Chapter - III

Development of Tourism in India
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DEVELOPMENT OF TOURISM IN INDIA

3.1 Introduction

This chapter, discussing the development of tourism in India, is divided into six sections. Section–I deals with the history of tourism-development in India leading to the formation of a Ministry of Tourism. Section–II analyses the role, functions and organisational structure of the Department of Tourism. Section–III details tourism-planning in India till the end of Ninth Five Year Plan(1997-2002). Section–IV assesses the role and function of India Tourism Development Corporation (ITDC) as an instrument for promotion of tourism trade in India. Section–V makes an appraisal of tourism-growth in India. Section–VI critically examines the problems facing the Indian tourism sector. This is followed by a summary of the discussion.

For ages India has been celebrated as a traveller’s paradise. Even in ancient times, visitors from far off places used to flock to India. Captivated by its riches and mystic beauty, many of them permanently settled down here. In later times the Muslims during the medieval period and subsequently the Europeans, the British, the French and the Portuguese, experienced the enthralling charm of Indian art and culture. Some came to plunder its wealth while others came seeking knowledge and truth and still others to propagate their own religions. But whatever their purpose they were all mesmerised by India’s rich art and culture, breathtaking scenic beauties, rivers, lakes, beaches and deserts, and the splendour of its palaces, monuments and places of worship. And those who returned – the likes of Fa-Hien and Hiuen-Tsang from China and a number of others from Middle Eastern and European countries-took with them a treasure of unforgettable memories, and eulogised India as a dream-land. Mark Twain wrote: “India is one country under the sun that is endowed with an imperishable interest for alien prince and alien peasant, for the lettered and the ignorant, the wise and the fool, the rich and the poor, the bonded and the free one- land that all men desire to see, and having seen once, by even a glimpse, would not give that glimpse for the shows of all the rest of globe combined” (Bhatia, 1998, P-287)
3.2 Tourism Development- A Historical Back Drop.

The richness of nature’s endowments to India has been aptly summed up by the famous Orientalist, Max Mueller: "If we were to look over the whole world to find out the country most richly endowed with all the wealth, power and beauty that nature can bestow – in some parts a varitable paradise on earth – I should point to India" (Nehru, 1946, P-90). India not only attracted curious travellers to its shore, it also stimulated wanderlust among its own people who extensively travelled inside the country (Domestic Tourism) or outside (Outbound Tourism). Indians as a matter of tradition, travelled widely within the country, be it for pilgrimage or attending fairs and festivals. Sankaracharya by instituting the four dhams in Puri, Dwarka, Badrinath and Rameswaram and organising their management on inter-regional basis perhaps became the first great promoter of tourism in India. Similarly the earliest instance of outbound tourism in India could be traced back to the era of Emperor Ashoka, when he sent his emissaries carrying the message of Lord Buddha to the Far East and South Asia.

But in spite of all its potential and its rich legacy, tourism in India did not grow satisfactorily for long years. Tourism development, as it is understood today, began in India on a serious footing only in 1945 with the appointment of the Sargent Committee. The committee chaired by Sir John Sargent, the then Educational Advisor to Government of India, was to:

- Review the nature and extent of tourist traffic in India both from within the country and from overseas which existed before the war.

- Examine what scope there was for increasing tourist traffic during the post-war period.

- Suggest ways and means of creating, both in India and overseas, the desire for touring including visits to holiday resorts, good climate stations, scenic places, places of pilgrimage, of historical and archaeological interest in India.

- Suggest what facilities should be provided at places to be developed and advertised for (a) Indian Visitors; and (b) Foreign Visitors. The facilities to be considered should include means of travel from nearest railway station, residential
accommodation, supply of literature and guide books, provision of authorised
guides etc.

- Recommend what action should be taken for providing the necessary facilities by
  (a) Indian States and Local Governments: and (b) Various Departments of the
  Central Government.

- Deal with other aspects of tourist traffic not covered by the terms of reference

In its interim report submitted in October, 1946 the committee suggested
that it would be in the interest of India to develop and encourage tourist traffic both
inbound and domestic. The committee felt that promotion of tourism would substantially
contribute to the country’s revenue and the influx of tourist could immensely benefit
different aspect of business. Convinced of the national importance of tourism, the
committee unanimously recommended the formation of a separate tourist organisation
which would devote whole-time attention to matters relating to development of tourism
such as,

- Publicity both in India and abroad
- Production of suitable literature such as guidebook, folders, posters etc.
- Provision for training of guides
- Liaison with other government departments responsible for providing facilities
  required by tourists including information in regard to industries and commercial
  matters.
- Liaison with travel agencies which would necessarily remain responsible for the
detailed arrangement of tourists
- Liaison with hotels and catering establishments
- Collection of tourist statistics.

The other important recommendations of the committee were:

a) Coordination with air and train services with a view to facilitate both air and train
journey and to make it comfortable in India.
b) Provision of a chain of first-class hotels of international standard for the convenience of foreign tourists

c) Starting of publicity bureau in London and New York and in the capitals of other countries from where substantial number of tourists might be forthcoming.

The recommendations thus covered all major aspects of modern tourism. On the basis of the recommendation of the Sargent Committee that "the work of development of tourist traffic in India should be undertaken on a methodical basis by a separate organisation" (Zulfikar, 1998, P-39) the government of independent India in 1948 appointed an adhoc Tourist Traffic Committee to suggest means and ways for promoting tourist traffic in India. In addition a separate Tourist Traffic Branch was set up in the Ministry of Transport in the year 1949 with regional offices in Delhi and Bombay. Two more regional offices, one in Calcutta and the other in Madras were opened in 1951. These offices were entrusted with the task of surveying tourist resources available in their own regions, advising the government on measures to enlarge and improve tourist resources in the form of accommodation and transport, maintaining close relation with State Governments and travel agencies and finally disseminating tourist information in their respective areas. This was followed up by establishing a chain of information offices all over the country. Nine of these were functioning by 1955.

In order to encourage inbound tourism by carrying out promotional programmes the Tourist Traffic Branch decided to open tourist offices overseas and the first one was established in New York, in USA in December in 1952. With a view to attracting the European tourist to India, tourist offices were opened in London in 1955, in Paris in 1956, in Frankfurt in September 1956. Simultaneously offices were set up in other parts of the world; thus Melbourne had one in September in 1956, and Colombo, too, the same year on the occasion of the 2,500th birth anniversary of Gautam Buddha. These overseas offices carried out almost the same functions as the offices in India, the only difference inhering in their targeted tourists. The establishment of so many tourist offices in India and abroad and the consequent increase in promotional activities led to the expansion of the Tourist Traffic Branch at the headquarters by the formation of four sections in 1955-56 to look after various matters relating to tourism development. The four
sections were Tourist Traffic Section, Tourist Administration Section, Tourist Publicity Section and Distribution Section.

1. Tourist Traffic Section

The responsibility of this section was to deal with the development of internal and external tour traffic, five year plans, legislative matters, hotels and rest houses, tourist statistics, travel agencies and tour operators, establishment of tourist bureau in states, development of tourist centres, training of guides and also matters relating to international conferences and the U.N.

2. Tourist Administration Section

This section was to deal with the administration of tourist offices in India and abroad, opening of new tourist offices and preparation of budgets for these offices.

3. Tourist Publicity Section

Publication of tourist literature such as pamphlets, guide books and posters, promotional activities such as issue of advertisement and participation in exhibitions, fairs and conferences were the functions of this section.

4. Distribution Section

The Distribution Section, as its name suggests, dealt with the distribution of publicity literature and other materials prepared by publicity sections in India and abroad.

These sections were functioning under one Deputy Secretary and two Under Secretaries. A proposal was mooted in 1956 for the creation of Directorate Tourism. But it was felt that the level of growth of tourism then did not justify the establishment of a separate Directorate and hence the proposal was shelved.

Formation of the Department of Tourism:

On March 1, 1958, however, a separate Department of Tourism was created in place of the Tourist Traffic Branch under the Ministry of Transport. The department was headed by a Director-General in the rank of a Joint Secretary to the
Government of India and had one Deputy Director-General and four Directors, each in charge of Administration, Publicity, Trade Relations and Planning and Development. Besides, an Advisory Body called Tourism Development Council was formed with Minister-in-charge of Tourism as its chairman, and a few Members of Parliament, Tourism Ministers of the states, representatives of travel industry, some leading public men and senior government officials as its members. The Department, acting on the advice of the Advisory Council, was to deal with all matters concerning the management, development and promotion of Tourism.

The inbound tourism suffered a setback when for the first time, the tourist traffic to India declined from 139804 in 1961 to 137036 in 1962, prompting the government to examine the causes of decline. An adhoc committee on tourism chaired by L.K Jha, Secretary, Department of Finance, was instituted in March 1963. The Jha committee, after carefully studying the problems concerning tourism-trade, recommended the following:

- Grant of landing permits on arrival to tourists without visa for more than seventy two hours but not exceeding seven days;
- Provision of shopping and entertainment facilities;
- Establishment of three touristor rather than in the public sector to develop hotels, transport and entertainment;
- Building of 5,500 additional rooms within five years;
- Grant of official approval to restaurants, shops and guides;
- Improvement of facilities at airports;
- Provision of adequate facilities by domestic carrier – the Indian Airlines;
- Import of luxury cars;
- Training of immigration and customs staff to make them more tourist-friendly;
- Increase in Tourist publicity;
- Integrated development of a few selected tourist centres;
• Establishment of a standing committee of the main departments of the government dealing with tourism for reviewing inadequacies.

