CHAPTER - I

EMERGING TOURISM DEVELOPMENT PATTERN : ASIAN REGION
EMERGING TOURISM DEVELOPMENT PATTERN: ASIAN REGION

As the millennium rushes towards us, the unfolding vistas across the birth of a new century, offers many interesting likely world scenarios. As analysts, anxiously try to look at the remains of what has taken place in the last 1000 years, one finds it difficult to keep pace with the rapidity with which the world has transformed over the centuries. From fairly primitive conditions through the dark ages of ignorance, towards agricultural growth and the advent of industrialisation, the world has catapulted into a technological age of unbelievable dimensions. The Industrial Revolution itself, which transformed the way the world lived, worked, thought and behaved, is going into obsolescence now. The smoke stacked industries belching huge quantities of fire, gas and smoke into the world environment, which was once looked upon as a triumph of human ingenious, is now viewed with increasing disdain and disgust. There is no doubt that the world will be technology-driven in the 21st century and communication is going to be the basic instrument on which all productivity will hinge. The three major “T’s” which are predicted to overtake most industries in the 21st century are Transport, Technology and Tourism.

Transport which could be defined as a bullock-cart or as a space craft will obviously have to be seen in its context and will, therefore, have to be defined accordingly. Today the speed with which a person is transported or information transmitted is of vital importance, and while individuality prevails in so far as personal transportation systems are concerned, one sees simultaneously an increasing trend towards mass
transportation systems which are becoming larger and larger. The world has seen the development of unimaginable dimensions in the communications sector which also involve the high speed transmission of information. More and more sophisticated innovations have transformed the communication systems and infrastructure sectors such as energy and power generation.

The twin development of transport and technology together provide a fertile ground on which tourism flourishes and one can therefore safely assume that in the 21st century tourism is poised to be the biggest industry in the world. Tourism is a phenomenon which is rapidly growing and has worldwide consequences as an activity, it impacts on an increasing proportion of the world’s population, both socially and economically. Mass tourism has become an ubiquitous phenomenon, both domestically and globally. Most individuals are likely to be tourists at some stages of their life and by this activity of being a tourist, some social benefits are derived from this role, while at the same time, the community derives economic and environmental consequences. In recent times as a result of the growth in disposable income and leisure time and the development of transportation technology, in particular the ‘jumbo jet’ there has been a rapid expansion in mass tourism. Presently, the largest single component of world’s traded goods and services is tourism. Increasingly more and more countries are turning towards tourism as their main industry and the major income earner and employment provider.
It is very likely that these trends will continue and accelerate in the 21st century. Though social and economic benefits accrue from such a massive growth in tourism there is always a possibility of unnecessary social and economic costs. Rapid growth can lead to the destruction of the very ambience which attracts and brings tourists to a destination, and can also lead to social tensions from perceived or real conflicts of interest or cultural differences. Economically, rapid growth can potentially lead to a modern day “cargo cult” mentality which can result in neglect of development of other economic sectors. Countries which are in the early stages of developing a tourism industry are particularly vulnerable to these negative effects.

According to the World Tourism Organisation (WTO), international tourism has emerged as the world’s largest export industry. 567.4 million tourists travelled internationally and spent about US $372.6 billion in 1995. It is estimated that tourism accounts for about 8% of the total world exports and more than 30% of international trade in services. As per the estimates worked out by the World Travel and Tourism Council (WTTC), travel and tourism provided direct and indirect employment for 212 million people and accounted for 10.7% of the global work force. Over the past fifty years, the Tourism sector has grown on an average of seven percent a year in arrivals and twelve percent a year in receipts. Such a consistently high growth rate over such a long period of time is of particular importance.

The World Tourism Organization has reflected that in 1997 international travel and tourism generated almost 613 million arrivals and receipts of nearly 443 billion US dollars. If transport and domestic travel are included, these figures become ten times higher — over five billion tourists, and receipts of over three trillion US dollars.\(^1\) By growing faster than world trade, international travel and tourism revenues between 1993-96 overtook all other categories of exports, surpassing exports of crude oil and petroleum products, passenger cars, electronic equipment, clothing, textiles, and raw materials. But, despite these impressive statistics, travel and tourism is still a relatively young and undeveloped activity. Tourism began on a massive scale barely four decades ago, with the advent of better transportation — especially air travel and with improvement in the economies of many countries — more disposable income, more leisure time, and increasing numbers of people with the freedom to travel. Even so, travel and tourism today remains relatively concentrated geographically.

