CHAPTER III
STUDY AREA

A TIRUCHI ITINERARY

For the tourist as well as the pilgrim, Tiruchi has a variety of magnificent places of worship to offer. The Rock Fort, although it has not one but three temples, is primarily seen as a Tiruchi landmark, a must for tourists. The Ganapathy temple at the top of this magnificent outcrop of rock is at the highest point - 84 metres above the town. Reaching the temple means a steep climb on the steps cut into rock surface (417 of them in fact) but most visitors prefer to make it as the view from the top is splendid. Halfway up the climb is the Thayumanavarsamy temple which has a 100 pillared hall, and a comforting legend—that of Shiva assuming the form of a female devotee to help the latter's daughter at the time of her delivering a child. Cave temples on the Rock have lovely frescoes and a striking panel of Shiva as Gangadhara, holding up the river Ganga in his open tresses.

From the top of the Rock you get a lovely view of the Theppakulam tank, far below. To the north you can glimpse the languorously moving Cauvery and beyond that the majesty of the Srirangam temple's towers. In a way it is equally fascinating to look at the Rock from below. From one side the arrangement of rocks makes it look like an idol of Vinayaka, from another like the Nandi, from the east the Rock looks like a ship, from the north it looks like an elephant with a howdah on its back.
Is there any temple topped hill in Tamilnadu which doesn't have its own legend? The Tiruchi Rock does too. Aeons go, the story goes, there was a fight between the serpent god Adisesha and Vayu, the wind god. As the wind blew up a storm to sweep Adisesha off, the serpent coiled himself tightly around Mount Kailasa. In the fierce battle, Vayu's powerful breath blew three pieces off Kailasa—one fell at Kalahasti, one fell at Tiruchirapalli and the third in Trincomalee in Lanka. As it is believed to be a piece of Kailasa the Rock is also known as then (southern) kailasam.

Everyone knows the legend of the Uchi Pillayar (the Pillayar at the top). He it was who made the asura king Vibheeshana, who was taking the idol of Ranganatha back with him to Lanka after attending Rama's coronation, near the Cauvery at this point and give the idol to him for holding while he went to the river for his ablutions. Pillayar, in the guise of a little boy, warned the asura king that he would hold the idol for only a little while, then he would set it down. And so he did, and ran away up the rocky hill. Try as he might, Vibheeshana could not lift the idol from the ground and was forced to leave it there (which is how it came to be in Srirangam). Frustrated and angry, he ran up the hill after the boy and knocked him on the head. The angry Pillayar stayed put thereafter at the
top of the Rock. It is said that the Pillayar of the Rock grants every heartfelt wish. Certainly every pilgrim to the uchi believes it.

A couple of years ago, the Rock was floodlit, with 116 halogen lamps, as a tourist promotion idea. Unfortunately the temple couldn't afford to pay the huge power bills the flood lighting generated, and the lighting has largely been restricted to festival days now.

In the 18th century, the British didn't treat the Ganapathy temple at the top of the Rock with any great respect. They used it largely to store gun powder and ammunition. The practice was given up after an accidental explosion took place there in 1772 and there was some loss of life.

Down below is the Theppakulam tank. Built in the 16th century the tank has been popular for its annual float festival. At the moment no one is allowed to bathe in the tank. For a very good reason. The municipality has released 3 crocodiles into the tank to clean up its turgid waters. The crocodiles keep floating too close to the steps for anybody's comfort.

Apart from the temple on the Rock, the major pilgrim and tourist attraction of Tiruchi is the Ranganathar temple in Srirangam. Built on the small island between the Cauvery and Coleroon rivers, the temple is a truly grand one
its towers rising imposingly from the surrounding greenery. A major Vaishnavite pilgrim centre, the Ranganathaswamy temple belongs to the age of the Ramayana by legend, but is said to have been renovated and built in its present shape only in the 15th century. Celebrated in song and legend by almost all the Vaishnavite saints, the Ranganathaswamy temple stands on 150 acres of land and there are no less than 22 gopurams in the temple complex. Nevertheless the one gopuram which had remained unfinished for the last 400 years, the southern gopuram, was only recently completed and is the present Raja Gopuram, 233 ft. tall (the gopuram is perhaps the tallest spire in south east Asia). It was made possible entirely by the efforts of the late Jeer of the Ahobila mutt. Although the temple celebrates festivals right through the year its most popular one is that which coincides with Vaikunda Ekadasi in December. Thousands of Vaishnavite devotees gather at the temple on the eve of that day to follow the deity's procession through the sorga vassal (gates of heaven), a doorway in the temple, in the belief that this will guarantee moksha.

