Chapter 2

Historical Background of Tourism Industry
and Tourism Policies of India

2.1 Tourism: An Introduction
2.2 Tourism Industry in India: An Overview
2.3 Significance of Tourism
2.4 Tourism under Five Year Plans in India
2.5 Tourism Policies in India
2.6 Major Initiatives and Achievements taken by the Government of India
2.1 Tourism: An Introduction

The previous chapter was devoted to the framework of the study, review of various literatures, research gap, scope, methodology of the study, need and importance of the study. The present chapter deals with the comprehensive analysis historical background of tourism and tourism policies formulated to boost tourism industry in India, as tourism has the great potential for employment and revenue generation.

Traveling and history are interlinked with each other. The history of travel and tourism can be said to be as old as the human race itself. Men travelled to fulfill his basic needs like food and shelter and also for his curiosity. In ancient time war, religious undertaking, trade and commerce was the main motive for travel. But it was hard to travel in that time due to lack of transportation and absence of road. So man made efforts to develop facilities in the form of land or river route and travel became an easy practice for human being and people traveled for wanderlust, conquest, gain knowledge, propagate religion or for pilgrimage. With the passage of time pleasure travels become one of the important motive for tourists. The concept of pleasure travel can be associated with the Roman Empire. The Romans, probably, were the first pleasure travellers in the world. In the middle age a new category of travelers developed i.e. students who visited learning centers (Universities and Institutions) all over the world for study. Another new category of travelers came in to scene by the end of sixteenth century who were travelling to see the different places and there was a thirst to know about the cultural and living traditions of people and also various other aspects. The beginning of the 18th Century saw the practice of going to watering places. It was a period when travel for the sake of
nature was recognized as an invaluable human activity and the travellers appreciated the beauty of the mountains and hills.

In 20th century with the growth of science and technology the concept of modern tourism was born due to the development of communication system and transportation. Modern tourism is based upon a desire to make around of the places of interest religious, spiritual, natural monuments, ancient cities, historical sites, place of pilgrimage and all the places of curiosity. The prime motive of tourism is pleasure and leisure but normally this is supplemented by business, social, cultural, religious and educational motives. As such there are business tourism, cultural tourism, social tourism, eco tourism and medical tourism etc. Today, because of the availability of quick and cheap travel facilities, the travel has become more convenient, and tourism has diversified in many fields.

In recent years, tourism is regarded as one of the world’s biggest and fastest growing industries. It has been playing a pivotal role in the socio-economic development of the most of the developed as well as developing counties of the globe. So, most of the developing nations are attracted to this industry and are trying their best to strengthen their economy by promoting tourism.
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Table 2.1 shows the international tourist arrivals in all over world from 1950 to 2007:

Table - 2.1
International Tourist Arrivals in World 1950 to 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>World</th>
<th>Africa</th>
<th>Americas</th>
<th>Asia and the Pacific</th>
<th>Europe</th>
<th>Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>25.30</td>
<td>0.50</td>
<td>7.50</td>
<td>0.20</td>
<td>16.80</td>
<td>0.20</td>
</tr>
<tr>
<td>1960</td>
<td>69.30</td>
<td>0.80</td>
<td>16.70</td>
<td>0.90</td>
<td>50.40</td>
<td>0.60</td>
</tr>
<tr>
<td>1970</td>
<td>165.80</td>
<td>2.40</td>
<td>42.30</td>
<td>6.20</td>
<td>113.00</td>
<td>1.90</td>
</tr>
<tr>
<td>1980</td>
<td>278.10</td>
<td>7.20</td>
<td>62.30</td>
<td>23.00</td>
<td>178.50</td>
<td>7.10</td>
</tr>
<tr>
<td>1990</td>
<td>439.50</td>
<td>15.20</td>
<td>92.80</td>
<td>56.20</td>
<td>265.60</td>
<td>9.60</td>
</tr>
<tr>
<td>2000</td>
<td>687.00</td>
<td>28.30</td>
<td>128.10</td>
<td>110.50</td>
<td>395.90</td>
<td>24.20</td>
</tr>
<tr>
<td>2001</td>
<td>686.70</td>
<td>29.10</td>
<td>122.10</td>
<td>115.70</td>
<td>395.20</td>
<td>24.50</td>
</tr>
<tr>
<td>2002</td>
<td>707.00</td>
<td>30.00</td>
<td>116.70</td>
<td>124.90</td>
<td>407.00</td>
<td>28.50</td>
</tr>
<tr>
<td>2003</td>
<td>694.60</td>
<td>31.60</td>
<td>113.10</td>
<td>113.30</td>
<td>407.10</td>
<td>29.50</td>
</tr>
<tr>
<td>2004</td>
<td>765.10</td>
<td>34.50</td>
<td>125.70</td>
<td>144.20</td>
<td>424.40</td>
<td>36.30</td>
</tr>
<tr>
<td>2005</td>
<td>803.00</td>
<td>37.30</td>
<td>133.20</td>
<td>155.30</td>
<td>438.70</td>
<td>38.30</td>
</tr>
<tr>
<td>2006</td>
<td>846.00</td>
<td>40.70</td>
<td>135.90</td>
<td>167.20</td>
<td>460.80</td>
<td>41.80</td>
</tr>
<tr>
<td>2007</td>
<td>898.00</td>
<td>44.20</td>
<td>142.10</td>
<td>184.90</td>
<td>480.10</td>
<td>46.40</td>
</tr>
</tbody>
</table>

Source: Compiled from the various reports of World Tourism Organization

Table 2.1 reveals that International tourist arrivals have gone up from 25.3 million in 1950 to 898 million in the year 2007 and it is continuously increasing. International tourist arrivals are estimated to increase to 1 billion by 2010 and 1.6 billion by 2020, according to the United Nations World Tourism Organization (UNWTO). Tourism not only increases the foreign exchange earnings of the countries, but it is also one of the largest employment generating industries. Presently 10% of the total global work force is employed by tourism. It provides direct and indirect employment and hence solves the unemployment problems of
most of the developing countries of the world. With the movement of people across the national boundaries, people have come closer to one another. This has led to the understanding of culture and traditions, and hence their prevention. Tourism has led to the international integration and fostering universal brotherhood which no other industry in the world can do.

There are many definitions given by different people. One of the most primitive meanings of tourism was given by Herman V. Schullard, in the year 1910, who defined "tourism is the sum total of operations, mainly of an economic nature, which directly relate to the entry, stay and movement of foreigners inside and outside a certain country, city or region." 6 The concept of tourism, however, found expression in a more technical definition of the Swiss professor Hunzikar and Kraph in the year 1942, they stated "Tourism is the totality of the relationship and phenomenon arising from the travel and stay of strangers, provided the stay does not imply the establishment of a permanent residence and is not consulted with a remunerated activity." 7. Tourism generally refers to a temporary movement of people from one place to another. It may be domestic tourism or international tourism. "Tourism is a composite phenomenon which embraces the incidence of a mobile population of travelers who are strangers to the places they visit" 8. Burkart and Medlik also define "tourism denotes the temporary short-term movement of people to destinations outside the place where they normally live and work and their activities during their stay at these destinations" 9. Mathieson and Wall created a good working definition of tourism as "the temporary movement of people to destinations outside their normal places
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of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to cater to their needs." 10. Chris and Ryan defines " Tourism is a study for the demand for and supply of accommodation and supportive services for those staying away home and the resultant patterns of expenditure income creation and employment." 11

Thus we can say that Tourism is a sum of all activities including services and industries that delivers a travel experience, including transportation, accommodations, eating and drinking establishments, retail shops, entertainment businesses, activity facilities and other hospitality services provided for individuals or groups traveling away from home with out any earning activity. In other words it can be said that tourism is a leisure activity in which the tourist spends the money earned in his normal place of work or at home and the same money is spent in the places visited by him. The main features of tourism are given below:

2.1.1 Tourism – Act as Catalyst for Economic Growth

From the economic point of view tourism is especially important in developing countries, like India. This is illustrated by the fact that during 2008, 5.37 million foreign tourists visited India and contributing a substantial amount of Rs 50730 cr. foreign exchange in India 12. So tourism acts as a catalyst to economic growth and also generates foreign exchange. Its importance as economic factor is also evident from its being a multibillion dollar activity, the second largest industry after oil and the largest single employer in the world. Apart from removing the regional imbalances, it opens the new avenues for providing employment opportunities for young women and men and also yielding high tax
revenue to the government. Tourism ensures a minimal use of natural resources and optimum use of manpower and expertise 13.