In line with the recommendation a standing committee was set up in 1965. Among other things, the recommendations had also stated: "steps will be taken with a view to setting up one or more undertakings in the public sector for handling certain commercial activities connected with tourism such as provision of hotels, road transport facilities etc." (Dhar, 2000, P-174). Hence, three new corporations were established namely Hotel Corporation of India Ltd., India Tourism Corporation Ltd. and India Tourism Transport Undertaking Ltd.. Subsequently, since these corporations were not functioning in tandem, they were merged into a single corporation, and thus India Tourism Development Corporation (ITDC) came into being on October 1, 1966, "to give the Department of Tourism an agency which could perform, on behalf of the Department some functions as an autonomous body" (Seth, 1999, P-186). On the 28th of the same month the then Prime-Minister Smt. Indira Gandhi convened a Round Table Conference to discuss subjects relating to tourism development in the country. The deliberations led to the creation of a separate Ministry of Tourism and Civil Aviation by a Presidential Order on 14 March 1967. The ministry consisted of two departments; (i) Department of Tourism (ii) Department of Civil Aviation. Dr. Karan Singh became the first cabinet minister to hold this charge. It was a very significant step in the direction of tourism development in the country. In order to bring about coordination in various activities pertaining to tourism the Department of Tourism found representation in the committees and Advisory bodies of other departments such as:

(i) Standing Facilitation Committee of the Directorate General of Civil Aviation,

(ii) Advisory Committee of Indian Airlines,

(iii) Indian Board for Wild life,

(iv) Central Advisory Board on Archaeology,

(v) Hotel Industry Study Group of the Ministry of Labour,

(vi) India Tourism Development Corporation,

(vii) Governing Body of the Institute of Hotel Management, Catering Technology and Nutrition etc. (Jha, 1998, P-20)
After the formation of the Ministry of Tourism and Civil Aviation Indian tourism has been showing steady growth despite financial constraints.

3.3 Department of Tourism - Role, Function and Organisation.

Role and Functions

The Department of Tourism functions as a nodal agency for the development of tourism in the country. Since its formation in 1958, the Department has undergone many changes. Particularly its role and functions have broadened and today it performs a wide range of activities which mainly comprise the following:

i. All Policy matters including policies on 'Development', 'Incentives', 'External Assistance', 'Manpower Development', 'Promotion and Marketing' and 'Investment Facilitation'.

ii. Planning

iii. Co-ordination with other Ministries, Departments and State Governments

iv. Regulation
   - Standards
   - Guidelines

v. Infrastructure & Product Development
   - Central assistance

vi. Human Resource Development
   - Institutes
   - Setting Standards and Guidelines

vii. Publicity and Marketing

xv. Official Language Policies

Implementation of Official Language Policy.

xvi. VIP references

xvii. Budget co-ordination and related matters

xviii. Plan co-ordination and monitoring

xix. Integrated finance division


xxi. IWSU functions.

xxii. Welfare, grievances and protocol.

Further functions of attached
Policy Strategies Co-ordination i. Supervision office viz. Directorate General of Tourism are as under:- Assistance in the formulation of policies by providing feedback from the field offices.

viii. Research, analysis, monitoring and evaluation.

- International Bodies.
- Bilateral
- External Assistance
- Foreign Technical Collaboration

x. Legislation and Parliamentary work

xi. Establishment matters relating to Minister & his personal staff and other officers / staff in the Ministry of Tourism

xii. Overall review of the functioning of the field offices.

xiii. Establishment matters relating to Group-A officers in DG (T)’s office and other matters requiring the approval of Secretary / Minister or those on which the advice of the Government is required

xiv. Vigilance matters relating to the officers and staff of the Department, DG(T)’s organisation, ITDC and autonomous bodies including appointment of Chief Vigilance


tourists

vi. Infrastructure Development

- Protective measures for tourists

- Release of incentives

- Tourist facilitation & information

- Field publicity, promotion & marketing
Organisation

A separate Ministry of Tourism delinked from Civil Aviation was formed on 23rd May, 1998, and redesignated as Ministry of Tourism and Culture, w.e.f. 27th May, 2000. The Ministry of Tourism and Culture functions under a Minister with its administrative head being the Tourism Secretary. The Department of Tourism and Culture is assisted by an office headed by the Director General and ex-officio Additional Secretary to the Government of India. The office of the Directorate General of Tourism provides executive directions for the implementation of various policies and programmes. The Department of Tourism has under its control a public sector undertaking, the India Tourism Development Corporation and few autonomous institutions namely Indian Institute of Tourism and Travel Management (IITTM), National Council for Hotel Management and Catering Technology (NCHMCT) and its ancillary institutes, National Institute for Water Sports (NIWS) and Indian Institute of Skiing and Mountaineering (IISM). The organisational chart of the Department of Tourism is as follows:

CHART – III-1
SECRETARY

- Director General &
  Ex-officio Addl. Secretary

- Addl. Director General
- Joint Secretary
- Joint Secretary
  &
  Financial Advisor
- Financial Controller

- DG’s Establishment
- Director
- Director

Source  
Annual Report– 2000-2001, P-61, Department of Tourism, Government of India
The Directorate General of tourism has a field formation of 21 offices in the country and 18 offices abroad. The overseas offices are primarily responsible for tourism promotion and marketing in their respective areas and the field offices in India are responsible for providing information service to tourists and to monitor progress of field projects. A list showing tourist offices in India and abroad is given in Chart-III-2

**Chart-III-2**

**List of Government of India Tourist Offices**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Offices in India</th>
<th>Operation Offices / Station</th>
<th>Countries Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>New Delhi</td>
<td>Americas</td>
<td>East Coast</td>
</tr>
<tr>
<td>2</td>
<td>Mumbai</td>
<td>New York</td>
<td>East Coast</td>
</tr>
<tr>
<td>3</td>
<td>Calcutta</td>
<td>Los Angeles</td>
<td>West Coast upto Panama</td>
</tr>
<tr>
<td>4</td>
<td>Chennai</td>
<td>Toronto</td>
<td>Canada and Green Land</td>
</tr>
<tr>
<td>5</td>
<td>Guwahati</td>
<td>Buenos Aires</td>
<td>South America upto Columbia / Venezuela</td>
</tr>
<tr>
<td>6</td>
<td>Other offices</td>
<td>Europe</td>
<td>U.K., Ireland &amp; Iceland</td>
</tr>
<tr>
<td>7</td>
<td>Patna</td>
<td>Frankfurt</td>
<td>Germany, Poland, Austria, Romania, Bulgaria</td>
</tr>
<tr>
<td>8</td>
<td>Jaipur</td>
<td>Paris</td>
<td>France and Switzerland</td>
</tr>
<tr>
<td>9</td>
<td>Bangalore</td>
<td>Amsterdam</td>
<td>Netherlands, Luxemburg, Belgium</td>
</tr>
<tr>
<td>10</td>
<td>Varanasi</td>
<td>Moscow</td>
<td>Common Wealth of Independent States</td>
</tr>
<tr>
<td>11</td>
<td>Agra</td>
<td>Stockholm</td>
<td>Sweden, Norway, Denmark, Finland</td>
</tr>
<tr>
<td>12</td>
<td>Bhubaneswar</td>
<td>Tel-Aviv</td>
<td>Israel, Turkey</td>
</tr>
<tr>
<td>13</td>
<td>Port Blair</td>
<td>Madrid</td>
<td>Spain, Portugal</td>
</tr>
<tr>
<td>14</td>
<td>Imphal</td>
<td>West Asia- Dubai</td>
<td>Arabian, Middle East</td>
</tr>
<tr>
<td>15</td>
<td>Shillong</td>
<td>Africa</td>
<td>Africa</td>
</tr>
<tr>
<td>16</td>
<td>Hyderabad</td>
<td>Far-East</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Cochin</td>
<td>Sydney</td>
<td>Australia, New-Zealand, Fiji, Pacific</td>
</tr>
<tr>
<td>18</td>
<td>Goa</td>
<td>Singapore</td>
<td>South-East Asia</td>
</tr>
<tr>
<td>19</td>
<td>Aurangabad</td>
<td>Tokyo</td>
<td>Japan, Korea, China, Hong-Kong, Laos, Philippines</td>
</tr>
<tr>
<td>20</td>
<td>Khajuraho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Nahar lagun</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Thiruvananthapuram</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Report – 2000-2001, P-63, Department of Tourism, Government of India

**Restructuring Tourism Organisation**

To be more responsive to and more effective in the changed international tourism scenario, the need for restructuring the tourism organisation both at the centre and the state, was felt. The shortfalls in expenditure during the Second and Third Five Year
Plans made the Department of Tourism realise in the 1960’s that the organisational set up was not properly equipped to handle an area as potentially vital to the national economy as tourism. The Estimates Committee of the Parliament had in 1969 reported that, “an effective and efficient Central Organisation had to be set up to create a strong tourism consciousness .... to formulate well thought out proposals and policies....and for liaison between the central tourist organisation, the state tourist organisations and the business community involved”(Dhar, 2000, P-188). On the basis of the report, the Department of Tourism asked the Indian Institute of Public Administration (IIPA) to assess and suggest the type of organisation and staffing pattern required for the Department to make it more effective. The IIPA examined the organisational structure and functions of the Department from the widest perspectives of world tourism and even secured the counsel of a world-recognised tourism except Dr. T.J.O' Driscoll for the purpose. The report of the IIPA submitted in July,1970 observed – “The present departmental set up with all its bureaucratic rules, procedures and financial constraints clearly does not permit initiative in undertaking the dynamic promotional activities, and putting Indian Tourism on the world map.....”(IIPA,1970). The report recommended two quite different models for a reorganised tourism organisation. Out of these two, its preference was for a single tourism organisation to be named as India Tourism Authority which should be primarily designed with a marketing and sales approach. This Authority, suggested the report, should be headed by one man-the Chairman-Cum-Chief Executive, and he should enjoy the rank of Secretary in the Ministry of Tourism and Civil Aviation. It was also recommended that an advisory group called the India Tourism Council be established with the Chief Executive (Ex-officio Secretary) as its chairman and people involved in tourism business as its members to advise the Chief Executive on all matters pertaining to tourism. The Government did not accept the recommendation, and instead created a ‘National Tourism Board’ which became defunct after a brief existence.

