CHAPTER-I

INTRODUCTION: PROFILE OF THE STUDY
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Tourism has become a popular global leisure activity. According to the report of United Nation World Trade Organisation (UNWTO 2) in 2011, there were over 983 million international tourist arrivals worldwide, representing a growth of 4.6% compared to 940 million in 2010. International tourism receipts grew to US $ 1.03 trillion in 2011, corresponding to an increase in real terms of 3.8 percent from 2010. Besides the developed countries, tourism has become vital for many developing nations too. China and Malaysia have reached the top 10 most visited nations of the world in 2011 (UNWTO 6). In many developing countries, tourism is the most viable and sustainable economic development option and the main source of foreign exchange earnings (UNWTO 1). In the countries like Vanuatu, Maldives, Bahamas, Barbados and San Marino, tourism contributes more than 50 percent of their GDP. Of course, India, Bangladesh, Burundi, Cameroon, and Haiti receive even less than 5 percent of their GDP from tourism trade (Bhuyan 2).

Tourism plays an important role in economic development and creation of jobs in India. The Planning Commission of India estimated that 78 jobs per million rupees of investment are created by the tourism sector. The planning commission has identified tourism as the second largest sector in providing employment opportunities for low-skilled and semi-skilled workers (Ministry of Tourism, Government of India 1). However, the percentage share of India in international tourist arrival has been around 0.5 during 2006 to 2009 and the share of tourism revenue receipts has been slightly above 1% in the same years (Stark Tourism Associates). However, against such dismal scenario, there are some prospects as well. Tourism in India is the largest service industry, with a contribution of 6.23 percent to the national GDP and 8.78 % of the total employment in India. In 2011, total foreign tourist arrivals in the country were 6.18 million (Table 1.1). India generated about 200 billion US dollars in 2008 and that is expected to increase to US 375 billion dollars by 2018 at a 9.4 per cent annual growth rate (Ministry of Tourism, Government of India 5). For every INR 1 million of investment, the number of jobs created in India is 18 in manufacturing sector, 45 in
agriculture, and 78 in travel and tourism (Ministry of Tourism, Government of India, 1). The number of foreign tourist arrival in India increased from 5.78 million in 2010 to 6.18 million in 2011, registering a growth of 8.9 per cent. (Sahai 1)

**Table 1.1: Tourists arrivals in World and in India (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>World arrivals</th>
<th>Arrivals in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>683.4</td>
<td>2.54</td>
</tr>
<tr>
<td>2002</td>
<td>703.2</td>
<td>2.38</td>
</tr>
<tr>
<td>2003</td>
<td>691.0</td>
<td>2.73</td>
</tr>
<tr>
<td>2004</td>
<td>762.0</td>
<td>3.46</td>
</tr>
<tr>
<td>2005</td>
<td>803.4</td>
<td>3.92</td>
</tr>
<tr>
<td>2006</td>
<td>846.0</td>
<td>4.45</td>
</tr>
<tr>
<td>2007</td>
<td>894.0</td>
<td>5.08</td>
</tr>
<tr>
<td>2008</td>
<td>917.0</td>
<td>5.28</td>
</tr>
<tr>
<td>2009</td>
<td>880.0</td>
<td>5.17</td>
</tr>
<tr>
<td>2010</td>
<td>940.0</td>
<td>5.78</td>
</tr>
<tr>
<td>2011</td>
<td>983.0</td>
<td>6.18</td>
</tr>
</tbody>
</table>

Source: Tourism Highlights, UNWTO, 2012

Despite having ample tourism resources, the tourist inflow into Assam is hardly encouraging. In the recent years, the Government of Assam has undertaken different strategies to attract tourist into the State. In 2008, the State Government declared its Tourism Policy giving tourism high priority in the economic development of the State. The Assam Vision 2025 projected that by the end of 2025, tourism business turn-over would be over worth INR 1360 billion providing employment to 1.01 million persons in the State. It also targeted to have 2.7 million domestic tourists and 30000 foreign tourists by 2025.

