

Heritage Tourism, Cultural Capital, and Local Economic Development: Comparative Case Studies from Rajasthan (India) and the Indus Valley Region (Pakistan)

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Abstract

The concept of heritage tourism is to use cultural assets to enrich the local economies. The impact of the outcome is related to Institutions and infrastructure and Policies. This paper compares the monumental forts, palaces and the vibrant living heritage of Rajasthan, India with the Indus valley archaeological sites of Pakistan (e.g., Mohenjo-Daro and Harappa). Using a mixed method approach, involving secondary data, panel econometric methods and a bibliometric keyword co-occurrence analysis with VOSviewer. The study measures economic impacts, multipliers and evaluates sustainability aspects. The results shows higher realized benefits in the State of Rajasthan. In Rajasthan it accounts for about 12% of the Gross State Domestic Product. However, lack of infrastructure and accessibility, significant potential in the Indus Valley remains underutilised. Results clarifies the moderating effect of cultural capital, and provide policy suggestions for all-round and sustainable growth based on community-oriented approaches and targeted investments, among which the use of Silk Road tourism initiatives.

Keywords: Heritage Tourism, Cultural Capital, Rajasthan, Indus Valley, Silk Road, Sustainable Development, South Asia.

1. Introduction

Cultural capital is defined as tangible heritage resources and intangible cultural practices, and is an important input for the creation of tourism values (Bourdieu, 2002); (Cerisola & Panzera, 2025). Heritage tourism is playing a role in the economic diversification, job creation and regional development throughout the Indian subcontinent, especially in regions rich in historical resources.

Such monument integration into living cultural expressions as festivals and handicraft production could be seen as relatively successful and in the case of Rajasthan, Amer Fort and Chittorgarh Fort are incorporated in such a manner. In contrast, the Indus Valley sites are of high archaeological value, but have received comparatively few visitors.

In this study, the transformation of such heritage assets into economic outcomes is analysed, taking into account the multiplier effects, distributional equity and sustainability constraints, as well as the effects of Silk Road revival projects on development paths in the future.

Research Questions:

1. What are the scale and transmission channels of heritage tourism's economic impacts in the two regions?
2. In what ways does cultural capital influence these outcomes?
3. What policy measures, including Silk Road-related initiatives, can enhance inclusive and resilient development?

2. Literature Review and Research Gap

Heritage tourism and local economic development have been the subject of much research in the field of tourism economics. There is a base level of research on cultural capital (Bourdieu, 2002) which indicates that heritage assets provides a symbolic value and also tangible economic value in terms of attracting visitors, providing jobs, and developing related industries like handicrafts, hospitality and transport. Further empirical research has been able to quantify these effects and, in many cases, heritage tourism has a higher multiplier effect than mass tourism due to the focus on experiential "consumptions" and place-based "consumptions" (Cerisola & Panzera, 2025) (Kashyap & Thakur, 2025).

The data showed that the UNESCO World Heritage List has a clear impact on the international tourist arrivals and related revenue generation in destinations around the world (Su & Lin, 2014). The marginal effect of World Heritage inscription on tourist arrivals is clearly measurable. The economic impact is varying from destination to destination and depends on the average international tourist expenditure per visit. When this happens in developing countries, the impacts are even stronger when effective site management is used together with complementary infrastructure (Farid, 2015) (Rafiei, 2026).

However, the research with a South Asian perspective reveals a mix of opportunities and challenges. The concept of heritage tourism in India is a vital part of the country's tourism industry and plays a significant role in the promotion of tourism. Heritage tourism is considered as a significant contributor to the country's tourism industry. Rajasthan is a prominent state with an estimated contribution of 12% in Gross State Domestic Product (GSDP) in the state (Mallick & Behera, 2016) and is home to remarkable monumental heritage and living cultural expressions such as festivals, folk arts and artisan traditions (Government of Rajasthan, n.d.) (World Travel & Tourism Council, 2026). Evidences shows that employment has been good, especially in the tourism sector which is among the largest employers, after agriculture and textiles. Income effects for local communities involved in handicrafts contributes up to 90% of their income, has also been indicated by the evidences. Domestic tourism, too, has been seen to be resilient even in the wake of COVID-19 recovery (KPMG, 2024) (Pandey et al., 2024).

The literature in Pakistan is focused on the potential sites of the Indus Valley Civilization that has not yet been realized. Although the sites of Mohenjo-Daro and Harappa are World Heritage sites that attract relatively very few visitors, despite being significant archaeological sites worldwide, because of infrastructural issues and lack of budget for interpretation and marketing, and of security concerns (Muhammad Yaseen, 2025) (UNESCO World Heritage Convention, n.d.).