Not many people know of the 6½ acre nandavanam, flower garden, of the Srirangam temple. Only flowers which are special to Ranganathaswamy are grown here, plucked and
woven into garlands by a team of celibate bhagavathas. No one else is allowed to enter the garden. Even those who carry these garlands to the temple tie towels around their noses so that they may not accidentally smell the fragrance of the garlands before they are offered to the deity.

Although the temple does not allow anyone except Hindus to enter its interiors, many foreign and other tourists come to the temple to gaze at the towers.

Apart from the Rock Fort and the Srirangam temple there are a number of well known temples in and around Tiruchi: the Jambukeswarar temple at Thiruvanaikaval, the Subramanya temple at Vayaloor, the Mariyamman temple at Samayapuram, the Kali temple at Urayur... The list is long, the throng of pilgrims, endless.

If Hindu temples are a Tiruchi attraction so are the places of worship of other faiths. The Church of Our Lady of Lourdes, a hundred years old, is a case in point. Built within the St. Joseph's College complex, in the gothic architectural style (it is said that a maistry from Tirunelveli, one Savarimuthu, was given intensive training in such construction by the missionaries so that he could supervise the building), the church's 200 ft tall spire is visible from a radius of 8 kms. around it. The church has not been repainted outside as the administrators wish to preserve its antiquity. The stained glass panels depicting
stories from the Bible are truly beautiful. Some 6000 people attend mass at the church on Sundays. Tourists of every faith visit the church right through the year. Local citizens, of all faiths, never fail to pause and fold their hands in prayer when they pass the gates of the church.

Hindus often pray at the Naghar Ali darga in Tiruchi too. Built around the mounument of a Muslim sage called Naghar Ali Aulia, the darga is beautiful to behold. Said to have been a Syrian king, Aulia left his throne to spread Islam. At the end of his travels through the middle east and Asia, he reached the south India and then Tiruchirapalli. For some reason he liked the place and tarried here. It became his habit to offer prayers from the top of the Rock. Obviously this irritated the Hindus and one day, by accident or design, a huge rock rolled down towards where Aulia was getting ready to pray. Aulia turned and stopped the rock with one hand, "Proof" of this legend is said to be found on a rock on the Rock Fort, which has what looks like the impression of a palm on it.

In any case, after this unsavoury incident, Aulia was asked to choose a site where he might live and pray. This was done by asking him to fling three metal rings from the top of the Rock. Wherever they landed, he could have the place. All three rings fell where the darga now stands.
There is a story that the place was a garden belonging to a Shiva temple but it obviously created no tension in either communities. Aulia stayed on in Tiruchirapalli and became renowned as a sage. The darga stands on his tomb, to which countless Muslims come to pray right through the year, but particularly during the month of Ramzan when Aulia's death anniversary falls. It has a lovely ornamental dome around which pigeons flock in their hundreds. Nearby is a small mosque. It is noteworthy that no tension prevailed in the area around the darga after the Ayodhya incident. Almost all tourists to Tiruchirapalli visit all these places of worship no matter what faith they belong to.

Apart from these and picnic spots along the Cauvery, Tiruchirapalli is largely treated by tourists as base camp for travelling to other parts of the state, as it is right at the centre of Tamilnadu, and is very small connected by rail, road and air.