2.1.2 Tourism- A Melting Pot of Different Culture

Besides the economic gains, there is hardly any activity which presents as much scope for promotion of human understanding so smoothly and as successfully as the international tourist industry. Tourism has also led to resurgence of many cultures. Cultural tourism, whose scope is growing rapidly, has enabled the countries to accord importance to the development of cultural products intended for visitors and to the protection of natural environment.

2.1.3 Tourism - A Vital Force for World Peace

Apart from being an economic and cultural force, tourism vitally helps in promoting universal brotherhood and world peace also. Tourism industry helps in promoting peace and stability in developing countries by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness. It also helps in bringing about closer understanding between the peoples of diverse nationalities, customs, religions, cultures and social backgrounds. Tourism can be a vehicle for the realization of man's highest aspirations in the quest for knowledge, education, understanding, acceptance and affirmation of the originality of cultures and respect for the moral heritage of different people. These spiritual values of tourism are also significant for world peace and human understanding. Tourism now has promise to become the world’s first peace industry, an industry which recognizes, promotes and supports the belief that every traveler is potentially an Ambassador for peace 14.
2.2 Tourism Industry in India: An Overview

India is a country with a history of civilization spreading over more than 5000 years. The essences of Vedic, Islamic and Western cultures are all blended in Indian civilization. It is a multi-cultural, multi-religious, and multi-linguistic country. The cultural heritage of India has a glorious past and traditions. It was ruled by different races from time to time. Different rulers of different religious attitudes ruled on this part of land. It imbibe in itself the culture and tradition of these periods. Its travel tradition starts with Pre-Vedic- Indus valley civilization, which flourished in the north-western part of India from 3000 to 1500 B.C. and has witnessed visits of people of different centers of human settlements for the purposes of social integration, trade and learning. After that Aryans came to India and developed several centers of learning and religious worships throughout the country. During this period a sizable movement of people took place in search of education and learning. Development of traditional industries and trade created another stream of travelers in India. Several trading route were established and traders started frequenting the centers of trade from distant places. Emperor Ashoka after battle of Kalinga turned a Buddhist and undertook missionary activities for spreading the message of peace and Buddhism, which became a major motivational force for development of tourism. Ashoka himself spent 256 nights on a pilgrimage tour. Later on Gupta Kings made contributions in the development of tourism in India from 335 to 445 A.D. in the form of depicting human life style in the Ajanta caves.

Pleasure tourism was introduced during the Mughal Rule in India. Among the earliest travelers, the Chinese pilgrim Fa-Hein visited India.
Historical Background of Tourism Industry and Tourism Policies of India during 359-424 AD followed by Hiuen- Tsang during 625-645 AD. They have left details of accounts of their impressions on various aspects of ancient India. Later on many European travelers visited India in search of knowledge. India has large cities, monumental temples, mosques and churches, great palaces, beautiful sculptures, rivers, beaches, mountains, and wildlife sanctuaries, which provide unique tourist attractions. India has something for every tourist irrespective of whatsoever his likeness is in. It is only because of its rich diversity and natural wealth that India has attracted different rulers, travelers and scholars towards it and is still attracting tourists of different interests.

In India the importance of tourism had been recognised even after the Second World War. The first conscious and organised efforts to promote tourism in India before independence were made in the year 1945, when a committee was set up by the Government of India under the chairmanship of Sir Johan Sargent, the then educational adviser. The main objective of the committee was to survey the potentialities of developing Tourist Traffic in India. The Sargent committee submitted its interim report in October 1946. The Committee recommended that the question of promoting and developing traffic was a matter of great national importance and therefore, it deserve whole time attention of a separate organisation at centre, with regional offices at Mumbai, Delhi, Kolkata, Chennai, which should take initiative in such matters as:

1. Publicity both in India and abroad.
2. Production of suitable Literature such as guide books, folders and porters, etc.
3. Provision for training of guides.
4. Liaison with other government department responsible for providing facilities required by tourists including information in regard to industries and commercial matters.

5. Liaison with the travel agencies which would necessarily remain responsible for the detailed arrangements of tourist.

6. Liaison with hotels and catering establishments.


Some of the other major recommendations of the committee were:-

1. Coordination with air and train services with a view to facilitate their coordination and development in India.

2. Provision of Chain of first class hotels of international and standard for the Convenience and comfort of foreign tourists.

3. Starting publicity bureau in London and New York and in the substantial number of tourist might be forth coming.

In 1948, an adhoc tourist traffic committee was established to suggest ways and means to promote tourist traffic in India. On the recommendation of this committee a tourist traffic office was set up in 1949 with regional branches. Further this office developed in the shape of the department of tourism under the Ministry of Transport in 1958. But, tourism in India continued to unnotice till 1962. To give a boost to the tourism sector another adhoc committee was set up with Mr. L.K.Jha as the chairman. On the basis of the Jha Committee Report, three corporations were set up to deal with the problems faced by the tourism sector. In 1966, these corporations were merged together to form India Tourism Development Corporation (ITDC) and subsequently, a separate Ministry of Tourism and Civil Aviation came into being under the Prime Minister.
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Mrs. Indira Gandhi in May 1986, the Government of India realised the importance of tourism and set up an independent Ministry of Tourism.

2.3 Significance of Tourism

Tourism is one of the most important economic indicators of any economy. The importance of tourism industry of the individual country in terms of earning foreign exchange, balance of payments and employment generation effect can be judged effectively in relation to that of other sectors in same economy. In recent years, tourism has developed considerably as a whole but its growth and development differs from place to place and from one country to the other. In India tourism not only has direct contribution to the economy but it has significant linkages with several other sectors like agriculture, poultry, handicrafts, construction, transport, etc. Tourism is a development activity, which enhances the quality of life, preserves the national heritage and encourages the appreciation of India’s diverse cultures both by Indians and foreign visitors. It has become an important segment of the Indian economy as it creates employment opportunities and contributes substantially to its foreign exchange earnings. India’s share in the international tourist arrivals was 0.56% in 2007 and ranked at 42nd in world’s tourist arrivals. While it stood 47th in 1998 in the world ranking, this went up 54th in 2002, 44th in 2004, 41th in 2005 and 42nd in 2006. India’s rank in world tourism receipts was 20 and share 1.25 % of total international tourism receipts in 2007.
Tables 2.2 and 2.3 are showing the foreign tourist arrivals in India from 1982 to 2008:

**Table -2.2**
*Foreign Tourist Arrivals (FTAs) in India, 1982 to 1997*

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Tourist Arrivals in India (in million person)</th>
<th>Percentage change over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>1.29</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>1.30</td>
<td>0.70%</td>
</tr>
<tr>
<td>1984</td>
<td>1.19</td>
<td>-8.50%</td>
</tr>
<tr>
<td>1985</td>
<td>1.26</td>
<td>5.50%</td>
</tr>
<tr>
<td>1986</td>
<td>1.45</td>
<td>15.20%</td>
</tr>
<tr>
<td>1987</td>
<td>1.48</td>
<td>2.30%</td>
</tr>
<tr>
<td>1988</td>
<td>1.59</td>
<td>7.20%</td>
</tr>
<tr>
<td>1989</td>
<td>1.74</td>
<td>9.10%</td>
</tr>
<tr>
<td>1990</td>
<td>1.71</td>
<td>-1.70%</td>
</tr>
<tr>
<td>1991</td>
<td>1.68</td>
<td>-1.70%</td>
</tr>
<tr>
<td>1992</td>
<td>1.87</td>
<td>11.30%</td>
</tr>
<tr>
<td>1993</td>
<td>1.76</td>
<td>-5.50%</td>
</tr>
<tr>
<td>1994</td>
<td>1.88</td>
<td>6.90%</td>
</tr>
<tr>
<td>1995</td>
<td>2.12</td>
<td>12.60%</td>
</tr>
<tr>
<td>1996</td>
<td>2.29</td>
<td>7.70%</td>
</tr>
<tr>
<td>1997</td>
<td>2.37</td>
<td>3.80%</td>
</tr>
</tbody>
</table>


It is very clear from table 2.2 that the foreign tourist arrivals (FTAs) which were 1.29 millions in 1982 and went up to reach 2.37 million in 1997. During 16 years the number of FTAs fluctuates due to many reasons. The total change in FTAs in terms of percentage in 1983, as compare to 1982, was 0.70%. It went up to 15.20% in 1986, but in some year’s table has shown negative growth rate in the years 1990, 1991 and 1993. This also
reveals that the FTAs have increased a lot during the period from 1994 to 1997.

