Chapter-I

INTRODUCTION

Tourism has grown from the pursuits of a privileged few to a mass movement of people with the urge to discover the unknown environment, to undergo new experiences, and the desire to be both educated and entertained. The post-war period has seen unprecedented growth of the tourism sector. Tourism is now an integral part of modern societies. Today tourism is the fastest growing industry in the world and can no longer be viewed as peripheral or a luxury activity. The importance of tourism, as an instrument of economic development and employment generation, particularly in remote and backward areas, has been recognized the world over. It is a large service industry globally in terms of gross revenue as well as foreign exchange earnings. The rapid growth of tourism industry makes its study important because of its impact, changing trends and directions.

1.1 ECONOMIC IMPORTANCE OF TOURISM

As an engine for economic growth and development, the tourism sector cuts across the rural-urban divide and bridges economic boundaries. According to the estimates of the World Travel & Tourism Council (2008), the travel and tourism sector in India generated a total demand of USD 53,544.50 million of economic activity in 2008, accounting for nearly 9.1 per cent of global GDP and 4.0 per cent of total global employment. A growing national travel and tourism (T&T) sector contributes to employment, raises national income, and serves to improve the balance of payments. The sector is an important driver of growth and prosperity and, particularly in developing countries, it can play a crucial role in alleviation of poverty. The contribution of tourism sector towards the global gross domestic product
(GDP) and employment-generation during the period 1991-2008 is shown below in Table A-1:

### Table A-1: Share of Tourism in Global GDP and Employment

<table>
<thead>
<tr>
<th>Year</th>
<th>T&amp;T Economy GDP</th>
<th>T&amp;T Direct Industry Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T&amp;T Economy GDP in US $ bn</td>
<td>% Share of Total GDP</td>
</tr>
<tr>
<td>1991</td>
<td>2296.65</td>
<td>9.9</td>
</tr>
<tr>
<td>1992</td>
<td>2487.91</td>
<td>10.1</td>
</tr>
<tr>
<td>1993</td>
<td>2503.81</td>
<td>10.0</td>
</tr>
<tr>
<td>1994</td>
<td>2707.92</td>
<td>10.1</td>
</tr>
<tr>
<td>1995</td>
<td>2952.81</td>
<td>9.9</td>
</tr>
<tr>
<td>1996</td>
<td>3128.22</td>
<td>10.2</td>
</tr>
<tr>
<td>1997</td>
<td>3170.42</td>
<td>10.3</td>
</tr>
<tr>
<td>1998</td>
<td>3236.05</td>
<td>10.6</td>
</tr>
<tr>
<td>1999</td>
<td>3398.9</td>
<td>10.8</td>
</tr>
<tr>
<td>2000</td>
<td>3481.61</td>
<td>10.7</td>
</tr>
<tr>
<td>2001</td>
<td>3405.04</td>
<td>10.5</td>
</tr>
<tr>
<td>2002</td>
<td>3419.69</td>
<td>10.2</td>
</tr>
<tr>
<td>2003</td>
<td>3718.84</td>
<td>9.9</td>
</tr>
<tr>
<td>2004</td>
<td>4181.29</td>
<td>9.9</td>
</tr>
<tr>
<td>2005</td>
<td>4520.61</td>
<td>9.9</td>
</tr>
<tr>
<td>2006</td>
<td>4849.61</td>
<td>9.8</td>
</tr>
<tr>
<td>2007</td>
<td>5387.17</td>
<td>9.7</td>
</tr>
<tr>
<td>2008</td>
<td>5980.07</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Note 1: T&T Economy GDP refers to GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transportation services, as well as the activities of restaurant and leisure industries that deal directly with tourists. It is equivalent to total internal Travel & Tourism spending within a country minus purchases made by those industries (including imports).

Note 2: T&T direct Industry Employment refers to the number of jobs generated directly in the Travel & Tourism industry.


In the context, as narrated above, of the growing importance of the tourism sector and its contribution to national economies, a major thrust came in India from the Government’s end on tourism development via the launching of Incredible India campaign in 2002.