Like people, towns with long names invariably never get referred to by those names. For a long time Tiruchirapalli was never referred to as such but by its composite villages—Uraiyur or Palakkarai, Puthur or Thillainagar. Now they have added more modern sounding areas like Cantonment or Main Guard Gate or whatever. The British, of course, could never get the hand of that name and, in their pragmatic fashion, promptly reduced Tiruchirapalli to Trichy. Short and peppery, the latter name stuck, although it completely mangled the original one.
Chirapalli (the prefix Tiru came to it much latter) was, according to legend, the abode of Tirisuran, an asura who reformed and spent the rest of his life in penance and prayer. Others say that it was because of the three outcrops of rock on the Rock Fort hill sikaram that the area at the foothills got the name Chirapla. Whatever, only the area immediately surrounding that interesting outcrop of rock was ever called Tiruchirapalli. The rest of what constitutes the town now were independent villages which later amalgamated to form the municipality. Tiruchirapalli still retains the funny mix of rural and urban ambiences which make many Indian towns both endearing and exasperating.

The Tiruchi village that finds first historical mention is Uraiyur (now a thriving weaving centre), Sangam literature mentions Uraiyur, the Silappadikaram mentions it as a place which Kovalan and Kannagi visited on their fateful journey from Poompuhar to Madurai, the saint Appar sings of it.

For a while Uraiyur was a capital of the Chola kings. It was during Pallava rule that Chirapalli itself gained some prominence. Cave temples in the rock of Chirapalli are largely attributed to the reign of Pallava King Mahendra Varman I. The caves have carved pillars,
impressive frescoes and sculptured panels. The fort, as it stands today, dates back to the Nayak period.

It was also during the Nayak period that Chirapalli first acquired capital town status. Muthu Veerappa Nayak made it his capital in 1616. (That glory was short lived, however, as Thirumalai Nayak preferred to rule from Madurai). In fact, all the prominent landmarks in the area date back to the Nayak kings. The Theppakulam tank, at the foot of the Rock, was dug by Viswanatha Nayak. The structure now called the Tiruchi town hall was once the palace of Chokkanatha Nayak, built around 1665. Chokkanatha Nayak's wife Mangamma ruled as regent on behalf of her grandson Vijayarangam Chokkanatha, till 1706. The doughty Mangamma saw a lot of battle, with Thanjavur, Udayarpalayam, Mysore and Travancore. The battle with Mysore is of special interest--Chikkadevaraya, the Mysore king, built a dam across the Cauvery, thereby cutting off water from the Cauvery to Tiruchi and Thanjavur. Queen Mangamma prepared for battle with Mysore, on this issue. Just before the battle, however, massive rains not only made the Cauvery surge but also broke the dam. The river gushed on its course around Tiruchi.

Mangamma was fond of swimming, it is said, and an underground tunnel was specially built for her to walk from the palace to the pool in the park opposite the palace (now the town hall). Neither the tunnel nor the pool exist any longer but the park is well maintained.
Mangamma's grandson Vijayaranga Chokkanatha's reign (1706-1732) was marked largely by bad administration and generous donations to temples. Obviously it was the latter quality that merited the king a statue (along with his queen Meenakshi) in the praharam of the Srirangam temple. When Vijayaranga Chokkanatha died, issueless, his widow Meenakshi ascended the throne, but guileless and inexperienced as she was, she was soon overthrown by the Nawab of Arcot. The Nawab's forces captured the Tiruchi fort and imprisoned Meenakshi who committed suicide in the fort's prison.

Tiruchi, over the next few decades was to change hands between the Nawab's forces, the Marathas, and the British. It is said that Robert Clive, when he entered Tiruchi stayed in the palace by Theppakulam tank. It was thereafter known as Clive Hostel. (Now this building has been taken over by shops and petty vendors).

Tiruchi has been governed by a municipality since 1866. This body was upgraded as a Corporation with the amalgamation of the Srirangam and Golden Rock Municipalities. The 23.26 square kilometres Tiruchi has spread out over and its burgeoning population (currently at 3,86,443) needs the wider powers and finances of a corporation to administrate.
A seat of temples and temple connected arts, Tiruchi has always been in the forefront of all cultural, social and political movements in Tamilnadu. It has one other quality which is enviable. Although it has a fairly high percentage of minority communities, both Christian and Muslim, there has hardly even been any communal tension in the town. Even in the aftermath of Ayodhya, much of the commotion seemed to come from the police, the general public remaining, by and large, calm!