Table -2.3
Foreign Tourist Arrivals (FTAs) in India, 1998 - 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Tourist Arrivals in India (in million)</th>
<th>Percentage change over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>2.36</td>
<td>- 0.70%</td>
</tr>
<tr>
<td>1999</td>
<td>2.48</td>
<td>5.10%</td>
</tr>
<tr>
<td>2000</td>
<td>2.65</td>
<td>6.90%</td>
</tr>
<tr>
<td>2001</td>
<td>2.54</td>
<td>-4.20%</td>
</tr>
<tr>
<td>2002</td>
<td>2.38</td>
<td>-6.30%</td>
</tr>
<tr>
<td>2003</td>
<td>2.73</td>
<td>14.70%</td>
</tr>
<tr>
<td>2004</td>
<td>3.46</td>
<td>26.70%</td>
</tr>
<tr>
<td>2005</td>
<td>3.92</td>
<td>13.30%</td>
</tr>
<tr>
<td>2006</td>
<td>4.45</td>
<td>13.50%</td>
</tr>
<tr>
<td>2007</td>
<td>5.08</td>
<td>14.30%</td>
</tr>
<tr>
<td>2008</td>
<td>5.37</td>
<td>5.60%</td>
</tr>
</tbody>
</table>


It can be observed from table 2.3 that the Foreign Tourist Arrivals (FTAs) has almost doubled during the period 1998 to 2008, reaching 5.37 million people in 2008 from 2.36 million in 1998. In term of percentage the growth has been negative in the years 1998, 2001 and 2002. There are many reasons behind this negative growth rate but the major one was the terror attack on USA on 11 September, 2001 which affected the tourism industry all over the world. But after the 2002, there has been a significant increase
in FTAs during 2003 to 2007. During 2007, it was not only a record year for
India’s inbound tourism but was the fifth year showing a double-digit
increase in arrivals. But in 2008 foreign tourist arrival drastically reduced
to reach from 14.30% to 5.60%. This is due to terror attacks in different
destination like Delhi, Mumbai, Jaipur etc., foreign tourist arrivals could
not keep that pace as it has recorded in the last five year.

Table 2.4
Comparison of Month-wise Foreign Tourist Arrivals(FTAs)in India from 2006 to 2008

<table>
<thead>
<tr>
<th>Month</th>
<th>FTAs</th>
<th>Percentage Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>January</td>
<td>459489</td>
<td>535631</td>
</tr>
<tr>
<td>February</td>
<td>439090</td>
<td>501692</td>
</tr>
<tr>
<td>March</td>
<td>391009</td>
<td>472494</td>
</tr>
<tr>
<td>April</td>
<td>309208</td>
<td>350550</td>
</tr>
<tr>
<td>May</td>
<td>255008</td>
<td>277017</td>
</tr>
<tr>
<td>June</td>
<td>278370</td>
<td>310364</td>
</tr>
<tr>
<td>July</td>
<td>337332</td>
<td>399866</td>
</tr>
<tr>
<td>August</td>
<td>304387</td>
<td>358446</td>
</tr>
<tr>
<td>September</td>
<td>297891</td>
<td>301892</td>
</tr>
<tr>
<td>October</td>
<td>391399</td>
<td>444564</td>
</tr>
<tr>
<td>November</td>
<td>442413</td>
<td>532428</td>
</tr>
<tr>
<td>December</td>
<td>541571</td>
<td>596560</td>
</tr>
<tr>
<td>Total</td>
<td>4447167</td>
<td>5081504</td>
</tr>
</tbody>
</table>


Table 2.4 reveals the month wise foreign tourists arrival in India
from January 2006 to December 2008. It is clear from the table that foreign
Tourists arrival have increased from 44,47,167 in 2006 to 50,81,504 tourists in 2007 and 53,66,966 tourists in 2008. In percentage term it increased from 14.30% in 2007 and 5.60% in 2008. Most of the months in these three years are showing positive growth rate except for the month of November and December in 2008, which has shown negative growth rate. This negative growth rate is due to terror attack on Mumbai in November 2008.

Graph 2.1

Month-Wise Foreign Tourist Arrivals in India from 2006 to 2008

Source: Compiled from Table 2.4

Graph 2.1 is showing the monthly foreign tourist arrivals in India from 2006 to 2008.
Table 2.5 is showing the foreign exchange earnings from tourism in India from 1998 to 2008:

<table>
<thead>
<tr>
<th>Year</th>
<th>FEEs from tourism in India (in Rs.Crore)</th>
<th>Percentage change over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>12150</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>12951</td>
<td>6.60%</td>
</tr>
<tr>
<td>2000</td>
<td>15626</td>
<td>20.70%</td>
</tr>
<tr>
<td>2001</td>
<td>15083</td>
<td>-3.50%</td>
</tr>
<tr>
<td>2002</td>
<td>15064</td>
<td>-0.10%</td>
</tr>
<tr>
<td>2003</td>
<td>20729</td>
<td>37.60%</td>
</tr>
<tr>
<td>2004</td>
<td>27944</td>
<td>34.80%</td>
</tr>
<tr>
<td>2005</td>
<td>33123</td>
<td>18.50%</td>
</tr>
<tr>
<td>2006</td>
<td>39025</td>
<td>17.80%</td>
</tr>
<tr>
<td>2007</td>
<td>44360</td>
<td>13.70%</td>
</tr>
<tr>
<td>2008</td>
<td>50730</td>
<td>14.36%</td>
</tr>
</tbody>
</table>


Table 2.5 reveals the Foreign Exchange Earnings (FEEs) from tourism in India for the period 1998 to 2008. It is very clear from table that the FEEs was Rs. 12150 cr. in 1998 which went up to Rs.50730 cr. in 2008. In percentage term, there is a positive growth rate in most of the years except in 2001 and 2002. During the year 2001 there was decrease of - 3.50% as compare to 2000 and - 0.10 % decrease in 2002 as compare to 2001. Table
also reveals that the FEEs have increased a lot during 2003 to 2008. The unprecedented growth in tourism in India has made it the third largest foreign exchange earner after gem and jewellery and ready-made garments.

Table 2.6
Month-Wise Foreign Exchange Earnings (FEEs) from Tourism in India, 2006 to 2008

<table>
<thead>
<tr>
<th>Months</th>
<th>FEEs (in Rs Cr.)</th>
<th>Percentage Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>January</td>
<td>3970</td>
<td>4698</td>
</tr>
<tr>
<td>February</td>
<td>3793</td>
<td>4401</td>
</tr>
<tr>
<td>March</td>
<td>3378</td>
<td>4144</td>
</tr>
<tr>
<td>April</td>
<td>2850</td>
<td>3218</td>
</tr>
<tr>
<td>May</td>
<td>2350</td>
<td>2543</td>
</tr>
<tr>
<td>June</td>
<td>2566</td>
<td>2849</td>
</tr>
<tr>
<td>July</td>
<td>2990</td>
<td>3436</td>
</tr>
<tr>
<td>August</td>
<td>2698</td>
<td>3080</td>
</tr>
<tr>
<td>September</td>
<td>2640</td>
<td>2594</td>
</tr>
<tr>
<td>October</td>
<td>3355</td>
<td>3785</td>
</tr>
<tr>
<td>November</td>
<td>3793</td>
<td>4533</td>
</tr>
<tr>
<td>December</td>
<td>4642</td>
<td>5079</td>
</tr>
<tr>
<td>Total</td>
<td>39025</td>
<td>44360</td>
</tr>
</tbody>
</table>


Table 2.6 shows the Month-wise Foreign Exchange Earnings from Tourism in India from January 2006 to December 2008. Table reveals that
the FEEs have increased from Rs. 39025 cr. in 2006 to Rs. 44360 cr. in 2007 and Rs. 50730 cr. in 2008. In percentage term it increased 13.70% in 2007 and 14.40% in 2008. Interestingly in September 2007, there was a negative growth of foreign exchange earnings over 2006. However, the trend has been reversed and there has been 21.20% increase in FEEs in September 2008 as compared to 2007.