The matter was reopened in 1970-71 when the United Nations Development Programme (UNDP) team comprising some eminent tourism professionals visited India to discuss continuing UN technical assistance to the country. Among other things the team recommended the establishment of a strong tourism organisation which could undertake the task not only of a catalyst but also of a coordinating agency. “In summary”, said the report, “the institutional arrangements for the future of Indian tourism do require a change providing flexibility of procedures and staff recruitment, acceleration
of decision and action, acceptance of selectivity and of risk taking and technical competence" (UNDP, 1971). The Parliamentary Estimates Committee which examined both the reports felt - "The need for India to make its organisation relevant to the Indian context fully justifies the ultimate findings of the IIPA". It further went on to state, "After considering the merits of alternative institutions, our recommendation is that there be established an India Tourist Commission absorbing the present Department of Tourism and the ITDC. We lean to the commission rather than a statutory authority because the former can be quickly set up by the Government" (Dhar, 2000, P-194).

Yet another revamping effort was made in the direction in 1986 when the then Prime Minister Rajiv Gandhi constituted a National Committee on Tourism, which engaged the top management brains of the country to study in detail all aspects of India's travel industry. The report submitted by the committee commented on various things like the role of tourism and trends in international tourism .......... It also projected a likely pattern of the organisation for the development of tourism (Singh, 1996, P-28). Basing on the research of experts the committee recommended that

- An autonomous tourism authority should be established in place of the Department of Tourism because the Department has failed to stimulate economic growth and social and regional integration through tourism development.
- This body should be called National Tourism Board and it should have the responsibility of ensuring tourism growth by formulating tourism policy, drawing up perspective plans, executing the policy and plan, monitoring and coordinating tourism projects and schemes etc..
- ‘Indian Tourism Service’ a specialised cadre should be constituted so that people with knoeledge and experience on tourism could be involved in the process of tourism development.
- The role of India Tourism Development Corporation should be redefined and National Tourism Development Corporation be setup as an autonomous body to replace ITDC and the newly constituted setup should have fifty percent stake in any joint venture with the state and it should continue to develop tourism in areas where the private sectors were not coming forward to invest.
• A standing committee, where all the tourism ministers are members, be formed to
• provide integrated approach to tourism development and also to involve state
governments in the same process.

In spite of all these initiatives, the restructuring of the tourism organisation remained only on paper, and even today the old tourism structure continues to be in tact.

3.4 Tourism and Five-Year Plans

In the early years after Independence there was very little awareness of the importance of tourism. Thus the Planning Commission completely overlooked the tourism sector during the First Five-Year Plan. It was only in the Second Five-Year Plan (1956-61) that a modest sum of Rs.336.381acs was earmarked for the development of tourist infrastructure in the country (Document Second Five-Year Plan, Government of India). Three schemes were initiated for the purpose. Under Scheme-I accommodation facilities called “Travellers’ Lodges” were constructed at places of foreign tourist-interest and the total expenditure on the construction was borne by the central government. Scheme-II involved the development of tourist facilities at places of interest for both domestic and international tourists and cost was shared by the central government and the state government on fifty-fifty basis. Included in scheme-III were projects developed and financed entirely by the state governments which were of interest to only domestic tourists. As of today most of the ‘Travellers’ Lodges’ constructed under Scheme-I have been handed over to the state governments and a remaining few are managed by the Indian Tourism Development Corporation. The only other development worth noting was that towards the end of the plan period, in 1960, Rudy Matt was invited by the Department of Tourism to advise the Government of India for the development of winter sports and he selected Gulmarg for the purpose.

Third Five-Year Plan(1961-66)

The Third Five-Year Plan, notes “Tourism has assumed increasing importance during recent years” (Document Third Five-Year Plan, Government of India, P-565) but continues with the same policy of the Second Plan. Tourist facilities were now further enlarged in many tourist attractions throughout the country such as Khajuraho, Konark, Bhubaneswar, Mahabalipuram, Bodh Gaya, Kanchipuram, Madurai etc.. The
beach resort at Kovalam was planned to be developed in 1966. During the plan Rs.8 crore was provided for development of tourism, out of which Rs.4.001 crore was made available to the central Department of Tourism. Nothing very spectacular could be expected in this context.

**Annual Plans (1966-69)**

During the annual plans 1966-69, more funds were allocated for development of tourist facilities throughout the country. Though no amount was allocated for the sector in 1966-67 the plan outlay for tourism in the central sector in 1967-68 and 1968-69 amounted to Rs.3.58 crore and Rs.4.51 crore respectively. However, the actual amount spent were Rs.2.78 crore and Rs.2.58 crore during said two annual plans (Annual Plan 1966-67 to 1968-69, Government of India). Besides, the approved plan outlay and expenditure for tourism in the state sector during three Annual Plans were as follows:

<table>
<thead>
<tr>
<th>Annual Plan</th>
<th>Approved Outlay (Rs. in Crores)</th>
<th>Actual Expenditure (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>1.12</td>
<td>0.68</td>
</tr>
<tr>
<td>1967-68</td>
<td>1.39</td>
<td>0.91</td>
</tr>
<tr>
<td>1968-69</td>
<td>1.35</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Source Planning Commission, Government of India

**Fourth Five-Year Plan (1969-74)**

The Fourth Five Year plan looked at foreign exchange earning as the prime objective of tourism development while employment generation was also considered as an additional benefit. It stated: "Tourism is an important means of earning foreign exchange. It also provides employment and promotes international contacts and understanding" (Document Fourth Five-Year Plan, Government of India, P-186). The concept of selective approach to development of infrastructure was mooted in the Fourth Plan. Tourism planning in the Plan envisaged the development of tourist facilities for overseas visitors solely by the Central Department of Tourism while the facilities for domestic tourists were to be developed by the state governments with assistance from the Centre. The fifty-fifty sharing of the earlier plans was done away with. The states started developing their own tourism industry independently receiving guidance for the purpose from the Tourism Department and Planning Commission. The most important aspect of this plan was the launching of a publicity campaign overseas beginning with 'Operation Europe' in 1968. New tourist offices were opened in Geneva, Milan, Brussels, Vienna and
Stockholm during this period. Air India, the official airline, also participated financially in this campaign. This marketing effort resulted in a spectacular growth of tourist inflow from Europe in 1969. The success of this campaign encouraged planners to extend the scheme to other parts of the world like USA and Canada in 1972. The development of infrastructure at home, however, continued unabated. The decision to develop Gulmarg for winter sport was taken in 1968. Two major projects were taken up in the Fourth Five Year Plan to attract destinational traffic. The introduction of reduced fares by Air India led to a change in the traffic pattern and destinational traffic to India increased from 52.2 percent in 1964-65 to 73.6 percent in 1972-73 as per a survey conducted by Indian Institute of Public Administration. Most of the tourists visiting India were young and middle aged people in the age of 31-50 followed by the 17-30 age-group. Occupation-wise, educationalists and students formed the largest group of tourists visiting India. In order to develop adventure sports, the Indian Institute of Skiing and Mountaineering (IIS&M) was set up in 1968 under the Department of Tourism. An outlay of Rs.36 crore was proposed for tourism including Rs.25 crore for the Central Programme and Rs.11 crore for the state and Union Territories during this plan (Document Fourth Five-Year Plan, Government of India). An important aspect of the planning during this period was the commissioning of some basic studies by the Department of Tourism which resulted in (i) the UNESCO report on Cultural Tourism in India (1969), (ii) Report on the Organisation and Management Survey of the Department of Tourism by the IIPA (1970), (iii) UNDP Report on Tourism (1971), (iv) UN Study on Beach Resorts in India, and UN report on Institute of Tourism (1974).

Fifth Five-Year Plan (1974-79)

The Fifth Five-Year Plan (1974-79) which included a brief stint of the Janata Government (1977-79) persisted with the tourism policy frame-work of the Fourth Five-Year Plan. Since there was an increase in destinational traffic to India it was decided to develop many recreational activities besides the development of other infrastructure, and an impressive allocation Rs.74.47 crores was made for the purpose (Document Fifth Five-Year Plan, Government of India). Sixteen youth hostels of international standard, several forest lodges and 11 tourist bungalows were constructed. The plan envisaged a clear-cut division of role and responsibility between of the centre and the state. The responsibility of the central Department of tourism was to promote international tourism through the development of new resorts, accommodation and transport etc. while the state government’s responsibility was to develop projects and facilities to encourage domestic
tourism. The programmes in the central sector included integrated development of five destinations, namely, Kovalam, Goa, Gulmarg, Kulu and Manali. The services of the Town and Country Planning (TCPO) of the Ministry of Works and Housing were requisitioned for preparing master plans of 18 archaeological centres of tourist interests. Two studies were commissioned during the Fifth Plan. The first was a cost-benefit study of tourism in India, carried out by the National Council of Applied Economic Research (NCAER) and the second was a study on transportation system for the Gulmarg Winter Sports Project by UNDP.

Annual Plan (1979-80)

The Janata Government which came to power in 1977 proposed to give a new orientation to tourism policy and decided to provide low cost accommodation to tourists belonging to weaker sections of the society. The Annual Plan 1979-80 states - "A new orientation has to be given to tourism policy in the sense that greater accent is to be placed on programmes which benefit weaker sections of the population such as Dharmasalas, Sarai, Musafirkhana, etc. or youth hostels..... to provide low cost accommodation to budget tourist, provisions have been made for construction of Janata Hotel (Ashok Yatri Niwas) at New-Delhi" (Annual Plan 1979-80, P-70, Government of India). A provision of Rs.12.94Crores for tourism development in the central sector and Rs.15.08Crores in the state sector was made during this period.