Stories that Stones Tell

Obviously the rulers of Tiruchi believed in the power of recorded history. The temples and environs of Tiruchi have an extraordinarily large number of stone inscriptions ranging from the period 700 BC to as recently as 1912. These inscriptions have been very useful in enabling historians and archaeologists to learn about Tiruchi's past, the lifestyle of its people, temple administration and so on. Nowhere else in Tamilnadu can such a wide variety of stone inscriptions be found, ranging from those issued by the Pallava, Pandya and Chola kings to those by the Velir, Muttarayar, Sumbuvarayar, Pazhuvettarayar chieftains, from the Vijayanagar kings to the Naik, Maratha chieftains, the Nawabs to more recently those of the British.
The most prominent among these inscriptions are the ones in the Kudaiyarai temple of the Rock Fort, where an entire Andadhi (a verse form consisting of 100 stanzas) has been carved on a stone; the one that records the event of King Mahendra Varma Pallava giving up Jainism and switching to Saivism under the influence of Saint Appar—this inscription in Devnagari scrip, is found in the Rock Fort too, two inscriptions relating to administrative work in the Srirangam temple are noteworthy for the reason that they are worded as if the presiding deity, Ranganatha, was himself ordering these measures, stone measuring tools, inscribed with the lengths they cover, have been found in plenty in Tiruchi. Early 20th century inscriptions are quaint. When King George V's coronation durbar was held in Delhi, in 1911, the event has celebrated by the Lodge of Rock, a Tiruchi association, by installing a water tap (one of the first of its kind) in the town. A stone inscription recorded this event in a wall near Vestry School!

In the Panchavarna Swamy temple at Uraiyyur, a suburb of Tiruchi, are equally quaint inscriptions recording legends (with appropriate frescoes). On a wall of the temple is also the carving of a bicycle, dating back to 1912. Many of the inscription in and around Tiruchi have been discovered by members of the Dr.M.Rajamanickanar Historical Research Centre. Dr.R.Kalaikovan, the present director of
the Centre says that it was the discovery of the 'bicycle inscription' in the temple and the unearthing of a Buddha statue in a water canal, that served as the impetus for setting up the Centre. He claims that the Centre has discovered more than 500 stone inscriptions since then. The Centre sends information regarding the newly discovered inscriptions to the government research centre at Mysore. Many of their discoveries have also been placed in the government museum in Tiruchi itself.

The Two sides of Tiruchi's Economy

Tiruchi's prosperity is largely agrarian. Some 5 lakh acres of land around Tiruchi are under cultivation, watered by the Cauvery. Paddy and plantains claim the maximum acreage, followed by sugarcane. Bananas from Tiruchi are particularly popular and have outlets as far away as Bombay.

Around Tiruchi town itself, several industries have come up in the last several years; BHEL, the Golden Rock railway workshop, OFT, HAPP and other such central government concerns which provide employment for more than 50,000 people.

Tiruchi has a fairly thriving entrepreneurial scene, with some 500 small scale industrialists. The finding of the base material for artificial diamonds in the Tiruchi region has generated a whole new industry, the
mining, cutting and polishing of these stones. More than 20,000 people are employed in this. Although modern machines are available for cutting the diamonds, these machines are expensive and in Tiruchi much of the cutting and polishing is still done by hand. Traditional cottage industries like beedi manufacturing still continue in the region. (The Uraiyur cigar is famous all over India).

Investment rates among Tiruchi cities have increased so much that recently a share trading house has been started in the town. In recent years hoteliering seems to have become the Tiruchi investor's favourite industry--so many hotels and cafes have sprung up around the town lately. As have cinema theatres--there are currently 27 theatres within town limits!