Graph - 2.2
Month- Wise Foreign Exchange Earnings (FEEs) from Tourism in India, 2006 to 2008

Source: Compiled from table 2.6
Table 2.7
Share of India in the International Tourist Arrivals in World, 1998 to 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>International Tourist Arrivals (in Millions)</th>
<th>Foreign Tourist Arrival in India (in Millions)</th>
<th>Percentage Share of India in FTAs in World (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>614.30</td>
<td>2.36</td>
<td>0.38%</td>
</tr>
<tr>
<td>1999</td>
<td>637.40</td>
<td>2.48</td>
<td>0.39%</td>
</tr>
<tr>
<td>2000</td>
<td>687.00</td>
<td>2.65</td>
<td>0.39%</td>
</tr>
<tr>
<td>2001</td>
<td>686.70</td>
<td>2.54</td>
<td>0.37%</td>
</tr>
<tr>
<td>2002</td>
<td>707.00</td>
<td>2.38</td>
<td>0.34%</td>
</tr>
<tr>
<td>2003</td>
<td>694.60</td>
<td>2.73</td>
<td>0.39%</td>
</tr>
<tr>
<td>2004</td>
<td>765.10</td>
<td>3.46</td>
<td>0.45%</td>
</tr>
<tr>
<td>2005</td>
<td>803.00</td>
<td>3.92</td>
<td>0.49%</td>
</tr>
<tr>
<td>2006</td>
<td>846.00</td>
<td>4.45</td>
<td>0.53%</td>
</tr>
<tr>
<td>2007</td>
<td>898.00</td>
<td>5.08</td>
<td>0.56%</td>
</tr>
</tbody>
</table>


Table 2.7 is showing the India's share in International tourist arrivals (ITAs). As it is evident from the table that share of India in International tourist arrivals (ITAs) is very low. India’s share was 0.38% in 1998, which increased marginally to 0.56% in 2007. Which means that share of India is not even 1% of the international tourist arrivals. This can be attributed to poor infrastructure and other Government policy which have not been properly addressed to the needs of the foreign tourists.
2.4 Tourism under Five Year Plans in India

Tourism development in India has passed through many stages. In the Second and Third Five Year Plans, emphasis was laid on expansion and improvement of tourist facilities. Integrated development projects in various places in India were undertaken in the Fourth Five Year Plan. During the Fifth and Sixth Five Year Plans measures were taken to promote integrated area development and to convert loan assistance to an interest subsidy scheme. In the Seventh Plan, tourism in India was accorded the status of an industry. In the Ninth Plan, export house status was granted to tourism industry in India. In later plans, more emphasis is given to encouraging significant private sector participation in the development of the country. For this a planned approach for the development of tourism and its infrastructure including accommodation and transport facilities is very essential.

2.4.1 First Five Year Plan (1951-56)

In the first five-year plan (1951-56) tourism was not given specific allocation. However many promotional schemes for tourism development were taken up. During this period promotion offices were established in India. Some offices were established in U.S.A. Sri Lanka, Australia, UK and France. During the period tourists arrivals registered compound growth of 8.6 percent per annum and foreign exchange earning from tourism registered a growth of 10 percent.

2.4.2 Second Five Year Plan (1956-61)

The Second five year plan (1956-61) recognized tourism as a significant industry and made a small but specific allocation of Rs. 3.36
crores for the development of tourism infrastructure for Central Government as well as some of the state government. The main objectives of this plan was to providing accommodation, transport and recreational facilities at important tourist centers, especially those situated in out of the way places. To achieve these objective the plan allocation was divided into three schemes e.g. part I, II and III.

Scheme in part I was intended to create facilities for foreign tourists and fully financed by the Central Government. Part II schemes were intended to develop infrastructure for domestic tourists at places which were important for foreign tourists as well. These schemes were jointly sponsored by the centre and state governments. Part III scheme were intended to develop infrastructure at places which were of local importance. These schemes were wholly financed and executed by the state governments.

During the second five year Plan a separate department of tourism was established in India and their promotional offices were opened at Frankfurt, Melbourne and Columbia. Besides, as per the Ministry of Transport and Communication’s Resolution dated 27th February, 1956, the Government has carefully considered the importance of Domestic tourism in Cultural and social integration of the people living in different parts of the country as a whole.

2.4.3 Third five year Plan (1961-66)

In the Third Plan (1961-66) an allocation of Rs. 8 crores was made for the development of tourism. As in the Second Plan, the programme in the Third Plan concentrates largely on provision of facilities of accommodation and transport. The expansion of the hotel industry in the country has not
been commensurate with the growing needs of tourism. So in this plan measures were under consideration for assisting the industry with loans for the construction of new hotels and improvement or expansion of existing ones. During this plan the number of tourists increased from 1,39,804 in 1961-62 to 1,47,900 in 1965-66 indicating an overall rise of 7096 number of tourists. The foreign exchange earnings from tourism also increased from Rs 15 cr. in 1961-62 to Rs 17-5 cr. in 1964-65 sheering an overall rise of 2.5 cr. 26

2.4.4 Three Year Annual Plans

Before these three annual plans, three five-year plans were concluded. After the war three separate annual Plans i.e. for 1966-67, 1967-68 and 1968-69 were prepared and executed. This would have been due to the lack of sufficient funds for continuing planning on sustained basis. During the three annual plans a total of Rs 7 Cr were allotted for the development of tourism sector. During the period India tourism development Corporation (ITDC) was set up. A separate ministry of tourism and civil aviation was established, with two full fledged departments, viz. department of tourism and department of civil aviation. Tourist arrivals registered an average growth of 8.5% per annual during the period. In 1966-67 the no. of tourist arrivals were 159603 which grows to 188820 in 1968-69 the foreign exchange earning was at Rs 20.01 Cr in 1966-67 which rose to Rs 26.4 Cr in 1968-69, showing an overall rise of Rs 6.1 Cr and registering a 31.93% rise. 27

2.4.5 Fourth five year plan (1969-74)

In fourth plan tourism was recognized as an important means of foreign exchange earning with an ample scope for employment generation.
The broad approach in the Fourth Plan was to expand and improve tourist facilities with a view to promoting 'destinational' traffic as distinct from 'transit' traffic. It was proposed to take up integrated development of selected areas and encourage charter traffic. Emphasis is being laid on provision of accommodation, transport and recreational facilities. Efforts were concentrated in areas where there was an identified large flow of foreign tourist traffic.

An outlay of Rs. 36 crores was proposed for Tourism including Rs. 25 crores for the Central programmes and Rs. 11 crores for the States and Unions Territories. The provision in the Central Plan includes Rs. 14 crores for programmes of the Central Department of Tourism and Rs. 11 crores for programmes of the India Tourism Development Corporation. The programme of the Central Department of Tourism mainly provides for loans to the hotel industry in the private sector, loans for the purchase of tourist vehicles by private operators and integrated development of selected centers. The programme of the India Tourism Development Corporation provides for construction of hotels, motels and cottages, renovation and expansion of tourist bungalows and setting up of transport units and duty-free shops. In the State Plans, provision has been made largely for creating facilities for home tourists. The programme provides for construction of low-income rest houses, development of important tourist centers and publicity. In 1969-70 the number of tourist were stood at 144729 which went up to 409895 in 1973-74, indicating an overall increase of 265171 tourist. Similarly, the foreign exchange earning went up from Rs 33.1 Cr in 1969-70 to Rs 56.5 Cr in 1973 accounting for an increase of Rs. 23.4 Cr.28
2.4.6 Fifth five year plan (1974-79)