The primary objective of this exercise was to create a distinct identity and hence brand equity of India as an incredible tourist destination. As part of the campaign, the “Incredible India” logo was developed, where the letter
"I" of India was converted into an exclamation mark to create an impact on all prospective international visitors. The 'Incredible India' campaign represents an unique initiative by the Government of India to capture - by means of concerted, focused and centralised efforts - the opportunities that arose in the context of the burgeoning global tourism market.

1.2 STATEMENT OF THE PROBLEM

During the period since 1991, some major developments had taken place in the global tourism scenario. These changes were propelled by a number of inter-related factors which included:

i) advances in the field of transport and communication, more particularly, in the field of air connectivity between places and nations;

ii) rapid urbanisation in almost all parts of the globe;

iii) emergence of newly industrialised countries in East Asian region;

iv) enhanced human mobility triggered by globalisation; and the

v) information technology revolution.

The combined effect of the aforesaid phenomena translated itself into a spectacular rise of tourist flows - inbound as well as outbound - among and across nations. The most noticeable development was the ascendance of East Asian region both as a major tourist attracting and a major tourist-generating region. As per the data released by the UNWTO, in 2008, the countries in East Asia along with their counterparts in South East Asia together accounted for 18.3 per cent of the total global outbound tourism, while in the same year these counties' combined share in inbound tourism
was 17.56 per cent. The relative importance of the traditional source-markets and destination-regions (USA and Western Europe in particular) of the globe accordingly declined.

Alongside the aforesaid processes of reconfiguration of world tourism map, two other developments had impact on India’s policymaking circles:

1. As a region, East Asia has risen as India’s dominant trade partner as is reflected by the enhanced trade-volumes between India and the countries of the East Asia and ASEAN. India’s external trade (both exports and imports) with the East Asian region particularly the JACIK countries (i.e., Japan, ASEAN-4, China, Republic of Korea) has risen from Rs 6257.9 crore in 1987-88 to Rs 366869.2 crore in 2007-08. Out of India’s total global trade the JACIK countries accounts for nearly 30 per cent of India’s external trade (GOI: 2008: 79).

2. Secondly, one also notices the increased political proximity between India and her East Asian neighbours via ASEAN and the emerging East Asian regional architecture.

Formal recognition of the above new realities came in the wake of India’s adoption of ‘Look East Policy’, which focuses on developing closer ties with the countries in East Asia in the emerging new world order. In fact, as is known, the Look East policy has emerged as a major thrust area of India’s foreign policy. The Look East policy proposes to make India an inalienable part of the Asia-Pacific’s strategic discourse. The policy marks the beginning of a vibrant relationship on the economic, political and strategic fronts.
Together, these emerging global and regional realities created the backdrop for India’s growing concern for securing incremental tourist inflows from East Asian region. As a sequel to the policy-stance, in the recent years India has been witnessing an increase in the inflow of East Asian tourists. To a certain extent this enhanced level of tourist inflows to India from East Asian countries may be traced to such factors as the two regions’ age-old cultural and religious ties, although the influence of the Indian diasporas and the country’s geographical proximity with her East Asian neighbouring countries contributed in no small measure to the above phenomenon.

The importance of the east Asian region in the realm of tourism gets highlighted by the decision of the Ministry of Tourism, Government of India to enhance the Plan outlay of Rs 50 crore in Eleventh Five Year Plan to Rs 100 crore in the Twelfth Five Year Plan for development of the Buddhist sites and other places of interest to the East Asian tourists (GOI 2007: 67).

The question that off course arises in the above context is: to what extent the government’s proposition of attracting progressively larger number of tourists from the East Asian countries have in reality been actualised. Indeed, this question provided the initial backdrop for our undertaking the present research enquiry.

1.3 OBJECTIVES OF THE STUDY
The specific objectives of the study are as follows:

i) to examine the trends of tourist inflows to India from the East Asian countries;

ii) to understand the pattern of tourist inflows to India from the East Asian countries in terms of the demographic and economic
profiles of the tourist-population, their preferences, and also their destination-choice related considerations;

iii) to identify the specific destination-variables to which importance is assigned by East Asian visitors, and examine how far these variables have an association with the trend of East Asian tourist-inflows to India; and, finally,

iv) to suggest, in the light of the study observations, the areas where priority should be assigned if India were to promote herself as a destination in the East Asian travel market.