Once upon a time the Tiruchi Burma Bazaar used to be as famous as the Madras one and there was a thriving flock of Kokkus and kuruvis (smugglers and their couriers) operating the business, coming largely out of Sri Lanka. After the stride in Sri Lanka and the crackdown on smugglers by sea and strict checks on air passengers, the Burma Bazaar industry in Tiruchi is pretty badly hit. It is said that some 2000 'birds' are currently out of work!
Learning in Tiruchi

The town has always maintained a very high standard in educational institutions. Apart from the Regional Engineering College and the Bharathidasan University, Tiruchi town alone boasts of seven colleges and more than 25 schools.

Srirangam

The temple of Lord Renganatha in Srirangam is the Holy land for the Vaishnavites. Raj Dharmavarman built a small temple at Srirangam which was expanded by the Chola, Pandya and Vijaya Nagar rulers. It is the biggest and most ancient temple in India established nearly two thousand years ago. Many tourists from all over the country visit the temple. It is one of the 108 Vaishnavite holy centres in India which is famous for its architecture.

It has seven tall walls built by Granite stones. Renovation of the temple has been undertaken at a high cost. The recently finished Seventh Gopuram is the tallest in India with the height of 60 metres. The main cost of Rs.2 crores in co-ordination of philanthropists and Government of Tamilnadu, under the initiation of Jeer Swamy of Sri Ahobila Mutt. Inauguration of this 236 feet heights 13 tier tower and kumbabishekam was held in 1987.
The most important festival is the Vaikunda Ekadasi in December, January which attracts thousands of devotees and pilgrims from all over India. On the top of the Renganathaswamy Temple there is a golden Vimana with a scenic beauty.

Thiruvanaikaval

This temple also known as Jambukeshwarar temple is dedicated to Lord Siva. Jambu is the name of the holy tree under which Easwar in the form of Lingam submerged in water. This temple is known as "Thiruvanaikaval" after the legendary elephant that worshipped this lingam.

The main tower of the temple "Raja Gopuram" is 88 feet height. This tower was built prior to Kulottunga III's time.

Eight majestic lions are carved out on each pillar. It is a beautiful sight to the tourists.

A number of festivals are being celebrated here throughout the year.

The temple was recently renovated at a cost of Rs.15 lakhs.

Upper Anicut

The river "Aganda Cauvery" divides itself into three branches at Mukkombu. It is the head of Srirangam island where the river coleroon branches off from Cauvery.
Iyyan canal also branches off from Cauvery at there. So called the "Upper Anicut" named as "Mukkombu".

"Mukkombu" island with its beautiful park serves as a picnic spot which attracts many tourists. It has been developed as a tourist spot. The P.W.D., of Tamilnadu maintaining this place and it attracts thousands of tourists from all over Tamilnadu.

Tools of Analysis
a. Kathaleen Carey's model has been employed to assess Hotel Room capacity.
b. To detect multicollinearity and Autocorrelation among the independent variables in the Tourism sector, Durbin-Watson Statistic has been used.
c. To assess satisfaction levels of tourists, satisfaction Index has been applied.
d. To estimate Employment and Income Multipliers Standard Formula used by Archer has been followed.
Objectives

1. To study the relatively significant effects of the independent variables on Hotel Room Occupancy, by applying Kathleen Carey (1989) model for foreign and domestic tourists in Winter and Summer Seasons.

2. To verify the existence of multicollinearity among the independent variables in Tourism Sector.

3. To analyse the net impact of various dominating factors in Tourism Sector on the overall Income \( (Y) \) in Tiruchirapalli District.

4. To construct satisfaction Level Indices in order to assess the relative satisfaction of foreign and domestic tourists, in the study area.

5. To estimate Tourism Employment and Income Multipliers, in the study area.

Hypotheses

a. More member of Foreign Tourists occupy Hotel Rooms in Winter Season and Domestic Tourists' demand for Hotel Rooms is high in Summer season.

b. There is multicollinearity and hence the existence of Autocorrelation among the Explanatory variables.

c. Satisfaction levels are not different between Foreign tourists and domestic tourists.
d. There has been considerable impact upon Income and Employment within the study area, as a result of Tourist flow.

Methodology

Both Primary and Secondary Data have been used for analysis. The sample size chosen for primary data collection was 200 (domestic tourists) and 200 (foreign tourists).