Of the over half billion people going abroad in 1996, four out of five travelled within their own region, and only one in five took a trip to other regions of the world. This geographic concentration becomes even more evident when we see that, sixty percent of the international arrivals were in Europe, with twenty percent in the Americas — basically North America, and fourteen percent in East Asia and the Pacific.\(^2\) More than two-thirds of the international arrivals were concentrated in just fifteen countries: ten in Europe, three in North America, and two in the East Asia

---

Pacific region. However, there is far more diversity now than in 1950, when nearly all international arrivals took place in fifteen countries: eleven in Europe, four in the Americas and none elsewhere. In 1996, the other countries of the world received thirty-two percent of all international arrivals - up from what was three percent in 1950. An increase that reflects the growing number of new tourism destinations.

This trend is also evident when we look at the way tourism is distributed among the regions of the world. Over the past 40 years, Europe’s share has gone down - from sixty-seven percent to sixty percent - and so has the America’s - from thirty percent to twenty percent. On the other hand, East Asia and the Pacific’s share of tourists has grown, from practically nothing to fourteen percent of the world total. South Asia has remained relatively stagnant, at less than one percent.

World Tourism Organization, further states that the world international tourist arrivals is likely to grow by an average of three point six percent a year until 2010, when the number of international tourists will reach 940 million, more than double the number in 1990. East Asia and the Pacific region will continue its hyper-active growth, capturing twenty percent of international arrivals by 2010. Arrivals in that year are forecast to reach 190 million - four times the numbers of 1990. South Asia is expected to triple its arrivals from three to ten million, experiencing a slightly improved market share - over one percent. These enormous

2. WTO Commission for East Asia and Pacific Kyoto, Japan, February, 1998
growth rates pose a huge challenge for the already strained and very complex tourism chain. Complicating matters further are social, technological, political and economic changes - that will shape future tourism flows.

While analysing social change, studies conducted by WTO have brought out that more people will have the time, the inclination and the income to travel longer distance. Certain demographic changes have been predicted which will have a profound impact on the tourism industry. Increasingly the population of travellers will include more elderly people, implying that the travellers will be from the more mature group and will require tourism products tailored to their needs. There is also a trend towards a growing number of single adults and childless couples, travelling with high double income base and more leisure time. More disposable income among young working women has led to a greater propensity of travel among single women with high purchasing power. In Japan alone in 1996 two million office ladies travelled abroad. A trend towards early retirement has resulted in a fair number of more mobile pensioners and mature travellers all over the world. The consequences of such demographic changes has meant that the travellers of the present and the future will be more experienced, more sophisticated and more aware of their surroundings, demanding better products, better services and better environmental conditions. They look for greater quality and better price-quality relationship.

The second trend apart from demography is the impact of technology on tourism. As mentioned earlier, the invention of the jet plane has made travel more swift and comfortable and though there are emerging mega carriers the concomitant problems of congestion and environmental problems of noise and fuel will also follow. Applied computer technology is expected to be the second revolution in tourism which in its own way may contribute to instant reservations, instant sampling of destinations on computers and making instant choices. Though technology will largely enhance tourism, if the transport infrastructure does not meet the increase in tourism, it is expected that there will be great pressure on airports, roads and rail network, which is already visible in most metropolitan countries in the world and particularly in Asia and the Pacific.

Particularly important for tourism is the forecast that personal disposable income is likely to continue increasing. The global trend towards trade liberalization will stimulate emerging economies. For tourism, the new negotiating framework for trade in services, the GATs, will be an especially important tool for countries to maximize profits from tourism services. While on a regional level, trading agreements, such as NAFTA and ASEAN will have a tourism component that should stimulate movement of people and growth in tourism.

On the negative side, it is foreseen that there will be shortages of investment capital. The growth of the tourism sector over the last decade

has been spurred by the ready availability of investment capital for tourism infrastructure and facilities. But this is likely to change in the next few years, owing to financial difficulties faced by some transport, hotel and tourism companies.

Politically, however, with the new openness in Eastern Europe, Central Asia and Southeast Asia, new destinations are coming on stream to compete for global tourists. Tourism is being regulated for the first time on a regional level - in the European Union today, and perhaps, in other regional economic blocs tomorrow.