1.4 SCOPE OF THE STUDY

Keeping in view the need for an intensive investigation, the study focuses on inflow of tourists to India from four selected source countries of East Asia, namely, Japan, Republic of Korea, Singapore and Malaysia. These four countries together accounted for more than sixty-five per cent of the tourist inflows to India in 2008 (GOI 2008a: 78-79).

The study covers the period from 1991 to 2008, i.e. the period broadly covered by the Eighth, Ninth and Tenth Five Year Plan. The year 1991, when the programmes of economic liberalisation and globalisation were launched in India, was a year of significance in the sense that by triggering progressive opening up of Indian economy it paved the way for increased external sector flows via all channels, tourism included. The terminal year for the purpose of the enquiry was prompted by considerations linked to the availability of latest data.
1.5 TERMS USED

(i) **Tourism Defined**

The origin of the word "tourism" is often traced in the old Saxon term *Torn* (England). This word extends to *Torn-us* (what gives turns) and *Torn-are* (to give turns). The meaning of the word "torn" can be roughly translated as a "departure with the intention of returning". In practice, it referred to the rest (vacation) trips taken by peasants during the 12th century. By the middle of the 18th century the English noblemen used the term "turn" to refer to the trips undertaken for education, search and cultural exploration. In reality, the purpose of the noblemen's trip to the different parts of asserting power was to acquire knowledge that was useful for governing these areas (e.g. asserting power, imposing rules and regulations, etc). The genesis of the "Grand Tour" lies in the early tours taken by the nobility has laid the foundation of tourism. The term "turn" is abandoned in favour of the "tour" a French influence.

In Saxon, the nouns of the original verbs are denominated with the suffix -er (writ-er, speak-er, etc). It was during the 12th century the nobleman who goes on a trip and returns to his/her place of departure would be called a *Torn-er*. Centuries later, during the era of the bourgeoisie (18th and 19th centuries) the term er was substituted by latin *iste* and Greek *isme*. During the 20th century the term "tour-ist" and the act of touring "tour-ism" are conceived. (Leiper 1983: 23-27)

Although during the last few decades tourism attracted a great deal of scholarly attention, controversy surrounding the definition of tourism persisted.
While adopting a sociological approach towards seeking a solution to the problem, Cohen (1974: 533) acknowledges that tourism is an indistinct concept with ill-defined boundaries between tourist and non-tourist roles and with many immediate categories. He identified seven characteristics of tourism to distinguish a tourist from other travellers. Thus according to Cohen “tourism” is:

1. *temporary*, to distinguish it from the permanent travel of tramp and nomad;

2. *voluntary*, to distinguish it from the forced travel of the exile and refugee;

3. *round trip*, to distinguish it from the one-way journey of the migrant;

4. *relatively long*, to distinguish it from the trip of the excursionist or tripper;

5. *non-recurrent*, to distinguish it from the recurrent trips of the holiday house owner;

6. *non-instrumental*, to distinguish it from the travel as a means to another end of the business traveller, travelling sales representative and pilgrims; and

7. *for novelty and change*, to distinguish it from travel for other purposes such as study.

From a sociological point of view, the displacement of people (trip, migration or diaspora) has an element in conjunction with tourism Cohen (1974: 533). The migrant leaves his/her place of habitual residence (home) in search of tangible or intangible resources, which cannot be found in the
home environment. In a similar way, the tourist is (self) displaced in search of finding something exotic (landscapes, customs etc) that cannot be found in the home environment.

Tourism basically involves three elements Wahab (1975: 55-76), namely, man (human element as the creator of the act of tourism), space (the physical element to be necessarily covered by the act itself), and time (the temporal element which is compared by the trip itself and the stay at the destination). In economic parlance, tourism is now regarded as an industry. This in a way defies the classical definition of the term. It is argued that tourism contributes to a country's (or location's) economic and social development as it activates many productive sectors. It creates the demand and hence provides the market for a number of separate and varied industries.