Silk Road Tourism Initiatives

The UNESCO Silk Roads Programme has a number of successful transnational projects in the past decade which offer opportunities for enhancing South Asian heritage tourism. The ongoing South Asia World Heritage Serial Nomination (India, Pakistan, Bhutan and China) is based on Historic Corridors traversing the South Asian region. Joint marketing and infrastructure developments are encouraged by the International Tourism Alliance of Silk Road Cities (83 cities from 33 countries as of September 2025).

The Silk Roads Heritage Corridors Tourism Strategy developed by UNESCO-UNWTO (2013) are the frameworks that define sustainable management and promotion of visitors. These initiatives may lead to high visibility of Indus Valley sites and be able to provide synergy opportunities to Rajasthan's heritage routes which may result in high multipliers from thematic cross-border tourism (UNESCO, n.d.);(World Travel & Tourism Council, 2025).

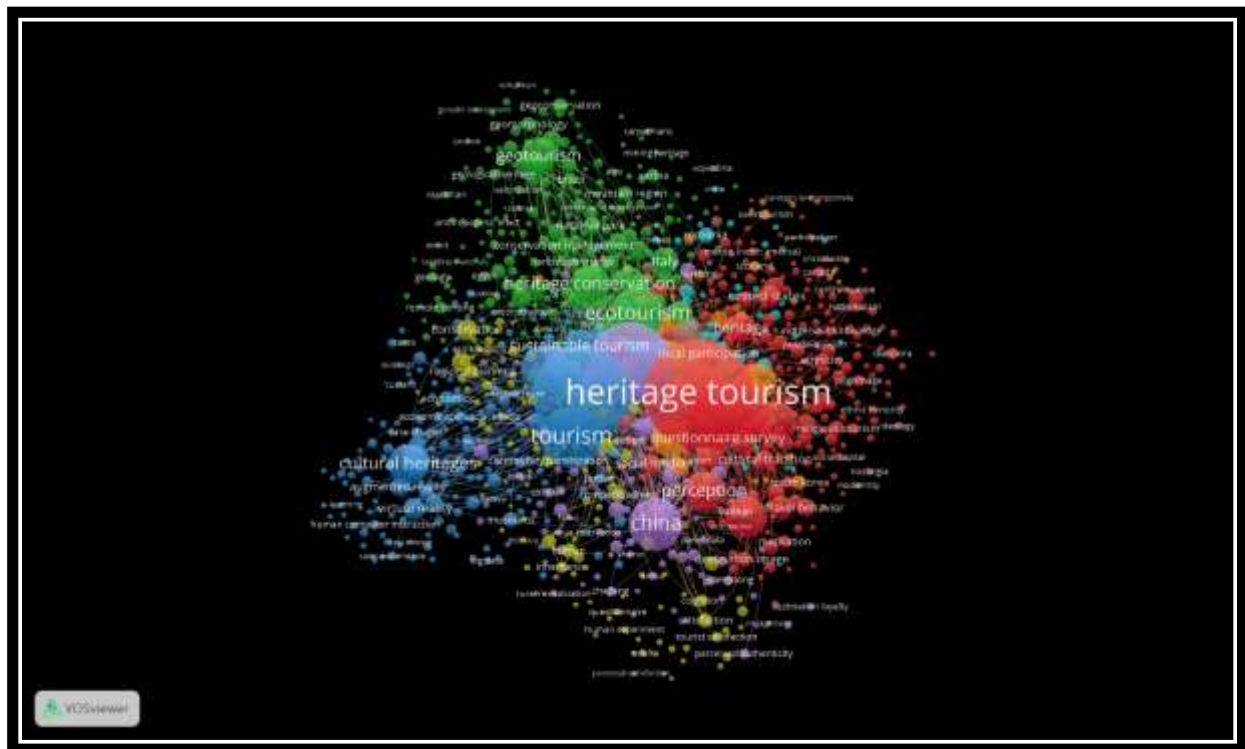


Figure 1 Keyword Co-occurrence Network of Heritage Tourism Literature

The bibliographic data related to heritage tourism was used for conducting a keyword co-occurrence analysis of the field using VOSviewer, to systematically identify the intellectual structure of the field. When this network is visualised (Figure 1), several thematic clusters can be seen. The biggest and most central node is “heritage tourism” which is closely related to tourism, perception, China, destination image, motivation, and tourist satisfaction. This dominant cluster represents a high interest in research on visitor behaviour, destination image and experiential aspects.

Another important group focuses on geotourism, geoconservation, geological heritage, heritage conservation and conservation management, suggesting a significant interest in natural and geological heritage sites. A second set of clusters focuses on cultural heritages and the virtual, augmented reality, big data and human computer interaction, emphasizing the relevance of digital technologies to heritage interpretation. Other clusters involve sustainable tourism, ecotourism, community participation, local participation and rural revitalization, which focus on sustainable and community aspects.