Efforts at global regulation of the environment will require more comprehensive planning of tourism projects. Issues, such as global warming and biodiversity, that came up at the Rio Conference (1992) on Environment and Development, will have increasingly deeper impact on tourism. Impediments to travel, such as control of visas, passports and foreign exchange, can restrict travel, while elimination of these restrictions free people to move between countries. Security is becoming a more important issue, as the volume of travel increases, and the travelling population gets older and providing this security is going to require new cooperation between governments and the tourism sector.

Security on the face of increasing activities due to insurgents, drug-traffickers and arm peddlars pose serious challenges to the burgeoning tourism phenomena. This one may notice in the case of South Asian, South African region, Latin American areas. Fear psychosis

1. Environment Committee Meeting, Spain, 6-7 June, 1995.
prevails in the minds of an average tourist, who either refrains from taking up the journey or restricts the movements. Even the health issues dampen the tourists as it was witnessed in the case of the 1993 Plague scare in Surat area.

WORLD TRENDS IN TOURISM

The International Tourism Overview a report of the WTO indicates that the East Asia and the Pacific has been the fastest growing region in terms of tourist arrivals over the last decade. For the first time in 1995 two other regions, namely the Middle East and South Asia, displaced the region from its first position. The performance of the region was nevertheless satisfactory with an appreciable increase of 8.6 per cent in tourist arrivals between 1994/95 and 11.9 per cent in tourism receipts. The region contributed to 35 per cent of the total increase of international tourist arrivals worldwide.  

Europe

The pioneer in tourism activities has been the Continental Europe. Intra-Europe travel still provides the largest exchange of tourists than anywhere in the world and inter-continental travel from Overseas to Europe and from Europe to Overseas destinations has reached new heights. Over 8 million U.S. citizens and 1.5 million Canadians visited Europe. Another 1.5 million Japanese, 1.4 million Latin Americans and numerous Australians travelled to Europe. Such massive inflows of tourists to the

1. International Tourism Overview - WTO, Madrid, 1995

16
European continent producing almost 26 billion dollars in receipts, excluding air fares would no doubt have growing impact on tourism and their balance of payments. (Robert Hollier, WTO, Islamabad, 1995). The European continent has consequently become very aware and sensitive to the development, marketing and effects of tourism and each country takes extra care to that effect. Some countries in Europe are more conscious of the environmental impacts of mass tourism than others. Countries like Austria, Switzerland and the Scandinvian countries are particularly sensitive to the possible adverse effects of mass tourism on their natural and community resources and therefore, have taken great pains to formulate many environmental guidelines and awareness campaigns. Whereas other countries such as Spain, Italy and Greece have not taken up the environmental issues with the same amount of vigour as the North European countries.

**Australia**

In Australia the aggregate visitors number has been increasing steadily and strongly since the mid 1980s. Traditionally, Australia has derived most of its income from export of minerals and agricultural products. Though this trend continues, tourism is now Australia’s single export earner accounting for 11% of all export earnings. Tourism currently accounts for about 6% of the workforce in the country and is expected to

---

1. Hollier, Robert
   Asia Tourism: Towards New Horizon - Madrid, WTO, 1995, page no. 59
2. Environment Committee Meeting, Spain, 6-7 June, 1995.
provide between 12% and 16% of new jobs created in the economy during the 1990s. In 1995, 3.7 million visitors came to Australia. In 1983 most of the visitors to Australia were from New Zealand, Europe, U.K. and the USA but by 1993 there is a shift in the visitor arrivals from Asia, mostly from Japan. This has also caused the Australian Tourism Authority to change their strategy by building infrastructure to cater more to the Asian market.