Sixth Five-Year Plan (1980-85)

The Sixth Five-Year Plan marks the beginning of a new thinking on tourism in India. For the first time in planning history in India the importance of tourism was emphasised with the words-"Tourism both domestic and international, has rapidly won considerable recognition as an activity generating a number of social and economic benefits like promotion of national integration and international understanding, creation of employment opportunities, removal of regional imbalances, augmentation of foreign exchange earnings, thus redressing the balance of payment situation etc...... It is also relevant that the various multifaceted socio-economic benefits of tourism are achieved with a relatively low level of investment" (Document Sixth Five-Year Plan, P-309, Government of India). The emphasis now shifted from schemes to strategies and from foreign exchange earnings to other economic benefits of tourism development.
A growth rate of fifteen percent per annum for the tourism sector was targeted during this plan. It was also estimated that 1.7 million tourists would visit India by the end of the plan, and the arrival would further increase to 3.5 million by 1990. The plan was ambitious, but the funds allocated were as meagre as Rs.187.46crores which came to 0.18 percent of the total outlay. The concept of ‘Janata Hotel’ of the previous plan was discarded. A new concept of travel circuits and tourist villages was introduced during this plan. Sixty-one travel circuits were identified to spread tourism through the length and breadth of the country and 441 tourist centers were sought to be developed. But the objectives being big and the resource allocation being small, no worthwhile development of any travel centre took place during the eighties.

The concept of tourist villages to bring visitors close to the Indian society, imaginative and ambitious, did not really materialise and has remained merely a paper work. Secondary accommodation like youth hostels, tourist bungalows, tourist lodges, however, expanded considerably during this plan. The Schemes for the development of selected beach and mountain resorts, cultural tourism, wild-life tourism, trekking and mountaineering were envisaged is this plan. The most important aspect of this plan was the announcement of the first National Tourism Policy on November 3, 1982. The policy, while emphasising the impact of tourism on national economy, envisaged a plan of action involving the development of a few travel circuits and tourist centres, provision of cheap accommodation for lower middle class and poorer domestic tourists by establishment of Dharmasalas, Saraies, exploration of new tourist markets in West Asia and North Africa, augmentation of private-sector investment in building tourist infrastructure, effective man-power development and training for better management of tourist facilities and securing fiscal and other incentives from the concerned ministries of government in order to make investment in tourism industry profitable.

Seventh Five-Year Plan (1985-90)

The Seventh Five-Year Plan accorded due significance to the tourism sector enlisting the following objectives.

- Faster development of tourism by according it the status of an industry.
• Redefining the role of the public and private sector investments in tourism so that private sector investment is encouraged in developing tourism while public sector focuses on support of infrastructure;

• Exploiting tourism potential to support local handicrafts and other creative arts and to promote national integration;

• Development of popular tourist circuit centers and diversification of tourism from sight-seeing to holiday tourism;

• Development of non-traditional areas in tourism like trekking, winter sports, wildlife tourism, beach-resort tourism etc. so as to attract foreigners to stay for longer periods in the country;

• Exploitation of India’s unique place as cultural tourism destination and thereby utilising tourism to support conservation of heritage.

• Exploitation of new tourist generating markets in the Middle East and South East Asian Countries together with launching of a ‘National Image Building and Marketing Plan’ to ensure the growth of tourism.

Other areas include improvement in the efficiency of ITDC, provision for better and cheaper accommodation to tourists and reduction in cumbersome procedural formalities. One of the important features of this plan was the formation of a National Tourism Committee by the Planning Commission in 1986 to suggest measures for ensuring faster growth of tourism trade in the country. But it is significant that as against an outlay of Rs.138.68crores(Document Seventh Five-Year Plan, Government of India) for tourism development in the central sector during the Seventh Plan, the actual expenditure was higher, amounting to Rs.200.04Crores.

The Government offered a number of fiscal and financial incentives to the private sector for the establishment of hotels and restaurants, and for opening of institutes to improve quality and to impart training. The tourism related industries were accorded the status of an export earning industry so as to enable them to avail of the various incentives and concessions as granted to export industry. Tax rebates up to 25 percent of profits for a period of eight years were announced with respect to approved hotels established between 31st March 1981 and 1st April 1990. Fifty percent of the foreign exchange profits were
exempted from tax and the balance fifty percent were also exempted provided they were
reinvested in tourism industry. Special concessions like reduction in interest rates, increase
in depreciation allowance, lower custom duties for new hotel set up in backward areas and
exemption of hotels from Monopoly Restriction Trade Practice Act were extended. Other
measures related to liberalisation of debt-equity ratio, concession on imports for new
hotels, catering to foreign tourist, allowing NRI’s 100 percent investment in hotels, tax
concession on items to be imported for modernisation of hotels etc.

The Government established Tourism finance Corporation of India (TFCI) with a capital of Rs.100crores to provide financial assistance for development of tourist-related activities and services. Tourism was accorded the status of an industry by Planning Commission in 1986.

“The main thrust in the plan”, according to the Department of Tourism, “was on vigorously promoting domestic tourism and moving towards diversification of overseas tourism to India. With this in view greater emphasis was laid on budget accommodation, leisure and holiday tourism and winter and water skiing, adventure sports, etc.” (Dhar, 2000, P-211)

Annual Plan (1990-92)

The new government at the center announced in 1990 a package of incentives to promote tourism. It included exemption from expenditure tax for ten years and fifty-percent income tax rebate for all approved hotels set-up before December 1993 in hilly and rural areas and at identified pilgrimage centres. In July, 1991, tourism was also declared as a priority sector for foreign investment. A National Action Plan was drawn up in 1992 for achieving a substantial growth of tourism in the country. The Action Plan envisaged the development of 15 travel circuits, 10 destinations and 13 pilgrim centres for the purpose. Besides, Bekal Beach(Kerala), Puri-Konark Area (Orissa), Sindhudurg (Maharashtra), Mamallapuram (Tamil Nadu) and Diu were declared as special tourism areas for integrated development. The plan outlay on tourism in central sector during these two Annual Plan – 1990-91 and 1991-92 were Rs.83crore and Rs.90crore respectively, while the actual expenditure were of the order of Rs.66.68crore and Rs.79.95crore (Ibid, P-256).
Eighth Five-Year Plan (1992-97)

The Eighth Five-Year Plan emphasised development of tourism through the private sector. It included the provision of better incentives and financial assistance towards project costs. A "Special Tourism Areas" scheme was brought into force during this plan for strengthening infrastructure through a tripartite participation of central government, state government and private sector. The plan called upon all the states and union territories, which had not yet declared tourism or hotels as industry to do so immediately. It was also decided to ensure the growth of adventure tourism in the country. The government at the centre had meanwhile adopted a policy of liberalisation, privatisation and globalisation of the Indian economy. As a follow up industrial licensing for hotels and tourism related industries was abolished and fifty-one percent foreign direct investment (FDI) was allowed in this sector. Non-resident Indians were offered special incentives to participate in tourism projects.

The plan allocation for tourism projects amounted to Rs.990 crores of which Rs.315 crores was earmarked for marketing, Rs.385 crores for infrastructure development of tourism, Rs.100 crores for Tourism Development Fund and Rs.60 crores for man-power development through Hotel and Tourism Training Institutes. An amount of Rs.5 crores was set aside for establishment of an Institute of Water Sports in Goa and Rs.4 crores for establishment of an Institute of Mountaineering and Skiing, and Rs.73 crores for promotion of domestic tourism (Seth, 1999, P-141). Out of this allocation the planning commission approved an outlay of Rs.272 crores for Central Programmes (Document Eighth Five-Year Plan, Government of India). But the actual expenditure during the plan was to the tune of Rs.490.42 crores (Tiwari, 2000, P-98). The Tourism Development Fund was meant for construction of tourism-related projects like golf courses, amusement parks, secretarial and adventure sports besides setting up of tourist accommodation. However the state governments were to play a significant role in the development of these activities.

A National strategy for Development of Tourism was drawn up during 1996 for achieving a greater realisation of the importance of tourism, a consensus on developmental needs, positive contribution of all the infrastructural departments in a coordinated manner, higher plan allocations and introduction of new schemes for the accelerated development of tourism. With a view to accelerating the over-all growth of tourism, the thrust areas which were given considerable attention during the Eighth Five-Year Plan were as follows
Development of selected tourist places/areas; Diversification of tourism; Development of trekking, Winter Sports, wild-life, beach resort tourism; Exploring new source markets in regions/countries having cultural affinity; Restoration of national heritage projects; Launching national image building and marketing plans in key markets; Providing in-expensive accommodation in different tourist centres; Streamlining of facilitation procedures at airports. For domestic tourist, Yatri Niwases were to be constructed to provide better accommodation for pilgrims. Similarly Yatrikas were built by the Bharatiya Yatri Avas Vikas Samiti to provide low priced accommodation for pilgrims. The specific projects taken up for development included Buddhist circuit in U.P. and Bihar and Ajanta-Ellora region, with assistance from Overseas Economic Co-operation Fund (OECF) of Japan.

Ninth Five-Year Plan (1997-2002)

Since the Eighth Plan provided a comprehensive review of the issues which needed attention for the future development of tourism, the Draft Ninth Plan did not repeat the strategic options. How-ever, it did introduce a few new elements of policy – “First, it emphasises the importance of looking at infrastructure development for domestic tourism .......... The Ninth Plan also bring out the importance of people’s participation at the grass root level for development of tourist facilities, and for creating a tourist-friendly atmosphere” (Bezbaruah, 2000, P-43). The important components of Ninth Plan are infrastructural development, product development and diversification including development of mega tourism resorts, entrepreneurship development, enhanced tourist facilitation, human resource development in tourism sector, provision of incentives, strengthening of tourism organisation, monitoring and evaluation of projects and environmental protection and cultural preservation. It has been planned to concentrate on development of a few selected centres and circuits, and it is desired that central assistance to state/UT for infrastructural development would be confined to specified centres and circuits. Commercially viable projects are only to be funded under the equity scheme except in the North Eastern States, Sikkim and the hill-districts of West Bengal and U.P. . In other words, the emphasis of the plan is to ensure the integrated development of projects and mega-tourism resorts instead of spreading the scarce resources thinly over several projects. The state governments can, however, have their own strategies and priorities with regard to projects funded by them.
Tourism demands perfect coordination and linkages in the availability and performance of all components of associated services. This aspect of tourism conceptualised as a ‘Synergy’ Programme has, for the first time, been introduced in this plan, and the strategy is to establish effective coordination with all the relevant agencies so as to achieve synergy in the development of tourism. To achieve this “Board of Tourism Industry and Trade” has been set up. Besides, a Standing Committee of Secretaries under the Chairmanship of the Cabinet Secretary have been set up by the government for ensuring coordination and synergy in tourism development. A Special Task Force has also been constituted for development of tourism in North Eastern States, Sikkim, Jammu and Kashmir, Himachal Pradesh and the Hill districts of West Bengal and Uttar Pradesh.