Research Gap

While these clusters are well developed, there are still gaps that need to be addressed. There is little direct linkage between the concepts of cultural capital and economic outcome variables like multipliers, employment or local GDP contributions. There are few comparative studies between living heritage destinations (in which cultural practices are still active) and predominantly archaeological or monumental

sites. Especially, no one has tried to make a rigorous econometric comparison between two contexts of South Asian culture as that of Rajasthan's living monumental heritage and that of the Indus Valley's archaeological sites. Sustainability and participation of the community seem to be separate themes, but they are not explicitly connected to the economic performance indicators in a post-COVID panel framework. Transnational projects like the Silk Road tourism corridors are given only a secondary focus, compared to the possibilities of cross-border heritage development.

This study aims to tackle these gaps by creating a comparative panel analysis of the Rajasthan (India) and the Indus Valley region (Pakistan), by quantifying the moderating effect of cultural capital in the economic impact of tourism, by estimating the multipliers of tourism and by examining policy pathways with the objective of leveraging Silk Road approaches for more inclusive and sustainable local development.

3. Methodology

This study adopts an explanatory sequential mixed-methods design. The quantitative strand establishes general patterns and causal relationships, while the qualitative strand offers interpretive depth through synthesis of existing evidence. A bibliometric keyword co-occurrence analysis using VOSviewer was also conducted to map the intellectual structure of the field and identify research gaps. Reliance on secondary sources ensures ethical feasibility and broad temporal coverage (2010–2025).

3.1 Research Design and Case Selection

A comparative case study approach is employed, with Rajasthan (India) and the Indus Valley region (Pakistan) selected for their contrasting yet complementary heritage profiles.

3.2 Quantitative Analysis

The econometric framework tests the core relationship:

$$Y_{it} = \beta_0 + \beta_1 \ln(\text{TourismArrivals}_{it}) + \beta_2 \text{CulturalCapitalIndex}_{it} + \beta_3 (\text{TourismArrivals}_{it} \times \text{CulturalCapitalIndex}_{it}) + \beta_4 X_{it} + \mu_i + \lambda_t + \epsilon_{it}$$

Variable Definitions:

- Dependent Variables (Y_{it}): Log of per capita Gross State/District Domestic Product or tourism-related employment share.
- $\text{TourismArrivals}_{it}$: Natural log of total visitor numbers.
- $\text{CulturalCapitalIndex}_{it}$: Standardized PCA-based composite index (UNESCO status, site density, heritage significance).
- Controls (X_{it}): Infrastructure index, policy dummies, and COVID-19 shock variable.

Estimation proceeds in stages: Pooled OLS, Fixed Effects, System GMM (to address endogeneity), and robustness checks (IV, subsamples).

3.3 Qualitative Component and Bibliometric Analysis

Thematic synthesis of secondary government reports, UNESCO documents, and academic case studies explores mechanisms such as revenue leakage, commodification, and community benefits. In addition, a keyword co-occurrence analysis was performed using VOSviewer to map thematic clusters in the heritage tourism literature.

3.4 Data Sources

Secondary data from Rajasthan Tourism Department, Archaeological Survey of India, Pakistan national reports, WTTC, and UNESCO (2010–2025).

4. Data and Descriptive Statistics

Rajasthan witnessed strong growth with approximately 58.5 million domestic and 2.01 million foreign visitors in 2019, recovering to 179 million domestic and 1.7 million international arrivals by FY2023. ASI monument revenues peaked near INR 317 crore pre-pandemic. The sector is a major employer, particularly in crafts and hospitality.

Indus Valley sites (Mohenjo-Daro, Harappa) attract more limited specialized visitation, reflecting infrastructural and perceptual constraints, with modest contributions to local economies.

5. Results

The econometric analysis yields consistent evidence of positive economic impacts from heritage tourism, moderated by cultural capital.

Table 1 Panel Fixed Effects and System GMM Results (Dependent Variable: Log Per Capita GSDP)

Variable	Fixed Effects (FE)	System GMM	Interaction Model (FE)
Ln(Tourism Arrivals)	0.312*** (0.085)	0.278*** (0.092)	0.245** (0.101)
Cultural Capital Index	0.184** (0.076)	0.201** (0.089)	0.167* (0.094)
Tourism × Cultural Capital	-	-	0.156*** (0.048)
Infrastructure Index	0.097* (0.052)	0.112* (0.061)	0.089* (0.053)
COVID Dummy	-0.421*** (0.112)	-0.398*** (0.124)	-0.415*** (0.109)
Constant	7.856*** (0.234)	8.012*** (0.267)	7.934*** (0.241)
Observations	285	285	285
R ² / Hansen p-value	0.68	0.214 (valid)	0.71

Notes: Clustered standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.10. GMM uses two lags as instruments.