The Australian Government has been proactive in the tourism sector and commencing 1983 has been providing higher resources to the Australian Tourist Commission. It has provided 78 million dollars a year for promotional efforts and the tourism industry through coordination and cooperative marketing initiatives provided another 25 million dollars making an overall promotional budget of 100 million dollars. The Australian Government has a strong voice in the Cabinet with a Cabinet Minister for Tourism. It has also developed a National Tourism Strategy which in considerable detail spells out the strategy for the next decade. It has introduced an important element by developing a range of second tier strategies known as the eco-tourism strategy, rural tourism strategy and a cruise shipping strategy. They have also established a Tourism Forecasting Council. The Forecasting Council will take on the task of forecasting the requirement for infrastructure and accommodation to avert a boom/bust cycle.1

1. Beeston Jeffrey “Australian Tourism - Recent and Emerging Trends”.

18
ASIA PACIFIC

International arrivals in East Asia and the Pacific grew four times faster than the world average in 1993 reaching a record-breaking 69 million visitors, according to a WTO report presented at the East Asia and Pacific Regional Commission meeting held on 6 and 7 July, 1993 in Kuala Lumpur. While arrivals were up by 12.6 per cent, receipts grew even faster in 1993, totalling US$ 52.6 billion - an increase of 15.2 per cent over the previous year. WTO forecasts 101 million international tourist arrivals in East Asia and the Pacific by the year 2000 and 190 million by 2010.  

In India, tourism is presently the third largest export industry after gem and jewellery industry and readymade garments. The international tourist traffic to the country during 1951 was just 16,829. Over a period of 46 years, the arrivals increased to 232 million in 1997 and registered a compounded annual rate of growth of about 17.6 percent. The foreign exchange earning from tourism during 1996-97 was about RS.10,000 crores (US $ 3 billion).

The direct employment in the tourism sector in India during 1994-95 was about 7.8 million persons accounting for about 2.4 percent of the total labour force. The labour capital ratio per million rupee of investment at 1985-86 prices in the hotel and restaurant sector is 89 jobs as against 44.7 in the case of agriculture and 12.6 jobs in the case of manufacturing industries. In the case of the tourism industry, taking all individual

segments together, the ratio is 47.5 jobs and is still higher than other industries.\textsuperscript{1}

\textbf{Korea}

Korea suffers from some of the same constraints as India in the thrust areas provided for tourism. The policy makers in the Government do not recognise the importance of tourism industry to the Korean economy. During the 1970s, the Government played a leading role in tourist resorts development and during those years investment in tourism increased steadily both in the public and private sector. During the 1970s, the Government played a leading role in tourist resorts development and during those years investment in tourism increased steadily both in the public and private sector. The rush of real estate speculation in 1980s resulted in severe criticism which caused tourism in general to be regarded as a non-productive industry. The Government, therefore, instituted strict regulations and controls which have resulted in a large under-supply of tourist accommodation. Subsequently, realising the need for coordination and cooperation among government agencies to boost up the tourism industry, a Tourism Policy Committee under the auspices of the Prime Minister has been activated to serve as a problem solving body to remove and to facilitate efficient resort development. Korea has also taken a policy decision to encourage local Government involvement in tourism in order to disperse tourism away from Seoul and other cities.\textsuperscript{2}

\begin{itemize}
\item[1.] Draft National Tourism Policy, GOI, New Delhi, 1998.
\item[2.] Annual Report Ministry of Tourism, New Delhi, 1997.
\item[2.] Jong Hee Kim: "Major Trends and Challenges of Korean Tourism Industry"
\end{itemize}
Indonesia

Indonesia has been one of the fastest growing Asia Pacific tourism destinations with 5 million tourists visiting it in 1995. International tourism will emerge as the strongest services item in Indonesia's balance of payments, contributing to the dramatic reduction of the services account deficit which the country has suffered from the long time. The thrust has been to develop tourism, supply side by developing alternative destinations within the popular islands of Bali and Lombok and the temples and palaces region of Yogyakarta in the island of Java. Being an archipelagic country, Indonesia is emphasising air and cruise accessibility. They follow the motto “make haste slowly” adding an element of caution to risky and long term gestation venture. Tourism is a perishable product and must be consumed at the place of production. As a consequence, unutilized tourism infrastructure and facilities are gone to waste as they cannot be stored or exported. A low degree of utilisation which persists for a certain time combined with the effort to lower the price in the long run destroy the image of the product and eventually the destination itself. In view of this difficult supply-demand balancing issue, the element of caution must always be factored-in into any tourism development policy. Therefore, a too aggressive marketing drive not paralleled by adequate supply side development can actually be counter-productive and damaging in the long term.