The Planning Commission initially approved an outlay of Rs.511.32 crore as budgetary support excluding Rs.319.23 crore to be generated by ITDC through internal and extra-budgetary resources, which was subsequently reduced to Rs.485.75 crore. The actual expenditure of DOT excluding IIDC, during the first three years of the Ninth Plan i.e. 1997-98, 1998-99 and 1999-2000 amounted to Rs.98.14 crore, Rs.110.46 crore and Rs.109.32 crore respectively (Annual Plan, 2000-2001, P-473)

3.5 India Tourism Development Corporation – An Assessment

The Indian Tourism Development Corporation was established in October 1, 1966 as a public sector enterprise with an authorised capital of Five Crore Rupees. This corporation was set up with a view to create a sound base for the development of tourism in the country. It came into being at a time when the private sector was not coming forward to develop tourism in areas where profitability was not guaranteed. Apart from this the government needed an agency to manage many hotels and tourist lodges built by the central government in different parts in India. Since ITDC undertook development in places where profit making was not easy, the government compensated the corporation by allowing it to open duty-free shops at international airports, and also procured the tourism literature produced by the corporation for the Department of Tourism at a price which included a profit of ten percent.

The authorised capital was increased to thirty crore in 1973-74 and to sixty crore in 1981-82. Further, the government provides funds to the corporation in the shape of equity and loan. The capital structure of the ITDC as on 31st August, 2000 is as under –
Table-3.1
Capital Structure of ITDC

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>As on 31.3.1999</th>
<th>As on 31.3.2000</th>
<th>2000-01 upto August 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
</tr>
<tr>
<td>2</td>
<td>67.52</td>
<td>67.52</td>
<td>67.52</td>
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<td>3</td>
<td>196.49</td>
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<td>242.70</td>
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</tr>
<tr>
<td>6</td>
<td>223.17</td>
<td>192.08</td>
<td></td>
</tr>
</tbody>
</table>

Source Annual Report – 2000-2001, P-46, Department of Tourism, Govt. of India

Though ITDC is a profit making enterprise, for the first time it posted a net loss of Rs.24.04crores during 1999-2000. This was primarily because of the general recession in the economy, the currency crisis in South East Asian Countries, drop in business and corporate traffic and the increase in operating costs. The financial performance of the corporation from 1996-97 till August, 2000 is as follows:

Table-3.2
Financial Performance of ITDC (Rupees in Crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>315.90</td>
<td>313.20</td>
<td>297.10</td>
<td>288.50</td>
<td>104.80</td>
</tr>
<tr>
<td>2</td>
<td>86.10</td>
<td>60.67</td>
<td>18.48</td>
<td>-17.05</td>
<td>-16.92</td>
</tr>
<tr>
<td>3</td>
<td>79.40</td>
<td>54.72</td>
<td>12.02</td>
<td>-24.04</td>
<td>-19.87</td>
</tr>
<tr>
<td>4</td>
<td>55.80</td>
<td>43.30</td>
<td>10.81</td>
<td>-24.04</td>
<td>-19.87</td>
</tr>
<tr>
<td>5</td>
<td>103.22</td>
<td>110.65</td>
<td>107.36</td>
<td>107.77</td>
<td>34.73</td>
</tr>
<tr>
<td>6</td>
<td>13.50</td>
<td>13.50</td>
<td>2.36</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6</td>
<td>117.6%</td>
<td>81.04%</td>
<td>17.80%</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7</td>
<td>38.7%</td>
<td>23.78%</td>
<td>5.39%</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8</td>
<td>79.4%</td>
<td>64.28%</td>
<td>16.07%</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>9</td>
<td>26.1%</td>
<td>18.86%</td>
<td>4.84%</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

Source Annual Report – 2000-2001, P-46, Department of Tourism, Govt. of India
At the apex of the organisational structure the ITDC is managed by a Board of (three) Directors one of whom is a government officer holding the additional charge of the post of Chairman & Managing Director. The organisational set up at the corporate level comprises C & MO, Functional Directors and heads of three business groups viz, Hotel and Catering, Duty Free Trade and Ashoka Travels and Tours. Besides, there are some support/service departments namely, personnel, F & A, Hotel sales, HRD & Training, MMD, Project Engineering, P & P and vigilance and security. In addition, there are four regional offices at Delhi, Mumbai, Chennai and Kolkata. There were 7860 employees working in ITDC as on 31.3.2000.

The activities of the corporation are wide ranging and cover all aspects of tourism such as infrastructure, development of transport, catering shopping, entertainment, travel agency, management consultancy and publicity, and is unique of its kind in the world. It is one of the few public enterprises in India making profits, though the margin is small. It has also helped develop new tourist destinations. The present network of services comprises 26 Ashok Group of Hotels (including 2 Palace Hotels and 2 Beach Resorts), 6 Joint Venture Hotels, 5 Restaurants (including 4 Airport Restaurants), 11 Ashok Travels and Transport Units, one Tourist Service Station, 29 Duty Free Shops at 6 International Airports, One Down Town & Tax Free Shop and one Sound and Light Show. The Corporation also provides catering services at Western Court, Hyderabad House, Vigyan Bhawan and National Media Press Centre at Shastri Bhavan, New-Delhi, besides managing a Forest Lodge, a Restaurant and Sound & Light show on behalf of the Central Ministry of Tourism (Tiwari, 2000, P-288). ITDC has seven subsidiary companies. These are all hotel corporations operating in seven different states. ITDC’s investment in these subsidiaries was Rs.7.71crores as on 31.03.2000. ITDC produces a variety of publicity materials both for the central government and the state governments.

‘The Asoka Newwork’ under ITDC is a centralised reservation service network which provides instant accommodation and transport confirmation to tourists. It is located in New Delhi and is having four regional offices covering the North, South, East and West of India.

In the sphere of entertainment ITDC produces theatre evenings, dance recitals and music performances at its hotels. The Son-et-Lumiere (Sounds and Light)
spectacle produced by ITDC at Red Fort, New Delhi, Shalimar-Bagh, Srinagar and Sabarmati Ashram, Ahmedabad which bring alive India's history and cultural heritage are highly popular among the tourists. Particularly the one at Red Fort, attracts large number of viewers.

ITDC's travel agency called Ashok Travel and Tours (ATT) has introduced a few exciting tour packages like shopping Tours of India, Honeymoon Heaven, Temple and Shine Tours, South India Bonanza and Mountain Tours.

ITDC has diversified its activities and has ventured into consultancy services. Its Consultancy Service Division offers consultancy for the execution of hotels and resort projects, facility planning, manpower development and hotel management – not only within India but also abroad. The Public Relations and Corporate Communication Division offers a wide range of tourist aids, prints tourist literature, advertises campaign audio-visuals, festivals, cultural programmes, exhibitions, and so on.

In order to boost convention tourism ITDC provides conference facilities in some of its establishments which equal the best in the world. It has negotiated and organised a number of important national and international conferences successfully.

Overall, ITDC has played a pioneering, significant role in the development of tourism in the country. But in the new liberalised scenario ITDC has to undergo a number of structural changes. The Government has stopped funding ITDC, allowing it the freedom to independently manage its affairs. The Disinvestment Commission had identified ITDC as a non-core business and recommended restructuring of its operations for the purpose of disinvestments. In fact the process of disinvestment is already on with the selling of three ITDC hotels, namely, Lodhi Hotel at Delhi to Silver Links of Singapore for Rs.76.22 crore; Qutab Hotel at Delhi to Sushil Gupta and Associates for Rs.35.67 crore and Laxmi Vilas Palace at Udaipur to Bharat Hotels for Rs.7.52 crore. Besides, the ITDC hotels, the Hotel Corporation of India's Centaur Hotel went to Raddison Hotel, New Delhi for Rs.83 crore (Times of India; 7-2-2002).

3.6 Tourism Growth in India - An Appraisal

As seen in the earlier chapter, in course of the last 50 years, international tourist arrivals have increased from 25 million (in 1950) to 664.4 million (in 1999). Tourism receipts have similarly gone up from US $ 2.1 billion to US $ 455.5 billion (Annual Report, 2000-2001, P-46). The future projections, as already pointed out, are very
impressive. But while India has doubtlessly made progress in the tourism sector and can feel gratified on having a share of 51 percent of the tourist arrivals and 76.57 percent of the tourism receipts of the South Asia region as a whole (incidentally, South Asia Region as per WTO report, is projected to grow in the future at a rate of 6.1 percent, which is higher than the rate of growth for the world as a whole) there is very little scope for complacency, for some others like China, Thailand etc. have registered on appreciably greater progress (Bezbaruah, 2000, P-36) Surprisingly enough some of the much smaller and far less endowed countries in the region have fared much better than India.

Statistically speaking, evolution of international tourism in India has been faster than the global average. This is because the base level was low. Thus the foreign tourist arrivals in India, as shown in table 3.3, was assessed to have increased more than six-fold through a single decade between 1951 and 1960 registering an average annual increase of 24.7 percent. This growth declined substantially to a 8.6 percent during the period 1960-70 but picked up again to touch 11 percent during 1970-80.

