CHAPTER I

INTRODUCTION

"An Industry that is beyond Revolution", is how Hal Rosenbbluth CEO of R.I. Travel Services Company, described it way back in 1992. According to statistics supplied by the World Travel and Tourism Council, "the industry's economic contribution comprised an output of $3.4 Trillion in 1995. It provides direct and indirect employment to 212 million or one in nine workers worldwide."

Even though significant research work has been done on the economic contribution of tourism more research on the varying contributions of different types would be quite productive.

In India, a pioneering work on tourism research was done by Tejvi Singh, of the Centre for Tourism Research and Development, Lucknow.


Tourism all over the world has become a powerful industry. We in this country have so far failed to exploit even a fraction of the potential which exists. The author has listed seven steps which we have to take urgently if we are keen to increase the inflow of tourists and earn valuable foreign exchange.

After the second world war, tourism emerged as an industry in most countries. A major factor contributing to this is the advancements made in the fields of transport and communications. Tourism has become more than a cultural destination. People are showing interest in holidays, adventure and beach tourism. There is growing awareness of the various socio-economic benefits of tourism.

India declared 1991 as 'Visit India Tourism Year'. The stress was on projecting new tourism destinations and activities, promoting shopping as a major attraction and stressing the cultural richness of the country. India is no doubt the most appropriate country as a year-round destination. Eighteen extension circuits have been identified in consultation with state governments. It is proposed to strengthen the infrastructure facilities at destinations related to these circuits.
Tourism should also be viewed as a conduit to promote national integration. It provides opportunities for people to visit other parts of the country and to understand and appreciate the nuances of the country's cultures. The industry recognises no geographical frontiers, caste, colour, creed or any linguistic groups.

Of course, India lives in villages. Our villages do lack even basic amenities. They should be made attractive to the foreign tourists. As rural India is real India, foreigners cannot have a complete picture of the country without visiting villages. The foreign tourists should be provided an opportunity to witness India's performing arts, crafts and traditional culture.

Travel and tourism all over the world are growing at a faster rate than the world trade in tangible goods. In 1991, travel and tourism generated $557,000 million in global tax revenue, including corporate and personal taxes. This figure may go up to $1,500,000 million in the year 2005. The number of international travellers is over 500 million which means that one out of every ten inhabitants of this planet is a tourist. The number of international tourists is expected to go up to 1000 million by the turn of the century.
According to the World Travel and Tourism Council (WTTC) based at Brussels, travel and tourism can be treated as 'economic catalyst' for emerging economies. In 1991, global gross output for travel and tourism totalled $2,900,000 million which may go up to $7,900,000 million by 2005 AD. Travel and tourism supported 183 million jobs world-wide in 1991, 10.2 per cent of the global work-force.

The total domestic tourist visits have risen from 34.8 million in 1987 to 81 million in 1992, averaging an annual growth rate of 18.4 per cent. During the sixth and seventh plan periods, the additional investment in the tourism sector consisting of hotels, restaurants, tourist transport units etc was Rs.21,970 million and Rs.46,800 million respectively. Foreign investment exceeding Rs.11,100 million has been approved after the liberalisation of investment policies in 1991. According to provisional estimates, the investment in the tourism sector is about Rs.10,000 million annually. This may add 260,000 jobs per year.

Tourism deserves special attention for its high employment potential. The employment is for diverse people--highly trained managers, room boys, sales girls, artisans, transport workers etc. Also, tourism has a multiplier effect with its linkages to many other sectors like agriculture, horticulture, poultry, handicrafts, construction etc.
Tourism also contributes to the steady growth of hotel industry. In fact, one in every 16 workers world-wide owes his or her job to tourism.

The employment multiplier in the tourism sector is 2.36. This means that a direct employment of one person in tourism creates jobs for 1.36 persons in other sectors of the economy. Generally, the visit of each foreign tourist provides employment to one person 6.5 domestic tourists generate one job.

Over one million additional jobs were created in the tourism sector in 1994-95. According to the Department of Tourism, direct employment in the sector was 7.8 million—about 400,000 more than in 1993-94. The total employment, direct and indirect, was 18.4 million, about one million more than the estimated figure for 1993-94.