Secondary Data was collected for (1) Tourist Arrivals, (2) Room Occupancy (3) Employment Pattern (4) Business Transactions. In this regard, Tamilnadu Tourism Development Corporation, various hotels in Tiruchirapalli, Srirangam, Tiruvanaikoil and Mukkombu, the Temple Authorities of Rock Fort, Tiruchirapalli, Srirangam and Tiruvanaikoil, and other leading commercial shops in Tiruchirapalli and Srirangam were contacted.
PROMOTING INDIAN TOURISM

Tourism is a major and fast growing industry and in the modern day world it has a tremendous impact on the nation's economy. It is an invisible export industry. The belated recognition of tourism as a potential foreign exchange and income multiplier in India is evident from the date of setting up of the Ministry of Tourism and Civil Aviation-1967.

Tourism Earns Foreign Exchange

Tourism is now recognised as an activity generating a number of social and economic benefits. It promotes national integration and international understanding, creates employment opportunities and augments foreign exchange earnings. Tourism also gives support to local handicrafts and cultural activities. Expenditure by tourists has a multiplier effect and also generates considerable tax revenue. All these benefits are achieved with a relatively low level of investment.

When small islands and relatively small countries like Singapore, Hong Kong and Srilanka can boast of substantial tourist traffic and attract tourists round the year from all parts of the world, we have to ponder why
India with its size, heritage, arts, culture, monuments, beautiful temples, hill stations, beaches, wild life sanctuaries and innumerable tourist attractions is so sadly lagging behind. Despite such attraction tourism has not developed as it should have, if comparisons are made with world figures, our own performance becomes more depressing against the global figure of tourist arrivals in 1983 viz., 3.5 billion, our own was merely 8.84 lakhs. A brief bird's eye-view of some of the factors which have brought about this state of affair are given below:

Our customs procedure and red-tapism is one of our worst deterrents, frightening away foreign tourists. A tourist has to spend many an hour at our airports to get customs clearance. It is the most irksome and unpleasant experience. Said a foreign tourist Mrs.Aplleyard after reaching Yorkshire (U.K), "I would like to register a protest at the long delays which were experienced by my family at the immigration centres in Bombay international airport."

Next comes the extremely poor infrastructures in the country which makes further progress of the tourist an irksome proposition. The foreign tourists from affluent countries are accustomed to certain comforts and luxuries and would choose to visit only those places where the same comforts and luxuries are available.
Further, as far as India is concerned, there has not only been an alarming increase in the number of travel agencies, but also a mushrooming growth of unauthorised travel agents. These unauthorised travel agents bring in a bad name to the industry by not maintaining ethical standards.

Then the daily reports of occurrence in Punjab and Jammu and Kashmir have also been deterrent to tourism. Of course, conditions of insecurity are by no means prevalent in our country alone.

Above all, our public have not properly informed of the advantages and potentials of the tourist industry.

At long last, and probably when most tourism conscious countries have already done so, we have now accorded the status of an industry to tourism. Well, it is a case of better late than never!

Role of Domestic Tourism

Domestic tourism plays a very big role in promoting social and cultural cohesion and national integration. Unless we concentrate on domestic tourism the superstructure of the tourism network would be weak. The tourism industry has rich employment potential following its interlinkages with various other service industries like hotel, transport,
aviation etc. Domestic tourism is now a Rs.2,500 crore industry employing more than 5.5 million people. The hotel industry is a service oriented industry. In India, the hotel industry is still very dependent on human labour, unlike the West. At present, about 5.5 million people are employed directly and about 8.5 million indirectly--creating a record of a workforce of over 13 million.

International tourism in India has grown substantially over the last three decades. The number of foreign tourist arrivals (excluding Bangladesh and Pakistan) increased from 16,823 in 1951 to 8,84,731 in 1983. The growth pattern of foreign tourist arrivals is presented in Table from 1969 onwards.