Burkart and Medlik (1981: 42) identified five major characteristics of tourism:

1. Tourism arises from the movement of people to, and their stay in, various destinations;

2. There are two elements in all tourism, the journey to the destination and the stay including activities at the destination;

3. The journey and the stay take place outside the normal place of residence and work, so that tourism gives rise to activities which are distinct from those of the resident and working populations of the places through which tourists travel and in which they stay;
4. The movement to destinations is of temporary, short-term character, with intention to return within a few days, weeks or months; and.

5. Destinations are visited for purposes other than taking up permanent residence or employment remunerated from within the place visited.

While the term “tourist” usually connotes travel for leisure, recreation and holidays, the definition of tourists above is much broader (it can subsume, for example, many types of business travel). The World Tourism Organisation recommends following categories as characterizing the main purpose of visit for tourists: (UNWTO 2008: 24)

1. Personal.
   1.1. Holidays, leisure and recreation
   1.2. Visiting friends and relatives
   1.3. Education and training
   1.4. Health and medical care
   1.5. Religion/pilgrimages
   1.6. Shopping
   1.7. Transit
   1.8. Other

2. Business and professional

In conformity with its above stance, the World Tourism Organization (UNWTO) has offered a definition of tourism which appears a comprehensive one. The UNWTO defines tourism as “the activities of persons travelling to and staying in places outside their usual environment
for not more than one consecutive year for leisure, business and other purposes (UNWTO 1995: 1).

The above definition is comprehensive, because:

Firstly, it brings within tourism's fold all activities undertaken by visitors from the time of their arrival to a destination till their departure including their stay, dining, movement, visits, interaction, entertainment, purchase and other related activities;

Secondly, the place visited may be anyone other than the visitor's usual environment;

Thirdly, the duration of visit may be any period which is less than 12 months (meaning thereby that even the same day visitors are also to be covered); and

Finally, the main purpose of the trip may be anything that is lawful other than the exercise of an activity remunerated from within the place visited.

Keeping in view its comprehensiveness, the above definitions of tourism has been accepted and applied for the purpose of the present study.

(ii) Tourist

The activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited (UNWTO 2008: 99).

(iii) Day Visitor

A visitor is one who does not spend the night in a collective or private accommodation in the country visited. The definition includes cruise ships
and return to the ship every night on board even though the ship remains in the port for several days. Also included in this group are, by extension, owners or passengers of yachts, and passengers on a group tour accommodated in a train (GOI 2004: 157).

(iv) Inbound Tourism

Comprises the activities of a non-resident visitor within the country of reference on an inbound tourism trip. (UNWTO 2008: 13).

(v) Outbound Tourism

Comprises the activities of a resident visitor outside the country of reference, either as part of an outbound tourism trip or as part of a domestic tourism trip (UNWTO 2008: 13).

(vi) Tourist Destination

Tourist destination is a place endowed with a combination of business and tourism resources which together are capable of attracting tourists and of offering to them a range of services and products to meet their diverse needs. A destination is generally a homogeneous area from territorial, social, economic and cultural points of view (UNWTO 1995: 6).

1.6 METHODOLOGY OF THE STUDY

The core focus of the study being on description of the trends and pattern of tourist inflows to India from selected east Asian countries and also of the existence or otherwise of any significant association between identified supply-side variables and destination-demand from specific source countries, the research type chosen was descriptive.

The study did not adopt a-priori any specific path or course (as is normally the case with analytical research) but instead tried to extend the canvass
Initially to the furthest possible limits keeping thereby all possibilities open. As work proceeded and information could be gathered on different dimensions of the problem, the process of deduction was introduced. The study-sight progressively got narrowed down to the range of “most likely” explanatory variables and the intensive examination of these crucial variables was then taken up for examining the possibility of their association with the trends under examination. Within the broad framework of a descriptive study, our intention was not only to provide a data-base but also an exploratory format for triggering and facilitating further investigation.