India

The concept of tourism as an economic activity and the instrument of development was first recognised only during 1946 when a Committee under the chairmanship of Sir John Sargeant was appointed to advise the Government on the development of tourism. This led to the establishment of a Tourist Traffic Branch in 1949 as a branch in the Ministry of Transport. The first Overseas Tourist Office was opened by the Government of India in 1952 at New York and for the first time tourism and civil aviation found a basis for operating with the common objective. Subsequently, in 1955 Air India established a Tourism Cell and the Government of India opened a Tourist Office at London. This led to a formation of the Directorate of Tourism in 1958 in the Ministry of Transport. It will be seen from the adhoc emphasis provided to tourism during the formative years after the birth of India as a Nation that there was no serious thinking or conceptualisation of tourism as an economic factor in the overall planning of the Government of India.1

The Directorate of Tourism was obviously an operational wing of the Ministry of Transport and tourism it appears was considered as an element of transportation with not much of overall economic significance in terms of employment, income or regional development. Consequent to this approach during the Second Five Year Plan, tourism was allocated an amount of Rs. 33.63 million which included Rs. 17.84 million allocated to the State sector. The amount which was thus allocated was mainly to

1. Raveendran and Saluja - ESCAP, UN, New York 1992
provide accommodation, transport and recreational facilities at some important tourist centres. From the amount of Rs. 33.63 million allocated the expenditure was Rs. 22.13 million which was almost Rs. 10 million short of the amount allocated.

During the Third Five Year Plan (1961-66) the same thinking continued in the tourism sector except for one major development and that was the setting up of the Winter Sports Complex or the Indian Institute of Skiing and Mountaineering at Gulmarg in the State of Jammu & Kashmir. This provided a window into a new activity in the Tourism sector known as Adventure Tourism which was relatively new in the Indian context. The Third Five Year Plan allocation was Rs.80 million including Rs.40 million in the State sector. The expenditure in the Third Five Year Plan was only Rs.51.04 million which was almost Rs.28.6 million less than the allocated amount. Though the expenditure was less, however, for the first time during this Plan period some thinking went into the significance of tourism and what India should do in the Tourism sector. A Committee was set up under the chairmanship of L.K. Jha, the then Secretary, Department of Economic Affairs in 1962 with the following terms and reference :-

(i) assess the requirements of tourism in respect of hotel accommodation and transport arrangements and suggest necessary measures for the speedy provision and improvement of these facilities;

(ii) examine the existing rules and procedures regarding visas,
customs and other formalities with a view to facilitate entry and exit of tourists;

(iii) recommend necessary reorganization of publicity programmes and other steps required to bring about the desired expansion of traffic; and

(iv) suggest measures necessary to ensure that the foreign exchange earned from tourism and resulting from its expansion is protected against leakages.

The committee submitted its report in 1963 and made several recommendations covering travel formalities, facilitation, hotels, publicity and promotion, shopping and entertainment facilities, development of tourist centres and training of personnel. These recommendations were largely accepted and implemented by the Government. On the basis of these recommendations, a Corporation was set up known as the India Tourism Development Corporation in 1966 to develop infrastructure and promoting India as a tourist destination. It is significant that in 1965 the Government agreed to allow tourist charters by non-scheduled carriers to India limited to a ceiling of 50 charters per year. From 1966-69 there were Annual Plans in each year in lieu of a full Five Year Plan. The allocation to the Tourism sector for the three annual Plans was Rs. 69.98 million annually but the expenditure was only Rs. 41.67 million falling short of Rs. 28.31 million. The significant thrust was that in 1968 the Government of India launched the Operation Europe Scheme in order to increase the tourist traffic from Europe in partnership with Air India as a joint promotional effort.
The Fourth Five Year Plan (1969-74) witnessed a broader approach in the developmental strategy for tourism in India attempting to make India as a tourist destination by integrated development of specific tourism areas. The Government also introduced a few schemes directed towards motivating the private sector to invest more in tourism and increase their tourism activities. The schemes introduced were:—

(i) providing loans to hotel industry in the private sector;

(ii) loans for the purchase of tourist vehicles by private operators; and

(iii) integrated development of selected centres.