Table- 3.3
International Tourist Traffic to India

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Number</th>
<th>% Share of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1951</td>
<td>16,829</td>
<td>0.06</td>
</tr>
<tr>
<td>2</td>
<td>1960</td>
<td>123095</td>
<td>0.18</td>
</tr>
<tr>
<td>3</td>
<td>1970</td>
<td>280821</td>
<td>0.18</td>
</tr>
<tr>
<td>4</td>
<td>1980</td>
<td>800150</td>
<td>0.28</td>
</tr>
<tr>
<td>5</td>
<td>1981</td>
<td>1279210</td>
<td>0.44</td>
</tr>
<tr>
<td>6</td>
<td>1982</td>
<td>1288162</td>
<td>0.44</td>
</tr>
<tr>
<td>7</td>
<td>1983</td>
<td>1304976</td>
<td>0.44</td>
</tr>
<tr>
<td>8</td>
<td>1984</td>
<td>1193752</td>
<td>0.37</td>
</tr>
<tr>
<td>9</td>
<td>1985</td>
<td>1259384</td>
<td>0.37</td>
</tr>
<tr>
<td>10</td>
<td>1986</td>
<td>1451076</td>
<td>0.42</td>
</tr>
<tr>
<td>11</td>
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<td>0.41</td>
</tr>
<tr>
<td>12</td>
<td>1988</td>
<td>1590661</td>
<td>0.39</td>
</tr>
<tr>
<td>13</td>
<td>1989</td>
<td>1736093</td>
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</tr>
<tr>
<td>14</td>
<td>1990</td>
<td>1707158</td>
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</tr>
<tr>
<td>15</td>
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</tr>
<tr>
<td>16</td>
<td>1992</td>
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<tr>
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</tr>
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<tr>
<td>19</td>
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</tr>
<tr>
<td>20</td>
<td>1996</td>
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<td>0.38</td>
</tr>
<tr>
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<td>0.38</td>
</tr>
<tr>
<td>22</td>
<td>1998</td>
<td>2358629</td>
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</tr>
<tr>
<td>23</td>
<td>1999</td>
<td>2481928</td>
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</tr>
<tr>
<td>24</td>
<td>2000</td>
<td>2641157</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>2001 up to October</td>
<td>2022605 (PE)</td>
<td></td>
</tr>
</tbody>
</table>

P.E. Provisional Estimate.
Figures from 1951 to 1980 exclude tourist arrivals from Pakistan & Bangladesh.

Source Third Five Year Plan, Planning Commission, Tourist Statistics 1999, Department of Tourism, Government of India

Table-3.4
Domestic Tourist Visits in India

<table>
<thead>
<tr>
<th>SL No.</th>
<th>YEAR</th>
<th>NUMBER OF TOURIST</th>
</tr>
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<tr>
<td>1</td>
<td>1992</td>
<td>81455861</td>
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<tr>
<td>9</td>
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</tbody>
</table>

Source Tourist Statistics – 1994, 1996 & 1999, Department of Tourism, Govt. of India

Contrasted to this world wide tourist traffic grew at a slower pace- 10.6, 9.1 and 5.6 percent respectively through successive decade between 1950 and 1980. There was a marked decrease in the flow of international tourist traffic to India during the Eighties and Nineties even though foreign tourist arrivals in absolute terms increased from 1279210 in 1981 to 170 7158 in 1990 registering an increase of 33.45 percent and an annual average growth rate of 3.2 percent. The flow of international tourists to India grew slightly more voluminous during the last decade of Twentieth Century achieving an increase of 54.71 percent and an annual average growth rate of 4.41 percent. Though the government targeted a growth rate of 7 percent to attain 3 million arrivals by the year 2000 (Document Seventh Five-Year Plan, Government of India), the actual arrivals attained was 2.641 million. During the same two decades world wide tourist arrivals, too, registered an increase 60.88 percent through 1980-90 and 45 percent through 1990-99. The average annual growth rate achieved was 4.8 percent and 4.2 percent respectively during the same period. The figures quoted earlier indicate that the growth in foreign tourist arrivals was the lowest during the Eighties while it had been spectacular during the fifties. As regards India’s share of the world traffic it increased from 0.06 percent in 1950 to 0.18 percent in 1960 but stagnated in the sixties to mark the same 0.18 percent in 1970. How-ever, it picked up again in the seventies to touch 0.28 percent in 1980. Interestingly, though the growth of tourist arrival was the lowest in the Eighties, India’s share of the world total was maximum during this period averaging 0.40 percent per annum. The share again declined
in the nineties and averaged at 0.37 percent per annum till 1999 (Table No.-3.3). In contrast, neighbouring countries like China and Thailand have handsomely improved upon their share of world total arrivals between 1980 and 1997. While China's share increased from 1.22 percent in 1980 to 3.89 percent in 1997, the share of Thailand increased from 0.65 percent to 1.18 percent. In the list of top tourism destinations of the world, the ranking of China improved from 18th position in 1980 to 6th position in 1997 and that of Thailand from 27th to 20th while India's ranking remained stationary at 44 in 1980 and 1997 (Bezbaruah, Ibid, PP 29-30).

A cursory look at travel receipts/foreign exchange earnings by India might suggest that India made a tremendous progress – from Rs.7.7 crores in 1951-52 to Rs.16.4 crores in 1960-61, Rs.32.5 crores in 1970-71, Rs.1116.3 crores in 1980-81, Rs.2,612.5 crores in 1990-91 to Rs.14,238 crores in the year 2000 (Tourists Statistics-1998 P-31; 1999- PP-38-39 & Tourist Arrivals-Highlights-2000, P-17). The increase of earnings by 1900 times over a period of fifty years does seem extraordinary. The increase between 1970-71 & 1980-81, and 1990-91 & 2000 is particularly noteworthy registering as it did improvements of 3335 percent and 445 percent respectively. But this reading may be pretty misleading, for in dollar terms, the increase in travel receipts was hardly 175 percent between 1980 and 2000. In fact, India's share of world's travel receipts declined from 1.09 percent in 1980 to 0.66 percent in 1999 (See Table.-2.4). The steep rise in tourism earning in rupee term during late nineties was primarily caused by devaluation of the rupee against the dollar. India's ranking among the world's top tourism earners also declined from a position of 20 in 1980 to 33 in 1997 (WTO Report - 1998). Statistics compiled by the Department of Tourism for the year 2000 reveal the following:

1. Nationals from United Kingdom with an arrival figure of 354217 continued to occupy the first position in the tourist arrivals to India.

2. North America as a region recorded the maximum growth of 21.8 percent.

3. Holiday and Sight seeing continued to be the main interest of tourists to India during the year (91.6 percent).

4. The primary mode of travel for tourists visiting India continued to be air, constituting 33.8 percent of the total traffic.

5. Delhi became the major port of entry in 1999 and continued to remain the so during 2000.
6. Male tourists, accounting for 61.9 percent of total tourist arrivals, continued to predominate in respect of almost all nationalities.

7. Tourist arrivals were the highest during the month of December and the lowest during May. (Tourist Arrivals in India – Highlights – 2000; PP 7-17)

It would be incorrect to equate tourism development and the growth of international tourism. It is necessary to take a comprehensive view of tourism growth, including that of domestic tourism, to have a correct perspective on tourism development in India. Domestic Tourism has shown a phenomenal growth of 159 percent, from 81455861 arrivals in 1992 to 210927506 arrivals in 2000. As against an annual average growth rate of 4.41 percent in international tourism, a staggering growth rate of 12.57 percent was achieved in the field of domestic tourism (See Table-3.4). The growth rate would be much higher if pilgrims numbering more than 100 million who do not come under the normal statistical parameters are added to the above figures.

Tourist accommodation, which is an important factor affecting tourism development, is broadly divided in India into two categories – Organised accommodation and supplementary accommodation. Included in the first category are the hotels, motels, resorts etc. and in the second category a variety of establishments such as private guest houses, tourist bungalows, youth hostels, forest lodges and the like. In order to ensure standardisation hotels in India are classified as 5 star deluxe, 5 star, 4 star, 3 star, 2 star, 1 star and heritage hotels. The number of approved hotels and rooms were 371 and 23620 respectively in 1981, 798 and 47409 respectively in 1992 which increased to 1296 and 72156 by the end of March 2000 (Annual Report, 2000-2001, P-25). However, the room occupancy rate declined from 67.1 percent during 1992 to 50.4 percent during 1999. These hotel statistics do not include thousands of other accommodation units such as Dharmasalas, Sarais, Lodges, Small Hotels, Bungalows, Mushafirkhana found across the length and breadth of the country which if included will more than double the accommodation figures.

As part of travel trade, travel agents, tour operators, transport operators play crucial roles in the process of tourism development. Travel-agency business in India, began in an organised manner with the setting up of the Travel Agents Association of India (TAAI) in Bombay in 1951. Some of the travel agents who could not get admission into TAAI have formed an association called Travel Agents Federation of India (TAFI). The
tour operators of India have also formed an association named Indian Association of Tour Operators (IATO). The Ministry of Tourism has a scheme of approving travel agents, tour operators and tourist transport operators. Though about 1500 travel agents approved by the International Association of Travel Agents (IATA), operate in India, not all appear in the list approved by the Ministry of Tourism. As on January 2000, 290 travel agents, 388 tour operators, 240 tourist transport operators and 3 adventure tour operators have received approval of the Ministry (Annual Report, 2000-2001, P-25). The appraisal of tourism growth in India as made above is incomplete in the absence of a detailed discussion on many other aspects relating to tourism trade such as recreation and entertainment, tourist transportation and communication, shopping, sightseeing and so on. However, the researcher proposes to take up deliberation in the matter in a later chapter.

3.7 What Ails Indian Tourism – An Insight

Sydney based Ron Wynn, Chief Executive Officer of Asia World Holidays, participating at Pacific Asia Travel Association Mart in India echoed a universal sentiment when he said, “The charm of Indian temples and wild life is such that any international traveler would love to be in India” (Chib, 1989, PP 28-29). What then deters international tourists from visiting India in numbers commensurate with its appeal, or in other words, what ails Indian tourism? Is it the government policies or their implementation, or is it the lack of innovative approach or the absence of coordination between different agencies involved in tourism developments which impede tourism growth in the country?