Though tourism is being given priority everywhere, the full benefits of tourism do not always reach the host economy due to leakage. According to the United Nations Environment Programme (UNEP) this leakage occurs in terms of taxes, imports, and profits and wages paid to the people staying outside the tourism destination. The problem of leakage is more serious in case of the developing countries compared to that of developed countries. Due to the existence of heavy amount of leakage, the developing countries are incapable to capture the maximum benefits of tourism.
Observing the benefits to the local economy and the environment, some scholars advocated promotion of nature based tourism based on national parks and wildlife heritage (Walpole and Goodwin 160; Goodwin, 288; Valentine 107; New South Wales Taskforce on Tourism). Tourism that features nature is generally termed nature based tourism; a broad term that covers a range of tourism experiences including adventure tourism, ecotourism, and aspects of rural tourism (Tourism Western Australia). In its broadest sense, nature tourism involves experiencing natural places, typically through outdoor activities that are sustainable in terms of their impact on the environment (Tourism New South Wales). These can include everything, from bushwalking and adventure tourism experiences to sightseeing, scenic driving, beach experiences, and wildlife viewing. By the term nature based tourism, Laarman and Durst (43) referred to a style of tourism which combines education, recreation and adventure. Boo (as quoted in Valentine 108) defined nature based tourism as travelling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations. The nature based tourism can be termed as environment-friendly travel (Borst, as quoted in Valentine 108) and sustainable tourism (Lane, as quoted in Valentine 108). Valentine defined nature based tourism in a more simple way, “Nature based tourism is primarily concerned with the direct enjoyment of some relatively undisturbed phenomenon of nature” (108).

Nature based tourism helps in both conservation and sustainable development (Walpole and Goodwin 560). The argument of Goodwin (288) regarding nature based tourism and benefits of conservation and local residents is relevant here:

Low impact nature tourism contributes to the maintenance of species and habitats either directly through a contribution to conservation and /or indirectly by providing revenue to the local community sufficient for local people to value, and therefore protect, their wildlife heritage as a source of income. (288)

Tourism in national parks has some important benefits. It increases the local people’s income and hence the local community gets motivated to protect wildlife and
habitats (National Parks: Britain’s Breathing Spaces). Thus, tourism in national parks is
developed for conservation purpose. If the local community living in the adjoining or
fringe villages of national parks gets benefits from tourism, they will protect the wild
animals and resources themselves. If tourism does not benefit local community they may
not be interested for conservation and may not reduce their dependence on forest
resources for livelihood. The argument of Ahsan (132) is significant here. He believes
that if the residents bear the cost without receiving benefits, they may turn against
conservation, and may intentionally and unintentionally damage the site. Therefore, it is
very important to study how much nature based tourism benefits the local residents. It is
possible only when we study the impact of tourism on local economy based on fringe
villages of national parks. Thus, if we broaden the definition of local economy by
including the rural gateway towns or the complete region as a whole, we will not be able
to diagnose the actual benefits the local residents living in the fringe villages receive.

Assam has very high potentiality in nature based tourism (Devi, 183). She is
famous for her unique physiological beauty with flora and fauna, different tribes, five
national parks out of which two are nature based world heritage sites, seventeen wildlife
and birds sanctuaries, and two biosphere reserves (out of fifteen in India). Observing the
high potentiality of nature based tourism, the state government has given priorities to
promote tourism based on nature (Tourism Policy of Assam 2008 4). The State
Government spend millions of rupees for the development of tourism in Kaziranga
National Park and Manas National Park so that the local people living in the adjoining
areas gets benefits from tourism which in turn will lead to conservation (Department of
Tourism, Government of Assam). Nature based tourism is prone to leakage for which it is
important to examine how much tourism has benefited the people living in the adjoining
areas of the national parks.

This study has been undertaken in the adjoining villages of Kaziranga National
Park (KNP) and Manas National Park (MNP). There are basically two reasons of
choosing the two destinations. Researchers believe in the concept of “high revenue-high
leakage and low revenue-low leakage”. This means that tourism destination with higher
revenue has high leakage and tourism destination with lower revenue has low leakage
(Lacher and Nepal, Dependency and development 953, From leakages to linkages 88;
Weaver, *Alternative to mass tourism* 428). KNP has been generating far higher amount of tourism revenue compared to MNP. In this situation, the present study will help to verify empirically “high revenue-high leakage low revenue-low leakage” statement in case of KNP and MNP too.