The allocation for the Plan period was enhanced to Rs. 458.88 million of which an outlay of Rs. 127.95 million was provided to the ITDC for the construction of hotels, motels and cottages, renovation and expansion of tourist bungalows, setting up of tourist transport units and establishment of duty free shops. In the State sector the allocation was largely provided for facilities to be provided to domestic tourists by providing adequately economical accommodation in various tourist places. During this period the National Carrier Air India participated actively in promoting tourism by introducing Group Inclusive Tour (GIT) and creating a Congresses and Conventions Unit in the Tourism Cell of Air India in 1974.
In the Fifth Five Year Plan of 1974-80 the approach remained the same, though certain selected tourist centres like Kovalam, Goa, Gulmarg and Kulu-Manali were introduced as new tourist destinations and became popular with resort tourism. There was an added emphasis in tourism promotion and publicity in the overseas markets and the outlay for this Plan period was Rs. 592.82 million with a State sector allocation of Rs. 285.23 million. The expenditure during this plan period was Rs. 549.61 million. The next two Annual Plans saw no change in the approach or strategy in the tourism sector.

The Sixth Five Year Plan (1980-85) saw a spurt in the allocation made for tourism to Rs. 1,799.60 million including Rs. 1,129.60 million in the State sector and Rs. 420.00 million for ITDC. This Plan also witnessed for the first time change in the approach of the Department of Tourism by selecting certain beaches, mountain resorts, wildlife and cultural aspects as tourism products. Hitherto tourism was developed in a mechanical fashion without giving it adequate emphasis to either the leisure or adventure aspects or any client driven demand. For the first time the Government of India looked upon its beaches as tourism resources which could offer leisure activities to international tourists. Similarly, the mountain regions of the country received attention as exquisitive tourism resources with the advent of the protection of wildlife and heritage. Both wildlife sanctuaries and monuments became important tourist attractions and received significant attention. ITDC embarked upon a huge expansion

1. Planning Commission; Govt. of India. Sixth Five year plan.
programme and created large scale hotel capacity and went into equity participation and joint ventures with State Governments. This Plan also witnessed a thrust towards training aspects of tourism and the Government established the Indian Institute of Tourism and Travel Management in 1983 as an apex institute for tourism education. The result of such expansion was an expenditure which exceeded the original allocation during the Sixth Five Year Plan. The total expenditure was Rs.1,889.48 million, where both the ITDC and the State sector expenditure was larger than the amount allocated.

It was during the Sixth Plan that India recognised the significance of tourism as an economic activity and as a generator of full scale employment. There was also a realisation that tourism could earn large foreign exchange and could be an instrument of development for the interior and backward areas of the country as tourism resources were mostly away from the metropolitan towns and cities. The result was that for the first time there was a written policy document on tourism in the year 1982 with the mission statement “The many attractions of India hold virtually an unlimited potential for tourism development. The endeavour, therefore, will be to convert this vast potential into reality through well-planned, well-defined and fully integrated national programmes of tourism development.”

The objectives of the tourism development programmes were further spelt out as:

---

1. Govt. of India: Department of Tourism: Tourism Policy 1982.
(i) It becomes a unifying force nationally and internationally fostering better understanding through travel.

(ii) It helps to preserve, retain and enrich our world view and lifestyle, our cultural expressions and heritage in all its manifestations. The prosperity that tourism brings must cause accretion and strength rather than damage to our social and cultural values and depletion of our natural resources. In tourism, India must present itself on its own terms - not as an echo or imitation of other countries, other cultures and other lifestyles.

(iii) It brings socio-economic benefits to the community and the State in terms of employment opportunities, income generation, revenue generation for the states, foreign exchange earnings and, in general, causes human habitat improvement.

(iv) It gives a direction and opportunity to the youth of the country both through international and domestic tourism to understand the aspirations and viewpoints of others and thus to bring about a greater national integration and cohesion.

(v) It also offers opportunities to the youth of the country not only for employment but also for taking up activities of nation building character like sports, adventure and the like. Thus as a programme for the moulding the youth of the country, tourism is of inestimable value.

From the objectives spelt out above, the second objective clearly
lays down the foundation of sustainable tourism development by mentioning that tourism should preserve and retain the cultural expressions and heritage in order to enrich every body. It also clearly stated that the prosperity which tourism brings should cause accretion and strength rather than damage the social and cultural values and deplete natural resources. It specifically stated that Indian tourism should not echo or imitate other countries but must present itself in its own terms, almost brings out the intrinsic aspects of sustainability by emphasising the socio-economic benefits to the community and the state in terms of employment opportunities, income generation and improvement of human habitat.