Successive governments at the centre have been found guilty of neglecting the tourism sector since the early days of planning. It was not treated as a fruitful economic activity. No comprehensive policy was framed to develop this sector. The Estimates Committee of Parliament, for example, recommended in 1972-73 that the government should formulate a tourist promotion policy. Ironically the then government contended that the Five-Year Plans provided the necessary policy frame work for the promotion of tourism in the country and there was no need for having a separate tourism policy. The Estimates Committee did not accept this argument and reiterated its earlier view in 1976. And the first tourism policy was formulated in 1982, long thirty-five years after India’s independence. Similarly, only as late as, in June 1982 was tourism recognised as an industry by the planning commission of India. And then it took more than ten years to make the states to fall in line and accord the same status to tourism through their
legislative machinery. Further, it was after forty years of planning that tourism was declared as a priority sector for foreign investment in July 1991. The Indian Institute of Public Administration recommended, way back in 1970, the formation of an advisory group called the India Tourism Council. It was only recently, on October 30, 2001, that the Prime Minister declared the setting up of a ‘National Tourism Advisory Council’ (Indian Express; 30.10.2001). Even today, tourism sector is not accorded the importance it deserves. The new ‘Tourism Policy – 1997’ remains just a showpiece pending approval of the government even four years after it was drafted. And, what to speak of formulating plans for better growth, the Approach Paper to the Tenth Five-Year Plan (2002-2007) does not even make a mention of tourism, (Approach Paper to Tenth Five Year Plan 2002-2007, Government of India, September-2001).

The lacunae in Indian tourism industry does not relate to planning, because there is enough talent available in this sector. But, “the real problem in Indian tourism is one of the implementation”, as the UNDP Report on ‘Tourism in India’ – 1971 affirms. Policy decisions are not implemented. They mostly languish on paper. As Pran Seth, a former Deputy Director General in the Department of Tourism remarked, “At times one wonders whether Indian Planners read the previous plan when they write a new one”. Two examples will prove the point. The National Committee on Tourism constituted in 1986 engaged some of the top brains in the country and spent millions of rupees on research to find out ways and means for reviving the sagging tourism industry. The report of the committee was profusely applauded and acclaimed by the travel industry as a landmark in the country’s tourism history (Singh, 1996, PP 36-38). But, “Sadly it is a report which has been least acted upon” says the present secretary in the Department of Tourism (Bezbaruah, 2000, P-45). The effort and money spent on preparing the report were wasted due to government apathy. The other example relates to a resolution adopted in the State Tourism Minister’s conference on 10th December 1991 for the establishment of a Tourism Development Fund. No such fund was created and six years later, the Draft National Tourism Policy-1997 again talks of creating such a fund (Resolution No (h), 1991 & Draft National Tourism Policy (4-13), 1997). Omnipotent politicians and bureaucrats seem to have played a dubious role in executing tourism planning and development. Every two years the Minister of Tourism and Civil Aviation gets changed, changing also the focus on the development of tourism. New travel circuits and Indian Airlines flights get arranged for the state to which the minister belongs with scant regard to the viability of the operation. The location of Travellers’ Lodges/ Youth Hostels/ Tourist Bungalows gets decided upon
on extraneous considerations. The direction of Devi Lai, the then Deputy Prime Minister to allow 50 percent discount to farmers at Five Stars Hotels run by ITDC is a telling example of such illogical political intervention.

The National Tourism Organisation in India lacks professionalism. Most people at the helm of tourism affairs in the Government neither have the knowledge nor the right kind of attitude to manage this complex industry. As the IIPA report said, “The standard government department manned by the Civil Service is attuned to administration and regulation and less to positive and dynamic management with programming involving risk-taking”. So the idea of creating separate cadre for tourism, to be called the India Tourism Service, was justifiably mooted by the National Committee on Tourism. The organisational structure of the Tourism Department in India in itself constitutes an obstacle to tourism-development in the country. Restructuring of the tourism organisation making it more objective oriented has been stressed time and again in several reports prepared by experts. But no revamping of the organisation has yet taken place. It seems politicians and bureaucrats have some vested interest in maintaining the status quo.

Another problem of Indian tourism is the obvious lack of coordination between the centre and the states. It is pertinent to mention here that tourism is a state-subject. It does not even figure on the concurrent list of the constitution. So the centre does not have any powers to effectively guide the states on tourism matters. It can at best advise the state-governments. The government of India thus issued a notification in August 1993 allowing tourist coaches with all-India permit to pass through different states without having to pay separate tolls. But in fact no state recognises this permit. Similarly, the Department of Tourism at the center has long been stressing the need for having single-point taxation for inter-state movement of tourist coaches. But the states not only charge entry taxes, their officials also conduct frequent checks of tourist-coaches at border points causing hardship and delays. Let us take another example. The states levied luxury tax in the range of 10 to 15 percent, following the imposition of 20 percent expenditure-tax on five star hotels by the centre, making the cost of accommodation in India uncompetitive as compared to the neighbouring countries. To obviate this problem the National Committee on Tourism had rightly suggested - “It would perhaps be appropriate to bring tourism under the concurrent list of the Indian Constitutions”. Lack of coordination in the sphere of tourism-development is not merely confined to the governments at the centre and the states. It is also prevalent in the private sector and also in areas where private sector
interacts with the governments. A joint promotional campaign nicknamed "Operation Europe" launched by Tourist Offices and Air India is a case in point. There "cooperation has led to confrontation due to ego-problems of the officers on both sides" (Seth, 1999, P-188). Unfortunately tourism development has neither really become a part of the national agenda nor has there been an integration of its many different activities as in Mexico where 'CANCUN', the national programme for tourism development, became a great success because of proper coordination of efforts among local, municipal, state and central governments. As long as the strategy of 'common endeavour' as outlined in 1982 tourism policy does not become a reality, tourism development in India will remain a mirage.

Table-3.5
Plan Outlay on Tourism

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>PLAN</th>
<th>OUTLAY (Rs. in crores)</th>
<th>PERCENTAGE OF TOTAL PLAN OUTLAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1. First Plan</td>
<td>Nil</td>
<td>---</td>
</tr>
<tr>
<td>2</td>
<td>2. Second Plan</td>
<td>3.3638</td>
<td>0.13</td>
</tr>
<tr>
<td>3</td>
<td>3. Third Plan</td>
<td>4.001 (approx)</td>
<td>0.11</td>
</tr>
<tr>
<td>4</td>
<td>4. Fourth Plan</td>
<td>25</td>
<td>0.30</td>
</tr>
<tr>
<td>5</td>
<td>5. Fifth Plan</td>
<td>23.62</td>
<td>0.121</td>
</tr>
<tr>
<td>6</td>
<td>6. Sixth Plan</td>
<td>72</td>
<td>0.15</td>
</tr>
<tr>
<td>7</td>
<td>7. Seventh Plan</td>
<td>138.68</td>
<td>0.15</td>
</tr>
<tr>
<td>8</td>
<td>8. Eighth Plan</td>
<td>272.00</td>
<td>0.11</td>
</tr>
<tr>
<td>9</td>
<td>9. Ninth Plan</td>
<td>485.75</td>
<td>0.23</td>
</tr>
</tbody>
</table>

Source: Five Year Plan Documents, Planning Commission, Govt. of India

Table - 3.6
Yearwise Outlay on Tourism between 1990-91 and 2000-01

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>YEAR</th>
<th>OUTLAY (Rs. in crores)</th>
<th>PERCENTAGE OF TOTAL PLAN OUTLAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1. 1990-91</td>
<td>83.00</td>
<td>0.21</td>
</tr>
<tr>
<td>2</td>
<td>2. 1991-92</td>
<td>90.00</td>
<td>0.21</td>
</tr>
<tr>
<td>3</td>
<td>3. 1992-93</td>
<td>81.00</td>
<td>0.17</td>
</tr>
<tr>
<td>4</td>
<td>4. 1993-94</td>
<td>87.20</td>
<td>0.14</td>
</tr>
<tr>
<td>5</td>
<td>5. 1994-95</td>
<td>103.51</td>
<td>0.13</td>
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</table>
There has been clear failure of public relation in tourism. Allocations to tourism over the various plan periods have been paltry, never exceeding even 0.3 percent of the total outlay (See Table.-3.5 & 3.6). In a strategy paper, while suggesting an investment of over Rs.30000 crore to put tourism on the rapid growth path, the former Secretary of Tourism lamented the “Persistent lack of awareness about the real benefits of tourism on the part of the Planning Commission and Finance Ministry” (Tiwari, 2000, P-5) The working group on tourism set up by the Planning Commission assessed a requirement of Rs.6397 crores during the Ninth Plan for development of tourism infrastructure in the country. However, the Department of Tourism proposed Rs.5370 crore as the Ninth Plan allocation. The Planning Commission initially approved Rs.511.32 crore which was later reduced to Rs.485.75 crores (Annual Report – 2000-2001, P-8). It shows the extent of the government’s apathy towards this sector. The Government itself admits that only meagre allocations have been made for this sector. The Union Finance Minister, Yashwant Sinha, while addressing the conference of Chief Ministers and Tourism Ministers on 30.10.2001 conceded that allocation of resources for development of tourism is very low and underlines the need for creating proper condition for the private sector to participate in the development of tourism. He stressed on tax relaxation for the sector (Indian Express, 31.10.2001). In contrast, China spends 3.8 percent of its budget on tourism (The Hindu, dt. 17.08.2001). Moreover, where as the National Tourism Administration in foreign countries spend about 90 percent of their budget on marketing, promotions, information or research, using a very small compact staff the share of the administrative expenses in the tourism budget in India exceeds 50 percent at the state level, and at the level of the central government the administrative budget of India’s overseas tourist offices for long remained far too high in relation to the promotional budget. Such inadequate and unfocussed marketing of tourism is quoted as a major reason for the short fall in global interest in the country.