Keeping in view the above format, the enquiry proceeded through the following six stages:

At first, the trends of tourist inflows to India from the selected four East Asian countries—namely, Japan, Republic of Korea, Singapore and Malaysia (which together accounted for nearly two-third of the tourist-inflows to India from East Asia) were examined from three different angles:

i) Trend of growth of the number of visitors to India from the selected four countries;

ii) India’s market-share in the total outbound tourism market of the selected four countries;

iii) The shares of the four countries in total tourist-inflows to India.

In the second stage, based on the insight gained through trend analysis, a survey of actual visitors’ profile and preferences was undertaken. The purpose was to understand broadly the pattern of inflows that was occurring in terms of the demographic and other profiles of the specific
inbound tourist population and to know closely about the tourists’ preferences and choice-considerations.

The tourist survey carried out in stage II enabled us to identify five broad considerations (or pillars) to which tourists generally attached importance prior to or during their travels and to which tourists’ satisfaction was intrinsically linked. These five pillars were:

(i) tourism attractions;

(ii) tourism openness (ease of access and the attitude of local population);

(iii) tourists’ safety (covering security, health & hygiene);

(iv) connectivity (not only destination’s connectivity with source country, but also connectivity within the destination);

(v) tourism infrastructure & price competitiveness (covering the facilities and the cost of stay and movement within the destination).

Taking each of the above considerations as broad subsets, a survey of literature was carried out in stage III to identify the globally used macro variables pertaining to each subset. To put it otherwise, if “connectivity” is a major consideration/concern for all visiting or prospective tourists, how can ‘connectivity’ be measured? What are the generally accepted quantifiable indicators or parameters of connectivity? The survey of literature enabled us to break-up the five pillars or considerations as mentioned earlier into a total of 33 parameters/variables. These variables are operative in the destination-country (i.e. the country supplying destinations to tourists) and hence may be called the destination variables.
In stage IV, relevant data were collected to know the relative status of each of the destination variables in India vis-à-vis the other destination countries that were most popular among the visiting public in the four East-Asian countries. As the procured data in most cases were only hard data and hence were not comparable (across variables), to ensure comparability, we converted the entire data pertaining to the 33 variables into indices after taking the status of the best-practice-country as the base (i.e., 100) in each case. The raw data were available for all the 33 parameters from the Travel and Tourism Competitiveness Report 2009 of the World Economic Forum. After initially constructing indices separately for each of the 33 variables, these were grouped as per our previous plan to construct composite indices for each of the five pillars as mentioned earlier. The five pillar-indices were then clubbed together to finally construct a composite destination-strength index. Following the methodology developed by the World Economic Forum, we kept the composite index unweighted.

Taking India and the top five destination-countries as the constituent-categories, destination-strength-indices were constructed separately for visitors of each of the four tourist-generating countries (i.e., namely, Japan, Republic of Korea, Singapore and Malaysia). Finally, combining these four destination indices a Composite Index of Destination-Strength was constructed.

The index indicated the relative strength of different destination-countries in terms of the five pillars, i.e. tourism attractions, tourism openness, connectivity, tourists safety & security, tourism infrastructure & price competitiveness. Logically, our position was that, more the strength of a destination in terms of the various strength-pillars, more will be destination’s ‘pull’ to prospective visitors and hence more is likely to be the
number of visitors. It was possible then to take the indices as indicative of the variations in number of likely visitors (expected tourist inflow).

The data regarding the actual tourist outflow from the selected four source countries to the ‘most popular’ destination countries covered by the indices were available from UN-WTO.

In the fifth stage, Chi-square tests were carried out to ascertain whether there existed any association between the relative strength of destinations (in terms of any one or all the pillars) and the tourist outflows from source-countries (the selected East Asian 4) in favour of those destinations (including India).

Based on the results of the Chi-square tests, in the final stage the observations of the study were finalized and summed up.

Implementation of the above plan of action called for data on the following:

a) Time series data pertaining to tourist-inflows to India from the selected four East Asian countries;

b) Data on the total outbound tourism from the select four East Asian countries;

c) Information pertaining to the actual visitors to India – their profiles and preferences;

d) Data pertaining to the identified destination-variables (that might have bearing on the process of tourists’ destination selection).