This policy document specified that the responsibility of tourism development was a common endeavour of both the Centre and the States. It also specified the role of public sector undertakings, private sector, basic infrastructure sectors such as airlines, railways, communication systems, etc. in the involvement of tourism activities. A mention was also made of the municipal and local bodies, educational and cultural organisations as partners in a comprehensive, well-rounded and integrated development of tourism in the country. As a strategy the policy laid down a travel circuit concept which would involve an intensive development of selected circuits and centres and encourage the dispersal of tourism away from the few urban centres which as a propulsive endeavour would facilitate the economic development of the interior regions. The policy specifically spelt out the inolvement of the youth of the country in national integration efforts and therefore, advocated
augmenting tourist facilities for middle class and youth component of tourists. While articulating the areas of youth involvement adequate manpower development and training were also emphasised in order to prepare and build for tourism personnel. This involved introduction of marketing strategies and professional marketeering in tourism. The policy document of 1982 was a brief, but well thought out document which provided the basis of the Government initiative on tourism to date.

The Seventh Five Year Plan was based on the tourism policy document of 1982 and for the first time tourism was placed in priority sector and accorded status of an industry and its development was included as a plan objective. In this plan, there was more emphasis on private sector investment in developing tourism and public sector investment would concentrate mainly on development of support infrastructure. The handicrafts sector was also identified as a potential activity which went hand in hand with tourism and the thrust areas of tourism planning were indicated as follows:-

— Development of selected tourist centres/circuits which are popular with the tourists instead of spreading limited resources thinly over a large number of circuits.

— Diversification of tourism of India from the traditional sight seeing tours to the more rapidly growing holiday tourism market within the framework of country’s milieu with a conscious attention to the aesthetic, environmental and socio-cultural implications of tourism projects.
— Development of non-traditional areas such as trekking, winter sports, wild life tourism, etc.

— Promotion of India as a unique place of cultural tourism destination and to utilise tourism as a major force in support of conservation of national heritage.

— Exploration of new tourist markets particularly in the Middle East and East Asian countries who have cultural affinity with India and launching of a programme of “Discover Your Roots” and vigorous marketing of conference and convention traffic.

— Launching of a national image building and marketing plan in key markets by pooling the resources of various public and private agencies instead of independent and disjointed efforts undertaken by those organizations to project a better image of the country.

— Provision of inexpensive but clean accommodation at different places of tourist interest.

— Consolidation of operations rather than expansion, and improvement in the service efficiency of public sector corporations in the tourism sector.

— Streamlining of facilitation procedures for passengers at the airports so that formalities and time taken to complete them are minimal.

The Seventh Plan witnessed a plan allocation for tourism of Rs. 3,261.50 million including Rs. 1,874.70 million in the State sector
and Rs. 400.00 million for ITDC. The expenditure at the end of the Plan was Rs. 4,369.90 million which indicated that the Central and State sectors had exceeded their allocation. A new element in tourism development during this Plan was the integrated development of the Buddhist pilgrimage centres, construction of inexpensive accommodation units like yatri niwases and yatrikas for budget tourists, provision of wayside facilities for highway tourism, development of beach and hill resorts, adventure tourism and water sports and for the first time promotion of fairs and festivals. A thrust was introduced in overseas publicity and promotion by considerable, stepping up the outlays in this item.

During the Seventh Plan, a National Committee on Tourism was constituted under the chairmanship of Mohammad Yunus by the Government of India to evaluate the economic and social relevance of international and domestic tourism of India and to define the roles of the Central Ministries, State Governments, the Public and Private Institutions and to recommend proposals for drawing up a long-term plan for tourism. The terms of reference of the committee were the following:

— Evaluate the economic and social relevance of international and domestic tourism in India.

— Define the tourism product, its present and future variation, keeping in view the market needs and demands.

— Determine the requirements of a balanced, integrated infrastructure and facilitation measures to achieve the maximum consumer satisfaction.


32
Develop a planned market strategy based on scientific research and consistent with on-going responses of the market needs through a realistic communication strategy.

Determine and define the role of the Central Ministries, State Governments, the Public and Private Institutions in the promotion of tourism and suggest a mechanism for monitoring the performance of these agencies against the well defined economic yardstick.