Table 2 Estimated Tourism Multipliers (Direct + Indirect + Induced Effects)

Region	Direct	Indirect	Induced	Total Multiplier
Rajasthan (Overall)	1.00	0.72	0.68	2.40
Rajasthan (Heritage Sites)	1.00	0.85	0.75	2.60
Indus Valley (Pakistan)	1.00	0.45	0.42	1.87

Source: Approximated from regional Input-Output tables and WTTC data.

6. Discussion

The results of the econometric models strongly indicate a positive and significant relationship between the development of heritage tourism and the economic growth of the local community in both regions. The estimated elasticity values (ranging from 0.25 to 0.31) are in line with the tourism-led growth hypothesis found in the tourism literature across South Asia, indicating that a 10% rise in tourists leads to a 2.5-3.1%

rise in per capita GSDP. A noteworthy positive interaction term between the number of tourists and Cultural Capital Index indicates a magnifying effect for the quality of the cultural heritage – sites with more living cultural elements (Rajasthan) yield higher economic returns than sites with more static archaeological assets (Indus Valley).

The higher multiplier value for Rajasthan (2.4–2.6) than for Indus Valley (1.87) is due to higher degree of integration of local value chain mainly in the field of handicrafts and community enterprises, and hospitality and tourism. This corresponds with qualitative syntheses that show significantly better livelihood linkages in Rajasthan where livelihoods of the artisans are significantly related to tourism. On the other hand, the lower multipliers in Pakistan indicate higher revenue leakage, infrastructural bottlenecks, and less development of ancillary sector around Indus sites.

One way to make up for this is by good publicity and bringing in foreign tourists to the sites in the Indus Valley through Silk Road projects. While the COVID-19 dummy effect is seen as a sharp negative shock (around -40%), the recovery is different, with Rajasthan showing more resilience, due to domestic tourism. These findings extend existing studies by quantifying the moderating effect of cultural capital and highlighting the potential of Silk Road branding for the region, addressing gaps identified through the VOSviewer analysis.

7. Policy Implications

Increase community revenue-sharing, skill development programmes and carrying capacity restrictions in Rajasthan/India.

For Pakistan: Focus on infrastructure development, interpretation facilities at major Indus locations, and international marketing efforts.

Enhancing the Silk Road Programme by both countries: Both countries should actively be involved in the UNESCO Silk Roads Programme and the International Tourism Alliance of Silk Road Cities. Joint serial nominations and the creation of thematic cross-border corridors have the potential to draw investment, boost tourist numbers and lead to larger economic multipliers, while fostering sustainability.

Regionally: Foster collaboration under the umbrella of SAARC and joint capacity development and tie it up with SDGs by offering incentives to local businesses.

8. Challenges and Limitations

This study has been based on secondary data only, and therefore suffers from inconsistencies in cross-border comparability. Both the System GMM and IV approaches have been developed to reduce the impact of endogeneity problems, but cannot eliminate it entirely. Complexity is added by external shocks like geopolitical tension and climate vulnerabilities. The analysis is limited due to data gaps in Pakistan. Future studies should include primary surveys, enhanced harmonized datasets and dynamic CGE modeling.

9. Conclusion

This comparative study evidences that the heritage tourism, with its rich cultural capital and backed up by the initiatives like UNESCO Programme on the Silk Roads, is a potent instrument for local economic development in the Indian Subcontinent. Empirical evidence shows that living heritage destinations, such as Rajasthan, generate bigger economic multipliers and have higher resilience in contrast to predominantly archaeological sites in the Indus Valley. The findings confirm the tourism-led growth hypothesis in a

Subcontinental comparative context as well as highlight the significance of cultural capital as a moderating influence.

The bibliometric analysis also reveals that other research clusters develop well, such as visitor perception, geotourism, digital technologies and sustainability, but comparative economic analyses and systematic integration of cultural capital with economic outcomes are still less explored. The present study fills these gaps both theoretically and empirically.

In conclusion, the successful implementation of heritage tourism relies on the ability to achieve economic benefits whilst safeguarding the environment and equitable distribution of benefits. There is a need for policymakers to focus on community engagement, infrastructure investments, and adaptive measures. Avenues for future research extend in the direction of using primary data, adding spatial econometric models and conducting longitudinal impact assessments. With cultural reconnections and globalization on the rise, heritage tourism, if managed well, can offer a tremendous potential to promote inclusive prosperity and safeguard shared heritage of the Indian Subcontinent.

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