At the time of launching the Fifth Five Year Plan it was recognized that tourism is the world’s biggest and most rapidly expanding industry. In the fifth five year Plan a provision of Rs 133 cr. was made for the development of tourism. This including Rs 78 cr. for Central Plan and Rs. 55 cr. in the State Plans and Union Territories. In the Central Plan the Programme was divided into two parts viz. 44 cr. for department of Tourism and 34 cr. for ITDC. The programmes under the Department of Tourism include loans to hotel industry in the private sector, integrated development of tourist resorts at Kovalam, Gulmarg, Goa and Kullu—Manali at the cost of about Rs. 8 cr., the development of wild life at a cost of Rs 2cr, publicity & promotion at a cost of Rs. 5 cr. and training at a cost of about Rs 2 cr. and construction of a number of youth hostels, tourists bungalows and forest lodges. The programmes under ITDC include expansion of hotels and construction of travellers' lodges, motels and cottages. In the state plan development of tourism in the hill areas was given a special priority. Efforts were made to develop domestic tourism in such a way so as to achieve the twin objectives of development of backward regions and national integration. In 1974-75 the number of tourist visiting India were 4,24,161 which rose to 7,47,995 in 1978-79, indicating an overall rise of 3,24,834 tourist. It is interesting to note that there has been a spurt jump in the foreign exchange earning. In 1974-75 it was Rs. 94.00 cr. which rose to Rs 530.0 cr. in 1978-79 registering an overall rise of 436.0 cr.
2.4.7 Sixth Five Year Plan (1980-85)

An outlay of Rs. 187.46 cr. was given in the sixth plan which included Rs. 115.46 cr. for the state sector and 72 cr. for the central sector. The amount in central sector was divided as Rs 30 cr. for Department of Tourism and Rs. 42 cr. for the ITDC. During the sixth Plan, the major objectives of the investments in the tourism sector were to optimise the use of existing capacity and to increase substantially tourist accommodation in the public and private sectors. It was decided to adopt selective approach with a view to maximizing the returns on investments. In the development of tourism, selected travel - circuit approach was followed and matching facilities were sought to be provided. A close coordination in regard to provision of facilities in the central, state and private sectors in the same areas and location was to be maintained to obtain optimum result from the available resources. This approach gave flexibility in offering a mixed tourism package, and helps to recognise traffic and promote repeat visits to increase the overall volume of the traffic. The broad divisions of responsibility between Central and State Governments continued to be on the basis that, by and large, the schemes intended primarily for international tourism came in the Central Sector and those meant mainly for the promotion of domestic tourism, in the State sector. However, India Tourism Development Corporation provided technical assistance to State Governments for promotion of tourism. In the programme of the Department of Tourism emphasis on beach and hill resort development, wild life and Cultural Tourism, training and overseas promotion was given much importance. During this plan the first tourism policy was announced by the Government of India in 1982, which specified the...
development objectives and provided an action plan based on “Travel Circuit” concept to maximize the benefits of tourism.

2.4.8 Seventh Five Year Plan (1985-90)

The Seventh five year Plan, had the aim to achieve an annual growth rate of 7 percent in the tourist arrivals. It could be possible to achieve this target, to bring the desired improvement in the infrastructure and a certain degree of relaxation in the policies and procedures, regarding the admittance of foreign tourists into the country.

The main objectives for the tourism sector in the Seventh Plan were given as follows:-

1. Faster development of tourism by accorded the status of an industry to tourism.
2. Redefining of the role of public & private sector to ensure that the private sector investment is encouraged in developing tourism and the public sector investment is focused mainly on development of support infrastructure.
3. Exploiting tourism potential to support local handicrafts and other creative arts and to promote national integration.

The other area of activities undertaken in the Seventh Plan including:

1. Development of selected tourist circuit centers which are popular with the tourist.
2. Developments of non-traditional areas such as (a) Trekking (b) winter sport (c) wild life tourism and (d) beach resort to exploit the tourism resources.
3. Exploration of new tourist generating markets.
4. Launching of a national image building and Marketing Plan in key markets by pooling resources of the various public & private agencies.

5. Provision of inexpensive but clean accommodations at different places of tourist interest.


7. Streamlining of facilities procedures for passengers at the airport so that formalities and time taken to complete them is minimal.

An outlay of Rs 326.16 cr was provided in the Seventh Plan 1985-90 which included Rs 138.68 cr. in the central sector and Rs 187.48 cr. in the state sector. The strategy in the Seventh Plan was to diversify foreign tourism to other primary sources of interest, due attention of cultural tourism. High priority was given to the development of requisite facilities at the more important centers such as Mathura, Agra, Varanasi, Rajgir etc.

In the 7th Plan a number of measures were taken up including wide publicity abroad, establishment retail shops and training of guides, etc.

In order to cater the needs for professionally trained manpower for tourism management, India Institute of Tourism & Travel Management (IITTM), was developed as a model institute in the Seventh Plan Period.

During this plan Tourism Finance Corporation of India (TFCI) was established in 1989 for financing hotels and tourist centers development etc. It finances 14 projects in backward areas with an outlay of Rs 19.50 cr. in the first Two year of its operations. The corporation provides financial assistance for setting up of or for the development of tourist related
activities, which included inter-alia hotels, restaurants, amusement parks, resorts and complexes for entertainment, education and sports. The marketing activities of private entrepreneurs and other agencies were given additional support through the scheme of “Assistance for the Development of International tourism”. There has been a gradual increase in the plan outlay for tourism over the plan period from Rs 3.36 cr in the 2nd plan to Rs. 326.16 in 7th Plan.

2.4.9 Eight Five Year Plan (1992-97)

The Department of tourism has initiated formulating a perspective plan for tourism for the 8th five year plan. At the time of 8th five year plan tourism had emerged as one of the major segments in India. The total plan allocation for tourism was Rs 272cr. for the central and Rs. 501.62 cr. for the states and union territories. Out of a total outlay of Rs. 272 cr. in the central sector, Rs. 236 cr. was meant for Department of Tourism and Rs. 36 cr. for ITDC. The plan also envisaged the establishment of an Institute of Water Sports in Goa at a cost of rupees 5 cr. and an Institute of Mountaineering and Skiing had provision of Rs. 4 cr. Over the years, tourism has emerged as a major segment of Indian economy contributing substantially to the foreign exchange earnings which have increased from Rs 9 cr. in 1951-55 to more than Rs 4318 cr. in 1991-92.

The foreign tourist arrivals in India increased from about 16,823 in 1951 to 14,34,737 (excluding the nations of Pakistan and Bangladesh) in 1992. The foreign tourist arrivals excluding the nations of Pakistan and Bangladesh during 1996 and 1997 stood at 19,23,695 and 19,73,647 respectively. However the share in the total world arrivals has ranged between 0.28% and 0.32% in the last 10 years. It was anticipated that
tourist traffic will grow at the rate of 9% to 10% per annum and about 2.75 million tourist arrivals were anticipated by the end of the 8th plans. The number of approved star hotels in India has gone up from 186 in 1963 to 650 in 1990 with 40,000 rooms 32.

2.4.10 Ninth Five Year Plan (1997-2002)

Tourism is a major phenomenon of the modern society with significant socio-economic consequences. Over the years, tourism has emerged as a major segment of Indian economy contributing substantially to the foreign exchange earnings which have increased from Rs. 4318 crore in 1991-92 to Rs. 10046 crore in 1996-97. The direct employment in this sector during 1995-96 was about 8.5 million persons, accounting for about 2.4 per cent of the total labour force.

In the ninth plan the planning commission initially approved a sum of Rs. 511.32 cr. which was later reduced to Rs. 485.75 cr. A support of Rs. 308 cr. was also suggested from Internal and Extra-Budgetary Resources (IEBR) 33. So the total outlay of the plan was Rs. 793.75 cr. The policy objective in the ninth plan was to work towards creating a tourism product that provides the persons travelling to various places to get pleasant experience on their trips, through an environment of peace, stability, security and an integrated system of physical infrastructure that does not fail. Tourism should become a unifying force nationally and internationally, fostering better understanding through travel. It should also help to preserve, retain and enrich our world-view and life-style, our cultural expressions and heritage in all its manifestations.

Ninth Plan was concentrated on the development of selected centers and circuits through effective coordination of public and private efforts so
as to achieve synergy in the development of this sector. The Government focused on the development of basic infrastructure such as transport facilities and civic amenities and plays a facilitating role in the provision of accommodation and other facilities for all classes of tourists, both domestic and international. The major thrust areas in the Ninth Plan were Indigenous and Natural Health Tourism, Rural and Village Tourism, Pilgrim Tourism, Adventure Tourism, Heritage Tourism, Youth and Senior Citizens Package.