Assess the manpower needs for development of tourism sector and to recommend appropriate training programmes for manpower development.

Recommend organizational and institutional measures to systematise long term planning for the tourism sector on a sound technical and economic basis.

The Committee submitted its report to the Government in 1988. While highlighting the significance of tourism as an economic and social factor it made several recommendations which included a number of incentives to attract private sector investment. It suggested organizational restructuring of Central and State Institutions and measures for improving the manpower requirements of the sector. This report supplemented the Tourism Policy of 1982 and elaborated the strategy to be followed for tourism development and promotion. The Government took the following steps consequent to the recommendations:

33
(i) It established the Tourism Finance Corporation in 1989 with an aim to provide loans exclusively to the tourism sector for large projects above a crore of rupees.

(ii) A number of fiscal and financial incentives for investment was given for the tourism sector.

(iii) The air charter policy was liberalised considerably.

(iv) Travel formalities were simplified to some extent.

(v) Diversification of tourism resources.

(vi) Expansion and improvement of training facilities by opening more Institutes of Hotel Management and Foodcrafts Institutes.

During 1982 There were two Annual Plans where not much change in policy or strategy directions took place.

In 1992 the Government of India released a new Action Plan for Tourism based on the Tourism Policy in 1982 and the Report of the National Committee on Tourism in 1988. The Action Plan emphasised the socio-economic development benefits to the community by improving the quality of life of the people, the employment opportunities provided by tourism, preservation of national heritage and environment, developing domestic and international tourism and diversification of the tourism products. The strategy laid out for achieving the above objectives was:

---

Improvement of tourism infrastructure.

---

— Developing areas on a selective basis for integrated growth along with marketing of destinations to ensure optimal use of existing infrastructure.

— Restructuring and strengthening the institutions for development of human resources.

— Evolving a suitable policy for increasing foreign tourist arrivals and foreign exchange earnings.

The summary of the Action Plan proposes the following items:

(a) The State Governments should consider development of Special Tourism Areas (STA) in consultation with the Ministry of Tourism, Government of India.

— Prior approval of the Ministry of Tourism will have to be sought before actual implementation of the project.

— The Special Tourism Areas (STA) will have identifiable boundaries to be notified by the State Governments.

— Land would be allotted for hotels and tourism related industry at concessional rates to prospective investors according to the Master Plan prepared.

(b) In each Special Tourism Area, a Special Area Development Authority would be constituted by the State Governments:

— With full delegation of powers under different statutes of the State Government.
— Provide single window clearance facility to the investors.

— The Authority would prepare a Master Plan within 6 months for development of Special Tourism Areas.

(c) The State Government should provide basic infrastructure in terms of roads, transport network, bus terminals, wayside amenities, electrical grids, water supply, law and order and municipal services.

(d) The State Governments should freeze the rates on water and electricity supply at least for 10 years in such areas.

(e) The State Governments should exempt all projects connected with hotels and tourism related industry being set up in the Special Tourism Areas from all State and local body taxes for a period of at least 10 years.

(f) The Central Government should provide infrastructural support as required for development of Special Tourism Areas such as:

— Airports and airline services
— Railway stations
— Communication network
— Post/telegraph services/banks

(g) The Central Government should consider granting exemption from specific central taxes, and providing fiscal incentives in the shape of capital subsidy, interest subsidy, etc. for development of capital intensive tourism projects.
(h) The Central Government should set up a Tourism Development Fund for providing equity support to investors in such areas for capital intensive projects.

(i) The Central Government should provide special clearance for all projects being set up in Special Tourism Areas from the environmental angle.

(j) India Investment Centre/Embassies/Government of India Tourist Offices to give wide publicity of such areas to foreign investors.

(k) At National level a Coordination Committee should be set up with representatives from the State Governments, private trade and the Government of India for coordinating all matters related to the Special Tourism Areas.

The upshot of these developments was to activate tourist activities on a definite footing, so that a proper and well coordinated tourism sector would become functional. India as compared to other Asian countries of the Pacific and South East Asia has lagged behind and to come up to their level, the country needs a the coordinated development of tourism both sectorally and spatially. What is being not properly thought of is that India as an Asian nation, and as a South Asian nation, needs to coordinate in development plans with other South Asian and Asian nations. This should be given an early thought on the lines as provided, perhaps by the European Union and the Asean Countries.