to make choice in economy.

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