Given the aforesaid needs, the study had to base itself mainly on hard data available from official sources both at the national and global levels.
However, for (c) above, primary data directly from visiting East Asian tourists were called for, for which field surveys were conducted.

Our initial survey was carried out in five locations, namely New Delhi, Agra, Jaipur, Varanasi and Sarnath, where preliminary discussions were carried out to gain initial insights. Based on these inputs, the interview schedule was designed and finalised. The schedule was finally administered in Indira Gandhi International Airport, New Delhi which happens to be the major disembarkation point for most East Asian travellers.

For selection of samples, the random sampling method as is commonly applied in tourism research particularly for surveying visitors in specific destination or attraction was applied. Under the method, the duration of the peak and lean seasons were first ascertained based on discussions with approved travel agents and tour operators. The duration of the peak season was generally 20 weeks between October and March (next year). After excluding 12 weeks in mid-summer and rainy months when there were very few visitors, the remaining 20 weeks were then to be treated as lean period. The survey was carried out in two instalments – for one week in June 2009 in the lean season and again for one week November 2010 during the peak season. In both cases, the survey’s time slots (one week from each of the two seasons) were selected on a random basis without applying any judgement about the selection.

The experience gained in course of the survey was unique. Airport was chosen as the ideal spot for filling in the schedules as this was the only place where generally the tourist while waiting for their flight or vehicle were in a mood to spend time for a researcher and answer his questions.
The travel experience also would remain fresh in memory and they were very much likely to share the experience.

In very few of the cases, this expectation of ours came true. Visitors came often in groups or with partners and had little readiness or mind to spend much of their time for this kind of a purpose. The net result was that while the researcher approached (after taking permission from the Airport Authority official) about few hundred tourists in each phase of the survey, final detailed responses could be obtained from a total of 312 tourists, of whom 98 were from Japan, 81 from the Republic of Korea, 67 from Singapore and 66 from Malaysia. In the final scrutiny, 12 responses were discarded on ground of incomplete responses and so the final sample was made up of 300 tourists from the four selected East Asian countries.

The secondary data required for the study were collected mainly from the following sources: World Economic Forum, United Nations World Tourism Organization (UNWTO), World Travel and Tourism Council (WTTC), Ministry of Tourism, Government of India, Ministry of Finance, Government of India, Reserve Bank of India, Ministry of Commerce and Industries, Government of India, State-Directorates of Tourism in Rajasthan, Uttar Pradesh, Bihar and Andhra Pradesh, Embassy/High commission of Japan, Malaysia and Singapore, Federation of Indian Chambers of Commerce and Industry (FICCI), Centre for Monitoring Indian Economy (CMIE), among others.

The trends of tourist inflow from the East Asian countries and the divergence from the mean rate of growth of tourist inflows have been studied through time series trend analysis and measures of dispersions. In order to assess the association between outbound tourist flow from the
source countries and the destination specific macro variables Chi-square test have been performed.

1.7 CHAPTER SCHEME

The broad framework of the thesis is as follows:

Chapter I: introduces the study, specifies the research problems and the study-objectives, and outlines the scope and methodology of the study.

Chapter II: delineates the general context of the enquiry by providing an overview of the Indian tourism industry.

Chapter III: narrates the trend of growth of tourist inflows to India from the select four East Asian countries during the period since 1991.

Chapter IV: presents the findings of a survey undertaken in course of the study and throws light on the profile, preferences and perceptions of the inbound tourists to India coming from the selected four East Asian countries.

Chapter V: undertakes an extensive survey of literature to delineate a suitable analytical framework for measuring the competitive strength of India as a tourist destination.

Chapter VI: examines the association between destination strength and the trend of tourist inflows to India from the selected four East Asian countries. The chapter also highlights the areas of weakness where priority should be assigned if India were to promote herself as a destination in the East Asian travel market.

Chapter VII: presents a summary of the findings and offers suggestions for future research.