In order to give boost to foreign exchange earnings, employment and income generation through tourism activities, Export House Status granted to tourism in the Ninth Plan. The grant of Export House Status entitled to the tourism industry to get all the benefits that are available to recognised export houses including the entitlement of:

1. Special Import License (SIL),
2. Free Trading of these SILs,
3. Import of several equipments under these SILs,
4. Waiver of Bank guarantee for imports,
5. Import of cars against foreign exchange earnings

2.4.11 Tenth Five Year Plan (2002-07)

The Tenth Plan approached towards tourism signifies a distinct shift from the approach adopted in earlier Plans. Apart from acknowledging the well-accepted advantages of developing tourism for the promotion of national integration, international understanding and earning foreign exchange, the Tenth Plan recognized the vast employment generating potential of tourism and the role it can play in furthering the socio-
economic objectives of the Plan. In order to create a supportive environment for the promotion of tourism, New Tourism Policy, 2002, was implemented during the Tenth Plan, generated awareness about the benefits of tourism for the host population. It mobilized state governments to use tourism as a means for achieving their socio-economic objectives, encourage the private sector to enhance investment in tourism and provide legislative and regulatory support for sustainable tourism and to protect the interests of the industry and the consumers. Main objectives of the Tenth five year plan were as follows:

1. Positioning tourism as a national priority.
2. Enhancing India’s competitiveness as a tourist destination.
3. Improving and expanding product development.
4. Creation of world-class infrastructure.
5. Effective marketing plans and programmes.

Tourism in India has tended to be regarded as an elitist activity conducted primarily for the purpose of earning foreign exchange. Its vast potential as an engine of growth and employment generator has remained largely untapped. Although, with 25 million jobs, India ranks second in terms of number of persons employed in travel and tourism, yet the contribution of the sector as a percentage share of all employment is amongst the lowest in the world. The Tenth Plan objective was to integrate tourism with the socio-economic objectives of the Plan by creating 3.6 million jobs in a year through the promotion of domestic and international tourism and to enhance India’s share in international arrivals from 0.38 per cent to at least 0.62 per cent by 2007.35.
Major Components of the Tenth Plan Strategy were as follows

1. To develop a national consensus on the role of tourism in the development agenda of the nation through the National Development Council.

2. To create world-class circuits and destinations, eschew haphazard development.

3. To augment training facilities in hotel management, food craft and build the capacity of service providers at the cutting edge.

4. To remove the barriers of growth to leverage private sector investment.

5. To provide legislative and regulatory support to protect the tourism industry, the consumer and the environment.

6. To mobilize public support by creating awareness of the socio-economic benefits of tourism for the host community.

The central sector outlay for tourism during the 10th Five Year Plan was Rs. 2,900 crores. The Tenth Plan strategy was to work towards a national consensus on the role of tourism in national development and to focus on the removal of barriers that hamper its growth.

2.4.12 Eleventh Five Year Plan (2007-12)

In Tenth Five Year Plan, India has undergone a remarkable change. Foreign tourist arrival has increased by about 87% from a level of 2.38 million in 2002 to 4.45 million in 2006, share of India in world tourist arrivals has increased from 0.34% to 0.52% during this period. Foreign exchange earnings have grown by about 147% during the same period.
(US$ 2923 million to US$ 6569 million). Domestic tourist visits has also grown rapidly during the Tenth Five Year Plan from 269.6 million in 2002 to 461.2 million in 2006. Employment generation through tourism in Tenth plan was 5.83% and 8.27% respectively during 2002–03. It has been estimated that about 12.5 million additional jobs have been created in the tourism sectors during the 10th Five Year Plan.

The total plan outlay for the 11th plan was Rs.9290 cr. The Working Group on Tourism for the 11th Five Year Plan 2007-12, set up by the Planning Commission, felt that keeping in view all variables in the environment, the product opportunities, the market scenario, the Indian planning and national objectives. Following are the Objective and strategy for the Eleventh Five Year Plan:

1. Achieve international visitor levels of 10 million in 2011 and a level of 760 million for domestic tourist visits by the year 2011, at the end of 11th Plan.
2. Maintain and increase per capita spending of international visitors.
3. Reduce the seasonality in international tourist arrivals by targeting markets such as Australia, Spain, etc
4. Retain focus on Leisure Travelers.
5. Promote business related travel, including MICE market by promoting Convention Centers of international standards in major cities or at major tourist centers
6. Prepare strategies to increase per capita expenditure on shopping and other non-accommodation, non-transportation heads, to match international benchmark of 30%.
7. Increase approved quality accommodation units from the current level of about 100,000 rooms to at least 200,000 rooms by 2011, to meet the increased requirement of tourism.

In order to achieve all these objectives, the following six key strategic objectives need to be kept in view:

1. Positioning and maintaining tourism development as a national priority activity.
2. Enhancing and maintaining the competitiveness of India as a tourist destination.
3. Improving India’s existing tourism products further and expanding these to meet new market requirements.
4. Creation of world class infrastructure.
5. Developing strategies for sustained and effective marketing plans and programmes.
6. Developing human resources and capacity building of Service providers.
Table 2.8 given below is showing the total plan outlay for tourism in 10th five year plan and 11th five year plan.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of Scheme</th>
<th>11th Plan (Proposed)</th>
<th>10th Plan 2002-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Central Sector (CS) Schemes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Externally Aided Project (Buddhist Centres)</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>1.2</td>
<td>UNDP Endogenous Projects</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Assistance to IHMs/ FCIs/ IITTM/ NIWS/ NIAS/ NCHMCT (1.3.1 - 1.3.4)</td>
<td>190</td>
<td>120</td>
</tr>
<tr>
<td>1.3.1</td>
<td>For the setting up of four new IHMs @ Rs. 10 crore per IHM</td>
<td>40</td>
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<tr>
<td>1.3.2</td>
<td>For the setting up of twenty FCIs @ Rs. 5 crore per FCI</td>
<td>100</td>
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</tr>
<tr>
<td>1.3.3</td>
<td>Upgradation of the existing IHMs</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1.3.4</td>
<td>Equipment for and modernization of the laboratories</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Capacity Building for Service Providers</td>
<td>100</td>
<td>24</td>
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<tr>
<td>1.5</td>
<td>Overseas Promotion and Publicity, including Market Development Assistance</td>
<td>2000*</td>
<td>518</td>
</tr>
<tr>
<td>1.6</td>
<td>Domestic Promotion and Publicity, including Hospitality</td>
<td>600*</td>
<td>231</td>
</tr>
<tr>
<td>1.7</td>
<td>Incentives to Accommodation Infrastructure</td>
<td>120*</td>
<td>54</td>
</tr>
<tr>
<td>1.8</td>
<td>Construction of Building for IISM at</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Historical Background of Tourism Industry and Tourism Policies of India**

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
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<tbody>
<tr>
<td>I</td>
<td>1.9</td>
<td>Gulmarg, Kashmir (J&amp;K Package)</td>
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<tr>
<td></td>
<td>1.1</td>
<td>Market Research – Professional Services</td>
<td>40*</td>
<td>20</td>
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<td></td>
<td>1.11</td>
<td>Assistance for Large Revenue Generating Projects</td>
<td>800</td>
<td>98</td>
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<td></td>
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<tr>
<td></td>
<td>1.12</td>
<td>Computerization and Information Technology</td>
<td>225</td>
<td>100</td>
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<tr>
<td>II</td>
<td></td>
<td>Total - Central Sector (CS) Schemes (1.1 - 1.11)</td>
<td>4390</td>
<td>1215</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Centrally Sponsored (CSS) Scheme</td>
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</tr>
<tr>
<td></td>
<td>2.1</td>
<td>Product/ Infrastructure Development for Destinations and Circuits</td>
<td>4000*</td>
<td>1395</td>
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<td></td>
<td>2.2</td>
<td>Total - Centrally Sponsored Scheme (CSS) (2.1)</td>
<td>4000</td>
<td>1395</td>
<td></td>
<td></td>
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<tr>
<td>III</td>
<td></td>
<td>Total CS and CSS Schemes (I + II)</td>
<td>8390</td>
<td>2610</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td></td>
<td>10% lump sum provision for NE Region including Sikkim</td>
<td>900</td>
<td>290</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V</td>
<td></td>
<td>Grand Total (III + IV)</td>
<td>9290</td>
<td>2900</td>
<td></td>
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</tr>
</tbody>
</table>

* Includes the outlay proposed by the Sub-group on Heritage & Culture.