Secondly, tourism is established in KNP and it is in the infancy level in MNP. It is reflected by the number of visitors coming to the destinations and revenue generated. It is argued that as the number of visitors to a destination increases, it becomes more prone to revenue leakage (Meyer 26). Since KNP is the most visited tourism destinations of Assam, tourism to this destination is established. Hence it is important to check whether leakages in KNP and MNP are different.

The common thing about KNP and MNP is that both are world heritage sites and both are related to wildlife tourism. Considering all these things, it is important to find whether there is any difference in the leakage rate in the national parks.

Thousands of tourists come to see the important species of wildlife of KNP and MNP and, therefore, millions of rupees are generated through tourism. But the important factor to be studied is whether the local residents are benefited from that tourism revenue or not. The present study has taken this issue and tried to estimate tourism revenue, leaked revenue, and retained revenue and to formulate some concrete strategies so that the tourism revenue can be retained within the local economy of the tourism destination if the leakage is found to be high.

The thesis is broadly organized into six chapters. In Chapter I, a background concept of the present study, the rational of the study and a brief description of each chapter is provided. In Chapter II, an extensive literature review is presented. Through the literature review, the conceptual framework of the topic was formulated. In Chapter III, the research gap was identified. For fulfilling the research gap four objectives were formulated in Chapter III. The objectives included identifying the tourism businesses of the study area where tourism leakage occurs, quantifying leakage, identifying causes of leakage, and developing local level strategies to reduce leakage. A description about the geographical area where the research has been undertaken is also described in Chapter III. The methodology was designed to fulfill the objectives and it is included in Chapter IV. In the methodology, the workings of Lacher and Nepal (*Leakages to linkages* 87-89;
Dependency and development 954-956) and Sandbrook (Putting leakages in its place 127) have been taken as references. As in the working of Lacher and Nepal, and Sandbrook, a census survey of all tourism businesses operational in the study area was undertaken in this study.

In Chapter V, the sectors where tourism leakage occurs are described. Besides, the estimated amount of tourism revenue, leaked revenue and retained revenue are described in this chapter. The causes of the revenue leakage identified in the study areas are also described in this chapter. This chapter also includes the stakeholders’ suggestions and strategies proposed on the basis of the experts’ opinion for minimizing leakage. Chapter VI is the concluding chapter of the thesis. This chapter gives a brief description of the whole work. This chapter also highlights the contribution of the study to the body of knowledge, to policy, and areas of further research.

Like other studies undertaken by Walpole and Goodwin (563-565) and Sandbrook (Putting leakages in its place 127-129), the present study has also estimated leaked revenue by doing census survey. While the other studies quantified leakage in a single national park, this study has compared and contrasted two national parks of Assam: KNP and MNP. Though both are world heritage sites, the tourism scenario is not similar in the two national parks. KNP is the highest revenue generating destination, and MNP is a low revenue generating destination. Moreover, whereas KNP is a matured tourism destination, the tourism of MNP is at infancy level. By choosing the two heterogeneous destinations, the present study wanted to analyse how leakage differ from one destination to another and what are the causes responsible of such leakages. Whereas the previous studies (Sandbrook, Putting leakages in its place 131; Lacher and Nepal, Dependency and development 959, From leakages to linkages 89; Walpole and Goodwin 569) estimated leakage only the present study has not only estimated leakage but also developed some destination level strategies to minimise leakage on the basis of availability of resources in the destinations. Convergence of all is the novelty of the present study.

The results achieved in the study will be beneficial to the policy makers. Most of the previous studies were undertaken in the national or international scale. Those results cannot be applied for the development of local level economy specially based on
National Parks. Since the present study is undertaken in the small scale local level economy of National Parks, the results of the study can be utilized for future tourism planning and development of local level economy of National Parks. In strategy formulation, different areas where the local people can be engaged are identified on the basis of the availability of resources in the local level economy. Therefore, the strategies developed which are compatible to the local situation will be very helpful to policy formulation for the local level economy of KNP and MNP.