Tourism assumes importance for its immense potential to earn foreign exchange. It is said that to earn a dollar, we have to spend only seven cents. Tourism is least import intensive. Imports constitute just 10 per cent of tourism forex earnings as compared to 40 per cent in engineering, 70 per cent in gems and jewellery and 15 per cent in garments. The tourism sector earned foreign exchange worth Rs.325 million in 1970-71. This rose to Rs.13,000 million by 1984-85, to Rs.23,560 million in 1989-90 and to Rs.73,670 million in 1994-95.
India Tourism Development Corporation (ITDC), a public sector undertaking, set up in October 1966, is responsible for creating, development and expansion of tourism. It renders varied services to tourists by way of accommodation, catering, transport, entertainment, shopping facilities, conventions etc.

It also products, distributes and sells tourist publicity materials and renders consultancy services in the field of tourism both in India and abroad.

The Indian Institute of Tourism and Travel Management was setup in January 1983 with its registered office in New Delhi. It is designed as an institute for offering different level academic courses in the field of tourism and travel management and related areas.

The National Council for Hotel Management and Catering Technology, with headquarters in New Delhi, acts as an apex body to coordinate training and research in hotel and catering management. Its primary duty is to plan and monitor the activities of 12 institutes of hotel management and 12 foodcraft institutes. It also ensures uniformity in academic standards and procedures for selection and admission of candidates for various courses conducted by these institutes.
The national action plan for tourism was presented in May 1992. It seeks to bring together the twin concerns of tourism and environment and the development of backward areas. It aims at giving tourism the status of an industry. The other features of the plan are:

* special tourism circuits and destinations have been identified for intensive development;
* tourism has been delineated for investment by the private sector and foreign investors;
* a paying guest accommodation scheme has been introduced and heritage hotels recognised for preserving old fortresses and palaces and using them to accommodate tourists.

While India's tourism potential is immense, actual growth of this sector is unimpressive. India's share in the world tourist traffic has remained static at around 0.4 per cent while other countries in the region have doubled (Indonesia) or even trebled (Malaysia and Thailand) their earnings from tourism. Inspite of ethnic violence even Sri Lanka could improve its tourist arrivals.

The foreign tourists arrivals in India constitute only 0.4 to 0.7 per cent of the total foreign movement all over the world. During 1994-95 the tourism industry could have actually reached the Rs.100,000 million mark in foreign exchange earnings but for the outbreak of plague in the country
it did not. The plague resulted in a loss of about 30,000 to 40,000 tourist arrivals during 1994-95. The serious shortfall was in respect of inflow from the Gulf countries.

The government has taken certain measures to boost tourism. Foreign tourists are provided with facilities like two types of multi-entry visas. They are also being given landing permits for 30 days. In certain missions, payment of visa fee is allowed through cheques and credit cards. Money changing facilities are being provided at hotels where restricted money changing licences have been allowed by the RBI.

The government has also decided to permit photography and video filming of monuments. Some parts of the North Eastern region have been opened up for foreign tourists by relaxing the restricted area permit rules. In order to provide professional services to the tourism sector, training courses have been conducted for taxi drivers, immigration staff, custom officers etc.

The Year of Tourism (1991) offered some sops to the tourism industry. All new approved hotels set up in hilly areas, rural areas, pilgrim centres and all places identified by the Ministry of Tourism where tourism is intended to be developed are being exempted from expenditure tax for a period of ten years. The hotels would be given 50 per cent exemption from income tax under section 80(1) of
Income Tax Act. Also India Tourism Development Corporation would be permitted to import 300 airconditioning units to be used in tourist coaches at a concessional duty of 50 per cent.

In order to improve the foreign tourist arrivals and earn more foreign exchange, the following measures need to be taken:
* waiting time for the clearance of customs should be reduced;
* provision of adequate means of transport;
* residential facilities at places of interest;
* appointment of sufficient number of authorised guides in order to avoid cheating and misrepresentation of facts;
* improvement in the infrastructural facilities for tourism;
* better publicity to our tourist places at international level.

What is urgently required for tourism promotion is a pragmatic policy of the part of the government. The gestation period in the tourism sector is very long. The rate of return, particularly in the hotel industry, is low. The hotel industry deserves financial sops like low-interest loans. Infrastructural facilities are so bad that even the roads connecting New Delhi and Agra are poorly maintained.
We must aim at developing an integrated tourism package. Important tourist spots should be conveniently linked to major cities. Also concerted efforts are needed to improve India's image as a tourist centre at the international tourist spots.