The Seventies in terms of arrivals showed continuous growth from 1970 to 1981 with a spectacular rise from 2,44,724 in 1969 to 8,53,148 in 1981. The average rate of growth in the decade was over 12 per cent. By contrast the growth rate in 1982 was only 0.8 per cent and this was followed by 2.9 per cent in 1983 and a negative performance of -5.6 per cent in 1984, only 0.2 per cent in 1985. So that in the period 1981 to 1985 there was virtual stagnation. The experience of the next three years 1986, 1987 and 1988 recalls the high growth rates of the seventies
<table>
<thead>
<tr>
<th>Year</th>
<th>Tourist Arrivals</th>
<th>Percentage variation of the previous year</th>
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</thead>
<tbody>
<tr>
<td>1969</td>
<td>244724</td>
<td>16.8</td>
</tr>
<tr>
<td>1970</td>
<td>280821</td>
<td>14.8</td>
</tr>
<tr>
<td>1971</td>
<td>300995</td>
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</tr>
<tr>
<td>1972</td>
<td>342950</td>
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<td>884731</td>
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</tr>
<tr>
<td>1989</td>
<td>1363922</td>
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<td>1527593 P</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>1710904 P</td>
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</tr>
</tbody>
</table>

Note: P - Projected

Source: Department of Tourism, Ministry of Tourism and Civil Aviation.
with total arrivals in 1989 reaching a peak of 1.3 millions. According to the projections of the Union Ministry of Tourism, the influx is expected to be of the order of 2.5 millions by 1994-95.

At the moment, there are approximately 32,000 approved hotel rooms in India to accommodate 1.3 million tourist in 1989-90. According to one estimate, in 5 years from now, at least 30,000 additional rooms will be required to accommodate 2.5 million tourists and an investment of not less than Rs.3,000 crores is required to build the additional hotel rooms. As the entire Central investment in tourism during the Seventh plan is unlikely to exceed Rs.150 crores, the logic of the situation is obviously in favour of the private sector playing an expanding role in the promotion of tourism.

Tourism is a major foreign exchange earner. Over the years, the foreign exchange earned through tourism has steadily risen from Rs.26 crores in 1968-69 to Rs.1,166 crores in 1980-81. During 1981-82 there was a decline in foreign exchange earnings and in 1982-83 there was an increase in the foreign exchange earnings followed by slight fall in the earnings in 1983-84. Tourism in India since 1984 has generated foreign exchange earning (net) steadily
rising and leading to the claim that this constitutes the largest single item in net foreign exchange earnings every year since 1986.

TABLE 2
FOREIGN EXCHANGE EARNINGS FOR TOURISM

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Exchange earnings (Rs. Crores)</th>
<th>Percentage increase in earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>1166.3</td>
<td>--</td>
</tr>
<tr>
<td>1981-82</td>
<td>1063.9</td>
<td>-8.7</td>
</tr>
<tr>
<td>1982-83</td>
<td>1230.6</td>
<td>15.6</td>
</tr>
<tr>
<td>1983-84</td>
<td>1225.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>1984-85</td>
<td>1300.0</td>
<td>6.1</td>
</tr>
<tr>
<td>1985-86</td>
<td>1460.0</td>
<td>12.3</td>
</tr>
<tr>
<td>1986-87</td>
<td>1780.0</td>
<td>21.9</td>
</tr>
<tr>
<td>1987-88</td>
<td>1900.0</td>
<td>6.1</td>
</tr>
<tr>
<td>1988-89</td>
<td>2100.0</td>
<td>11.1</td>
</tr>
</tbody>
</table>

Source: Department of Tourism, Government of India.

In 1987 the figure touched Rs.1,900 crores rising to Rs.2,100 crores in 1988-89. In 1989-90 Rs.2,400 crores is expected by foreign exchange. The forecast for 1990-91 is Rs.2650 crores, with an aim to reach Rs.4,000 crores by
1995. This works out to be over 50 per cent increase in just 5 years, with a growth rate of approximately 14 per cent expected over next few years. As an individual 'Industry', tourism has emerged second to the gem and jewellery export in respect of gross earnings. Tourism has a very low import content of 70 per cent of the total foreign exchange earnings, thus it is now a top individual sector in net foreign exchange earnings.