Source: Compiled from the reports published by the Planning Commission in India

### 2.5 Tourism Policies in India

A country in which tourism plays a prominent role in its national income, foreign exchange earnings and employment, can expect its government to devise policies and plans for the development of tourism. Policy and planning is essential for every enterprise and service in the tourism. Hotels, airlines, travel agencies, tour operators etc, all formulate
their own programmes and plan of actions. In order to encourage the development of tourism in a country a policy should pass by the Central government and State government to identify targets and a plan to achieve those. The policy of the government should be based on the availability of national resources and infrastructure for tourism development in the short and long term.

It was after the 1980s that tourism activity gained momentum in India. The first ever Tourism Policy was announced by the Government of India in November 1982. It emphasized the expansion of international tourism and target of attracting one million foreign tourists, but this target was not achieved and it was only achieved in 1990 and it remains a milestone in the development of tourism in India. In 1992, the National Action Plan (NAP) was formulated by the Government of India. It took ten long years for the Government to feel the need to come up with a possible improvement over the policy of 1982. NAP aimed at doubling India’s share of the international tourism market from 0.5 to 1 per cent by increasing the hotel capacity to 80,000 rooms in the classified accommodation sector. It also encourages private investment in tourism. Between these two policy and plan statements, various legislative and executive measures were brought about. In particular, the report of the National Committee on Tourism, submitted in 1988. In 2002, A National Tourism Policy has been announced by the Government which aims to place India on the world tourism map as a global brand, having large untapped potential as a destination keeping pace with the growing travel and trade. This policy also recognised the role of Central and State
Governments, public sector undertakings and the private sector in the development of tourism in the country.

2.5.1 Tourism Policy 1982

In 1982, the Government of India came up with the first written policy on tourism and it became as important part of the sixth five year plan. The intention of announcing a national tourism policy was to give a new sense of purpose and direction to its development and promotion and to assess new ethos and values to tourism. Its main thrust was aimed at presenting India to the foreigners as the ultimate holiday resort. The policy document contains five main objectives for the tourism development:-

1. It becomes a unifying force nationally and internationally fostering a better understanding through travel.

2. To helps to preserve Indian heritage and culture and project the same to the world.

3. It brings socio-economic benefits to community and the state in terms of employment, income generation, revenue generation, foreign exchange etc.

4. It gives a direction and opportunity to the youth of the country both through international and domestic tourism to understand the aspirations and the viewpoint of others and help in greater national integration.

5. It also offers opportunities to the youth of the country not only for employment but also for taking up activities for nation building and character building like sports, adventure etc.
With a view to achieve these objectives, the following measures were suggested by the Policymaker:-

1. To take full advantage of the national heritage in arriving at a popular campaign for attracting tourists;

2. To promote tourist resorts and make India a destination of holiday resorts;

3. To grant the status of an export industry to tourism;

4. To adopt a selective approach to develop few tourist circuits; and,

5. To invite private sector participation into the tourism sector.

The policy very rightly put emphasis on the development of domestic tourism as the foundation for future strategy. Tourism again being a multifaceted endeavor, the government has to act as a catalyst. The policy highlights the need for coordination and appropriately refers to tourism as a “common endeavor”. The combined effort directed towards achieving a comprehensive, well rounded and integrated development enabling tourism to make a positive and effective contribution to the economic growth of the country. The Policy was also framed at a time when India was assessing its role in the newly emerging regional cooperation for tourist development in the South Asian region. The basic problems of tourism development have been identified in the policy and a plan of action given in the policy to remove the basic problems of tourism. The plan of action outline in the policy of tourism also emphasized the importance of youth of the country in the national integration and in making tourism a vehicle for achieving the objective.
In tourism policy, 1982 many suggestions were given. Selective approaches for determining investment priorities were emphasized. The schemes through which economic return was accrued and social benefits generated got preference. The backward areas with ancient monuments, festivals and local handicrafts should be developed. There is a need to construct youth hostels to accommodate the youth. The middle and backward section of society have also to be taken into consideration by providing cheap accommodation facilities such as Dharamshalas, Sarai etc. The travel circuit approach to be followed and matching facilities provided. The development of tourism infrastructure should be developed in a five to ten year perspective. Marketing strategy to be broadened and a dynamic and pragmatic approach to be adopted in identifying new regions from where tourist traffic come to India has grown potentially as for instance, West Asian as well as North African countries where as a result of oil there is great boom and prosperity resulting in people from these countries desiring to go on pleasure tours abroad. The infrastructure in Buddhist centre to be developed so as to encourage Buddhist travelers especially from Far East. Further, the policy stated be preserved, and therefore the people to be educated and create awareness among the people within the India and abroad.

2.5.2 National Committee on Tourism 1986

To formulate a long term perspective plan for tourism sector on an integrated basis, a National Committee on Tourism was set up in July, 1986. The chairman of the committee was Shri Mohammad Yunus, the then Chairman of Trade Fair Authority of India and the committee comprised of 12 members from various related fields of tourism and the
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planning commission. The terms of references of the committee were as follows:

1. To evaluate the economic and social relevance of international and domestic tourism in India.

2. To define the tourism product, its present and future variation keeping in view the market needs and demands.

3. To determine the requirements of a balanced, integrated infrastructure and facilitation measures to achieve the maximum consumer satisfaction.

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

5. To determine and define the role of central ministries, state governments, public and private institutions in the promotion of tourism and suggest a mechanism for monitoring the performance of these agencies against the well defined economic yard stick.

6. To assess the manpower needs for development of tourism sector and to recommend appropriate training programmes for manpower development.

7. To recommend organizational and institutional measures to systematize long term planning for the tourism sector on a sound, technical and economic basis.

Committee submitted its report in 1988. It was the most comprehensive report on tourism development in India. Sadly, it is also a report which has been least acted upon. The report covers all important
issues relating to the role of tourism, the need for infrastructure
development, strategy of development, etc. The National Committee also
made a large number of recommendations some of which were for
immediate operations, and the rest require long term policy decisions.

The recommendations are briefly summarized below:

1. There is need for rearranging the existing organisation structure of
the department of tourism and there is also need for an apex body
which may be called The National Tourism Board at national level.

2. The setting up of a Standing Committee of tourism ministers for an
integrated approach to tourism development and also to effectively
associate the state governments involved.

3. To ensure the implementation of the recommendation, a national
policy needs to be evolved, supported by a comprehensive
legislation.

4. Tourism plans to be integrated into overall plans of the country and
into Area Development Plans.

5. Proposals for partial privatization of the two airlines owned by the
Union Government.

6. Committee also advocated vigorously that tourism be granted
industry status.

These recommendations of the committee were useful for future
strategy planning. Which should be implemented in a phased manner for
the sustainable growth and development of tourism sector in India.
After submitting the report on tourism development in India, the Government came up with the new National Action Plan, 1992 for the growth of tourism sector in India.

2.5.3 National Action Plan 1992

At the beginning of the 8th Plan (1992-97), 15 States and 3 Union Territories had declared tourism as an industry and some states had declared hotels as an industry. However the National Action Plan (NAP) 1992 was only a “plan of action” for immediate purpose and did not try to change the existing framework or to tackle the fundamental issues, which require long term policy changes. The National Action Plan (NAP) is therefore to be regarded as an emergency action plan to achieve quick results. The plan noted that tourism has emerged as the fastest growing industry in the world. There were an estimated number of 62.3 million domestic tourists during 1990 and about 1.71 million foreign tourists arriving in India. The number of world travelers in 1990 was estimated at 439 million who spent over US$ 249 billion 43.

The objectives set out rightly focused on the perceived inadequacies of the system and incorporate all those areas, which have been identified as the weakness of India’s tourism development policy.

The objectives were:

1. Socio-economic development of areas,
2. Increasing employment opportunities,
3. Developing domestic tourism especially for the budget category,
4. Preserving national heritage and environment,
5 Development of international tourism and optimization of Foreign Exchange Earnings,
6 Diversification of the tourism product,
7 Increase India’s share of tourism in world tourism.

For achieving the above objectives, the following long term strategy was evolved to enhance the growth and development of the tourism in country particularly in the state of Rajasthan. The strategies were:

1. Improvement of tourism infrastructure.
2. Developing areas on a selective basis for integrated growth.
3. Restructuring and strengthening the institutions for development of human resources.
4. Marketing and overseas publicity for increasing foreign tourist arrivals and foreign exchange earnings.