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<tbody>
<tr>
<td>6.</td>
<td>1995-96</td>
<td>102.70</td>
<td>0.13</td>
</tr>
<tr>
<td>7.</td>
<td>1996-97</td>
<td>130.00</td>
<td>0.17</td>
</tr>
<tr>
<td>8.</td>
<td>1997-98</td>
<td>180.35</td>
<td>0.20</td>
</tr>
<tr>
<td>9.</td>
<td>1998-99</td>
<td>230.50</td>
<td>0.21</td>
</tr>
<tr>
<td>10.</td>
<td>1999-00</td>
<td>230.50</td>
<td>0.22</td>
</tr>
<tr>
<td>11.</td>
<td>2000-01</td>
<td>195.00</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Source: Five Year Plan documents, Planning Commission, Government of India.

Note: Outlay includes Support (BS) plus Internal Extra Budgetary Resources (IEBR)
It would be unfair to blame only the government for the present state of affairs of the tourism industry in the country. A major responsibility for this lies with the travel trade and its failure to present a strong case for tourism. As Subash Goyal, President of Indian Association of Tour Operators, conceded “Tourism has not been projected in a proper manner” (Tiwari, 2000, P-6). There is absence of cohesiveness among different segments of the industry such as hoteliers, travel agents, transporters, and hence they fail to present themselves as a unified body to the government.

There are many other hiccups in the development of tourism in the country. Some of them may be listed here –

1. The image of India as an unsafe tourist destination.

2. Inefficiency in the operation of India’s national air carriers, the Indian Airlines “Nothing bugs a visitor more than waiting endlessly at the airport on a holiday”, says Gerald E-Picolla, the American senior Vice President Marketing, PATA.

3. The earlier restrictive visa control, exchange control and immigration control.

4. Excessive checks at the entry points. As Abid Hussain, which delivering a lecture at a function of International Fellowship Foundation organised by SITA said, “There is nothing more disconcerting and irritating to anybody than having a sulking face staring at you in the early hours of the morning, and looking at you as if you are a smuggler, terrorist or a drug pusher……. Most critically, we must clean up our points of entry” (Aktar, 1990, P-64).

5. Lack of infrastructural facilities available in the country both in terms of quality and volume. “According to a survey, India has 5.3 million international air seat capacity against the required 10 million, 9.70 million international air ports and passenger handling capacity against 19 million, 10 million domestic air seat capacity against 18 million, 65000 hotel rooms against 130000 required” (Bhardwaj, 1999, PP33-34). Besides, the tourist trains and road transportation services and the roads are in a bad shape.

6. Faulty aviation policy, “…tourism industry has two concerns……. The first is the national carriers’ own future……. The other is the seeming protectionist policy of Aviation Ministry in following a strict regimen of bilateral in the interest of Air India” (Seth, 1999, P-23).
3.8 Summary

The survey of tourism sector in India thus captures the following profile:

1. The appointment of the Sargent Committee in 1945 was the first step in the process of tourism development in India. The process was strengthened with the establishment of Tourist Traffic Branch in 1949 and its subsequent super session through the creation of a separate Department of Tourism on March 1958. Further reinforcement came when the government created the Ministry of Tourism and Civil Aviation on 14th March, 1968.

2. The Department of Tourism acts a nodal agency for the promotion of tourism in India. It performs wide ranging functions which include Planning, Coordination, Regulation, Infrastructure, Product Development, Publicity, Marketing, Research Analysis, Monitoring, Evaluation and Human Resource Development. The Department is headed by the a Secretary (Tourism), who is assisted by an attached office called Directorate of Tourism which has a field formation of 21 offices with in the country and 18 offices abroad. The Department of Tourism has under its control a public sector undertaking namely ITDC and a few autonomous institutions like IITTM, NCHMCT, NIWS and IISM.

3. With the realisation deepening that the organisational set up was not adequately responsive to the demands of the complex tourism industry, recommendations for restructuring the National Tourism Organisation in India were made by several agencies- the Estimates Committee of the Parliament in 1969, Indian Institute of Public Administration Survey Team in 1970, United Nations Development Programme Report in 1970-71 and National Committee on Tourism in 1988. But these recommendations were not honoured and the old organisational set up has continued to function without any appropriate change.

4. Tourism as a component of the Five Year Plan found a place in the Second Plan with an allocation of Rs.3.3638crores. During the early years of planning tourism occupied the 51st place in the planning commission list of 52 priorities (Yojana, August-1999, P-21). It was in the Fourth Five Year Plan that for the first time, the economic benefits of tourism as a foreign exchange earner and a generator of employment were realised. The Plan allocations increased from Rs.4crore in the
Third Plan to Rs.25 crore in the Fourth. ‘Operation Europe’ – an overseas publicity campaign to attract foreign tourists began in 1968. No new policy decisions were taken during the Fifth Plan. However, in the Sixth Plan the emphasis shifted from schemes to strategies and from foreign exchange earning to other issues of economic benefits of tourism. The first National Tourism Policy was announced on November 3, 1982.

The main thrust of the Seventh Five-Year plan was the promotion of domestic tourism and the diversification of overseas tourism. A number of incentives were announced to encourage private sector investment in the tourism industry. Tourism Finance Corporation of India was established for the development of tourist services.

A National Action plan for the development of tourism was drawn up in 1992 envisaging the development of 5 Special Tourism Areas, 15 Travel Circuits, 13 pilgrim centres and 10 Destinations.

The Eighth Five-Year Plan emphasised development of tourism through the private sector. A number of fiscal measures such as abolition of industrial licensing for hotels and tourism-related industries, allowing fifty-one percent foreign direct investment and special incentives to non-resident Indians to participate in tourism projects were announced. A National Strategy for Development of Tourism was drawn up in 1996 for achieving accelerated development of tourism.

The Ninth Five-Year Plan introduced a few new policy elements like prioritising infrastructure development for domestic tourism, people’s participation at grass root level for development of tourist facilities and creation of a tourist-friendly atmosphere. The basic strategy during the Ninth Plan was to establish effective coordination with all relevant agencies so as to achieve synergised development. Tourism was accorded the status of an export industry in early 1999.

5. As has been noted, the India Tourism Development Corporation (ITDC) was established in 1966 to create a sound base for the development of tourism and to manage many tourist facilities created by the central Government. The network of ITDC services includes hotel chains, restaurants, travel and transport unit, duty free
shops and sound and light show. The corporation works under the administrative control of the Department of Tourism. It is a profit making undertaking though for the first time it posted a loss in 1999-2000. The Government has started to disinvest the ITDC hotels. Funding to ITDC by the Government has also stopped.

6. International tourist traffic to India grew at a very fast pace registering an annual average increase of 24.7 percent during 1951-60, 8.6 percent during 1960-70 and 11 percent during 1970-80. This performance was superior to average growth of worldwide tourist traffic. However, the growth rate was substantially low at 3.2 percent and 4.41 percent respectively during the Eighties and Nineties. In contrast, growth rate of worldwide tourist arrivals during the same two decades was 4.8 percent and 4.2 percent respectively. India's share of world's total tourist arrivals was a paltry 0.37 percent during the Nineties.

Similarly with regard to travel receipts, India made tremendous progress in volume from Rs.7.7 crores in 1951-52 to Rs.14238 crores in 2000. But its share is the world receipt declined from 1.09 percent in 1980 to 0.66 percent in 1999. The performance of India’s neighbours in Asia has been much better both in terms of tourist arrivals and travel receipts since 1980. In contrast to international tourism, domestic tourism in India has shown a phenomenal annual average growth rate of 12.57 percent since 1992. The growth rate could be much higher if the religious tourists numbering more than 100 million are included. On the accommodation sector, the number of approved hotels and rooms increased from 371 and 23620 respectively in 1981 to 1296 and 72155 by the end of March 2000. If supplementary accommodations are to be taken into account, the figures could double. Though thousands of travel agents, tour operators, transport operators, do business through out India, only 290 travel agents, 388 tour operators, 240 transport operators and 3 adventure tour operators appears in the approved list of the Department of Tourism as on January 2000.

7. Indian tourism suffers from a number of ills which retard its growth. The main ones are improper planning and inefficient execution, absence of a comprehensive tourism policy, non-prioritisation of tourism sector, an unprofessional tourism organisation, political high-handedness, lack of coordination between the centre and its states, as also among different ministries and between the government and
the private sector, measly plan allocation, poor tourism infrastructure, faulty aviation policy, inadequate marketing and image building efforts and excessive visa, exchange and immigration control.

All deficiencies, notwithstanding, India has the potential to become the leader in the world tourism market, for the India tourism demand has been growing at the rate of 10.1 percent per annum. This gratifying factor has been predicted by none other than the World Travel and Tourism Council’s (WTTC) Tourism Satellite Accounting Research (TSAR). But according to the research body India has to first undertake a few corrective measures if it is to achieve the distinction (The Hindu, ‘India can become number one in tourism’, 17.08.2001). They are as follows:

a) Tourism has to be prioritised in the national plans.

b) The increase in demand has to be satisfied by a matching supply.

c) Indian tourism has to be made internationally competitive.

d) Infrastructure dictated by domestic demand has to be expeditiously developed.

e) Changes are to be effected in the visa sector, the aviation sector, taxation and marketing policies.

f) A few international airports with the best of transit facilities are to be built.

To bring about these changes what is needed are strong political will change in the mind-set of planners and bureaucrats and introduction of professionalism through the involvement of managerial experts in the development of tourism in the country. Only then can India truly become a tourist paradise. The accelerated growth of tourism at the national level thus achieved will help a great deal in boosting tourism in the individual states. But not all of them are going to reap the benefits. The ones who now show dynamism and professional aptitude would profit the more. Against such a projection where does the state of Orissa stand today? Is it really braced up for the situation? In the three chapters to follow tourism planning and development, an analysis of resource
potential and tourism growth, and intra regional tourism development in Orissa will be
taken up for discussion in order to get dependable answer to the questions such as these.