In fact, maximisation of foreign exchange earnings has become the need of the hour in view of the resources crunch faced by the country. India's foreign exchange reserves declined from Rs.7,287 crores at the end of March 1988 to August 1989. Hence there is an urgency of containing the country's current account deficit and strengthening the reserve position. The various policy initiatives aimed at improving national capability to maximise foreign exchange earnings need vigorous implementation as also continuous monitoring. The focus has obviously to fall on exports and invisibles. Of invisibles, tourism, in view of its immense potential, could very well turn out to be an effective antidote to the difficult current account scenario.
The world-tourism is once again buoyant and India has good prospects of achieving an accelerated growth rate of tourism in the coming years only if appropriate marketing strategies and measures to remove the main constraints are adopted. India's share in the world tourist market is at present only 0.3 per cent and can be increased significantly only through concerted efforts.

The India Tourism Development Corporation would continue to provide consultancy services to State Governments and international organisations. Against the provision of Rs.187.46 crores for tourism in the Sixth Plan, an outlay of Rs.326.16 crores has been provided in the Seventh Plan 1985-90 which includes Rs.138.68 crores in the Central Sector and Rs.187.48 crores in the State Sector.

In the annual report of the Department of Tourism, it stressed the need to vigorously promote domestic tourism, as well as diversify overseas tourism to India. The diversification includes development of beach resort tourism, convention and conferences, trekking and mountaineering, winter sports, wild life tourism, holiday tourism etc.

Private Sector Investment

The National Committee on Tourism (1988), constituted by the Planning Commission, recommended some fiscal and monetary incentives to boost private sector
investment in tourism. In fact, the Government is looking for private sector investment of about Rs.5,000 crores in the hotel industry. For reducing the tax liability, 50 per cent of the foreign exchange earnings are exempted from income tax and the balance 50 per cent is also exempt, provided the same is reinvested in the tourism industry.

Fifty per cent of the investment upto Rs.20,000 in new equity of the hotel industry and other tourism related activities is exempted from income tax for the small shareholder. In respect of approved hotels, which started functioning between March 31, 1981 and April 1, 1990, exemption from income tax is available for 25 per cent of all profits and gains for a period of 8 years. For hotels started in backward areas 20 per cent profits and gains are allowed as deduction from taxable income for a period of 10 years. Approved hotels can use 10 per cent of their direct foreign exchange for essential imports, overseas promotion tours, publicity and advertising.

Another important step was taken in January 1989, when the Industrial Finance Corporation of India along with other institutions set up the Tourism Development Finance Corporation of India (TDFCI) which became operational from February 1, 1989. TDFCI is designed to provide financial assistance to enterprises for setting up and/or development
of tourism, tourism related activities, facilities and services which include hotels, restaurants, holiday resorts, amusement parks and complexes for entertainment, education and sports, safari parks, cultural centres, convention halls, transport, travel and tour operating agencies, tourist emporia etc.

Non-resident investment in India's hotel industry is being encouraged on a non-repatriable and repatriable basis. On a non-repatriable basis, NRIs can invest upto 100 per cent equity without obligation to associate resident Indian participation. The NRI investment on a repatriation basis is applicable in the case of new or existing hotel projects in the 3, 4 and 5 Star categories. To attract more foreign collaborations in Indian hotels and convention centres, liberalised guidelines provide for tie-ups both on management and franchise basis. A foreign collaborator can invest equity capital (in foreign exchange) for hotels/convention centres normally upto a ceiling of 40 per cent which can go upto 51 per cent. Seven Foreign collaborations in the hotel industry (USA-4, UK and Switzerland one each and NRI-1) were approved during the past two and a half year period of 1987-1989 (upto June).
Tourism is a major foreign exchange earner and hence the industry has a very strong case that it should be treated on par with export oriented industries and the same benefits be extended to it. The outlook for tourism is optimistic if the Central and State Governments decide to step in and aid this industry. It is necessary to create a new environment, and new package of infrastructure facilities should be devised. The Centre's decision to launch the "Year of Tourism" during 1991 is a prudent steps as it would encourage tourism and push up foreign exchange earnings.