2.5.4 National Tourism Policy of India, 2002

This was the New Tourism Policy, which was built on the strength of the National Tourism Policy of 1982. It was aimed at making tourism the catalyst in employment generation, environmental re-generation, development of remote areas and development of women and other disadvantaged groups in the country, besides promoting social integration. It would also lead to larger foreign exchange earnings and
create conditions for more Foreign Direct Investment. It was also aimed at making the stay of foreign tourists in India, a memorable and pleasant one with reliable services at predictable costs, so that they are encouraged to undertake repeated visits to India, as friends. This would be in tune with India's traditional philosophy of giving the highest honour to the guest, *Atithi devo bhava* (Guest is God). Tourism is a multi-tier and multi-faceted industry. There are not only the Central and State Governments, but also the municipal bodies and the local authorities of the region involved, in promoting tourism.

The policy was announced with the following five key objectives:

1. Positioning and maintaining tourism development as a national priority activity,
2. Enhancing and maintaining the competitiveness of India as a tourism destination,
3. Improving India’s existing tourism products and expanding these to meet new market requirements,
4. Creation of world class infrastructure,
5. Developing sustained and effective marketing plans and programmes.

The policy takes into consideration *seven key areas* that will provide the thrust to tourism development. These are: Swagat (*Welcome*), Soochana (*Information*), Suyidha (*Facilitation*), Suraksha (*Safety*), Sahyog (*Cooperation*), Samrachana (*Infrastructure Development*), and Safai (*Cleanliness*).
To achieve these objectives the policy was rest upon the following basic principles:

1. India’s share in world tourist traffic has remained static at 0.38 per cent in last decade. So to increase this share government should change its strategies as well as the techniques and tools of its machinery of implementation. The world tourist traffic increased as 200 million in 1974, 500 million in 1992 and 700 million in 2001 and this number is likely to 1.5 billion by 2020 and receipts from it are estimated to cross $2000 billion.

2. Government and private sector would be required to safeguard the stability and also the social and economic advancement of the local communities and the communities in the neighborhood. Government has to provide a legislative framework to regulate tourism trade and industry, ensure safety and security of the tourists and create basic infrastructure and health-care facilities. The private sector has to act as a main spring of the activities and impart dynamism and speed to the process of development as well as conservation.

3. Effective linkages and close coordination should be established with such Departments as Civil Aviation, Environment, Forest, Railways, and Home etc.

4. Greater emphasis should be laid on eco-tourism whose parameters should be broader than those of nature tourism alone. It must help in eliminating poverty, in ending unemployment, in creating new skills, in enhancing the status of woman, in preserving cultural heritage, in encouraging tribal and local crafts and in improving
overall environment and facilitating growth of a more just and fair social order.

5. Due importance should be given to domestic tourism, particularly tourism connected with pilgrimage, and it should be so designed that the infrastructure created under it serves as a backbone of international tourism in times to come.

6. Special attraction of tourist for the Yoga, Siddha, etc., as well as for the Indian cuisine should be made use of and effectively encouraged.

7. The tourist industry and travel agents should be persuaded to evolve and adopt voluntarily a Code of Ethics and its infringement should be firmly dealt with by Tour and Travel Associations.

8. A section of the State police should be earmarked to act as tourist police and special training should be imparted to it.

9. At the international level, India should play a dynamic role and make its presence felt at the World Tourism Organisation, World Tourism and Travel Council and Earth Council. Its unique cultural values and spiritual heritage should be projected with dignity and elevation befitting a great nation, whenever suitable opportunity comes our way.
2.6 Major Initiatives and Achievements taken by the Government of India

Ministry of Tourism, Government of India, is taking initiatives with other Central Government Ministries, such as Railways, Civil Aviation, Road Transport & Highways, Food Processing and Urban Development and also the concerned State Governments to achieve convergence and synergy with their programmes so that the impact of investment on the tourist’s destinations is maximized.

1. Infrastructure Development holds the key to India’s sustained growth in the tourism sector. Therefore, the Ministry of Tourism has been making efforts to develop quality tourism infrastructure at tourist destinations and circuits. The Ministry of Tourism has sanctioned 91 projects for an amount of Rs.503.56 crore for infrastructure augmentation including rural tourism projects in the year 2008-09 (up to November 08).

2. The Ministry has launched a scheme for development of nationally and internationally important destinations and circuits through Mega Projects. 22 mega projects have already been identified and of these 17 projects have been sanctioned. In the year alone the Ministry has sanctioned 11 mega projects at Amritsar, Bhubaneshwar-Puri-Chilka, Tirupati (Nellore-Chittor), Dwarka, Haridwar-Rishikesh, Vidarbha Heritage Circuit, Hampi, Gangtok, Kadapa, Mahabalipuram and Ganga Heritage Cruise Circuit. The mega projects are a judicious mix of culture, heritage, spiritual and ecotourism in order to give tourists a holistic perspective.
3. The Ministry has consistently been working on a two pronged strategy for marketing of Incredible India brand. The strategy includes visible branding in the outdoor media such as advertising at airports, on trams, taxis and buses and through the print, online and electronic media, as well as through participation in Travel Marts and Road Shows.

4. For promotion of Indian Cuisine, which is an integral component of the Indian Tourism product, support has been extended to Indian Food Festivals organized in various countries. With a view to ensuring that limitation of language does not hamper promotional activities, publicity is being undertaken in local languages for better impact e.g. in Spanish, Chinese, French, etc.

5. The Ministry of Tourism opened its Office in Beijing on 7th April 2008. The office was inaugurated by the Minister for Tourism and Culture, Smt. Ambika Soni. To mark the occasion, Incredible India Cultural Evenings were organized in Beijing on 7th April 2008 and in Shanghai on 9th April 2008, which showcased India’s classical dance, music and cuisine.

6. India Tourism offices overseas have participated in 140 Travel Fairs and Exhibitions in important tourist generating markets the world over as well as in emerging and potential markets to showcase and promote the tourism products of the country. These include the major international Travel Fairs such as the Arabian Travel Market (ATM) in Dubai, and World Travel Market (WTM) in London.

7. To promote domestic tourism in the country and to create social awareness among the masses, various domestic campaigns have been launched during this year in leading print publications, TV
and radio channels. Ministry of Tourism has launched 4 Domestic Media Campaigns viz. Adventure and Wildlife, Jammu & Kashmir, Rural Tourism and North East in this year.

8. Film actor, Aamir Khan will be brand ambassador of the Ministry of Tourism for the Incredible India Social Awareness Campaign called “Atithi Devo Bhava”.

9. The Ministry actively pursued its efforts to create institutional infrastructure for the training of manpower to meet the growing demand of the industry. The Cabinet Committee of Economic Affairs has approved the revised guidelines for the scheme of assistance to Institute of Hotel Management (IHM), Food Craft Institutes (FCIs) including setting up of 19 state IHMs and 25 state FCIs. The Ministry of Tourism has already sanctioned FCIs at Hoshiarpur in Punjab and Muzaffarpur in Bihar in the current financial year.

10. Conde Nast Traveller, UK in its Readers Travel Awards 2008 has ranked India among the top 2 most favoured countries in the world, consecutively for the second year.

11. India received the award for the leading destination at the Asia World Travel Awards 2008-“Asia and Indian Ocean” Ceremony, in Shanghai, China.

12. Bronze Lion Award was won at the 55th International Advertising Festival held at Cannes, France for the creative on the ‘Taj Mahal’ which was used for Ministry of Tourism’s Incredible India Campaign in the international market.

14. The prestigious "World Travel Award 2008" for its role in developing and promotion of "Responsible Tourism" at 14th World Travel Market (WTM) 2008 held at Excel, London from 10th-13th November 2008.

Finally it can be concluded that tourism is encouraged as it has the potential to provide employment, cultivate tolerance and encourage knowledge of different cultures, while aiding in the preservation of heritage and the environment. Tourism statistics show that a large amount of revenue is brought into the country. The Ministry of Tourism (MoT) in its National Tourism Policy urges members of the industry and trade to voluntarily formulate their own codes as working principles in tourism. Ministry of tourism must hold interactive session with other industry player for the setting up eco friendly infrastructure in India for the growth and development of tourism, so that the common effort can make tourism industry in a well position to provide a world-class infrastructure for the tourists from all over the world. The next chapter deals with the growth and development of tourism industry in Rajasthan.
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