CHAPTER VI

ANALYSIS III – PROBLEMS OF THE TOURISTS AND A REVIEW OF INDIAN TOURISM POLICIES

6.1 INTRODUCTION

The tourists attraction and the satisfaction from the supporting services will attract more tourists provided, the problems faced by the tourists are minimised by effective implementation of tourism policies.

After introduction

Section 6.2 deals with the statistical analysis of various types of problems faced by the tourists in India.

Section 6.3 deals with the attitude of foreign and domestic tourists towards problems faced by them during their tour.

Section 6.4 deals with the discussion on problems and their remedial measures for the problems faced by the tourists.

Section 6.5 deals with the government policy on tourism.

Section 6.6 deals with the conclusion of the chapter.
6.2 STATISTICAL ANALYSIS OF VARIOUS TYPES OF PROBLEMS FACED BY THE TOURISTS IN INDIA

India is a land of stupendous dimension-colourful, exotic, traditional, and modern. India meets the expectations of every type of tourist, with her varied topography, picturesque valleys, high mountain peaks and cascading rivers. She never ceases to surprise tourists with her kaleidoscopic attractions. The pomp and pageantry of India’s festivals and local fairs are matched by the warmth and hospitality of her people who welcome the tourists cordially. The shopping scene in India is a journey through centuries-embracing old traditional crafts and artistic skills. A land for recreation, adventure and business, India is an interesting amalgamation of tradition and modernity. In spite of her attractive tourist-products, India is not in a position to earn substantial foreign exchange through tourism because of ineffective functioning of various agencies in managing the problems created on account of beggars, touts and urchins and environmental pollution.
Table 6.1 Problem faced by the foreign and domestic tourists

<table>
<thead>
<tr>
<th>Problem</th>
<th>Foreign</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beggars</td>
<td>325</td>
<td>601</td>
</tr>
<tr>
<td>Corruption</td>
<td>309</td>
<td>585</td>
</tr>
<tr>
<td>Environment</td>
<td>312</td>
<td>590</td>
</tr>
</tbody>
</table>

In order to identify the nature of relationship between the foreign tourists and the domestic tourists on account of problems faced by them, the Karl Pearson correlation co-efficient analysis was employed. The problems faced by the foreign tourist on one hand and the problems faced by the domestic tourists on the other hand resulted in a high degree positive correlation (+0.991) Thus the null hypothesis Ho33 stands rejected.

6.3 ATTITUDE OF FOREIGN AND DOMESTIC TOWARDS PROBLEMS

This induced the researcher to study the difference in their attitude between the foreign tourists and the domestic tourists with regard to problems faced by them on account of beggars menace, corruption practices and environmental pollution. The t-test has been employed to the data.
The table 6.2 presents the statistical results pertaining to the attitude of the foreign and domestic tourists towards the problems created by the beggars, corruption practices and environmental pollution in India.

**Table 6.2. Group statistics and t-test of problems faced by the foreign tourists and domestic tourists**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>N</th>
<th>Mean</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beggar</td>
<td>325</td>
<td>1.0</td>
<td>4.296</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>650</td>
<td>0.9</td>
<td>6.077</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>325</td>
<td>1.9</td>
<td>4.406</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>650</td>
<td>1.8</td>
<td>4.946</td>
<td></td>
</tr>
<tr>
<td>Corruption</td>
<td>325</td>
<td>1.9</td>
<td>3.963</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>650</td>
<td>1.8</td>
<td>4.396</td>
<td></td>
</tr>
</tbody>
</table>

The analysis of table 6.2 clearly reveals many interesting findings worthy of further discussion:

**6.3.1 Beggar menace**

With regard to beggar's menace the attitude of foreign tourists is very sensitive from that of domestic tourists which is statistically significant on account of the fact that p<0.01 levels and the mean value of beggar for the foreign tourists is 1.0 which is greater than that of the
mean value of beggar for the domestic tourists which is 0.9. Thus the null hypothesis Ho34 stands rejected.

6.3.2 Corrupt practices

With regard to corrupt practices the attitude of foreign tourists is very sensitive from that of the domestic tourists which is statistically significant on account of the fact that p<0.01 level and the mean value of corrupt practices for foreign tourists is 1.9 which is greater than that of mean value of corrupt practices for domestic tourists which is 1.8. Thus the null hypothesis Ho35 stands rejected

6.3.3 Environmental problem

With regard to the environmental problem the attitude of foreign tourists are very sensitive than that of domestic tourists on account of the fact that p<0.01 level and the mean value of environmental problem for the foreign tourists is 1.9 that is greater than that of domestic tourists, which is 1.8. Thus the null hypothesis Ho36 stands rejected.

From the above discussions it is very clear that the foreign tourists are very sensitive towards the problems namely beggars menace, corrupt practices and environmental problem compared to that of domestic tourists.
6.4 DISCUSSION ON REMEDIAL MEASURES FOR THE PROBLEMS FACED BY THE TOURISTS.

6.4.1 Beggars menace

Tourists generally and in particular foreigners already have preconceived notions about India, which are conformed by the beggars who are in plenty when they visit. Some beggars physically touch the tourist to attract their attention and such act is disgusting. The government do take measures but it is not effective. Anyone who travels regularly by the trains is exposed to the beggar menace. They are seen in all the overcrowded compartments travelling without tickets, flaunting their festering sores to the helpless passengers and infecting them with incurable diseases.

6.4.2 Remedial measures beggars menace

In order to solve the problems created by the beggars especially to foreign tourists the government and the tourism industry must come out with a concrete plan such as construction of beggars home, and other effective rehabilitation programme to control the beggar menace.
6.4.3 Corrupt practices

The touts and urchins pester the tourists for various benefits. Some of them offer services as tour escorts. They indulge in a number of anti-social activities like black-marketing of the foreign currency, selling drugs and even go to the extent of administering drugs to rob or take advantage. Particularly the lone lady tourist is subjected to the second type of hardship. Such things are seldom brought to light for rectification, expect complaint letters, but the damage has already been done.

6.4.4 Remedial measures for the corrupt practices

In order to overcome the problems created by the touts and urchins the law and order must be tightened and tourists must be warned against impostors. Mass media, like the television and loudspeaker at tourist sites must be used for this purpose so that they can guard themselves against tricksters.

6.4.5 Environmental pollution

The environmental pollution comprises of air pollution, noise pollution, and water pollution. As far as India is concerned these three pollution are very high.
6.4.6 Remedial measures on environmental pollution

In order to overcome the pollution problems development proper infrastructure facilities in the tourist’s products to handle the solid waste, and amending the existing acts to ensure that there is no violator of guidelines with regard to pollution free area.

Apart from the common problems such as beggars menace, corruption practices and pollution the foreign tourists will face certain additional problems such as problems on account of immigration and customs price discrimination at tourist centres and poor air transport system of our country. More than 95 per cent of the foreign tourists have complained about the same. Therefore it is the duty of the state and different arms of the tourism industry to ensure that foreign tourists are treated in the same way as that of the domestic tourists. The tourism policy of the country should contain provisions in such a way that foreign tourists and the domestic tourists are treated alike and are not put to hindrances.
6.5 GOVERNMENT POLICY AND TOURISM

The objective about this study is to assess impact of tourism policy on the tourism sector and present a possible impact; the policy might have on the socio economic fabric of the country. Tourism policy would not have evolved without being influenced by the general tenor of ‘macro economic policy’ and thus has a socio political grounding. The need to restructure the systems of economic management has become an imperative if India is to emerge as a vibrant and internationally competitive economy.

The process of structural adjustments has brought about far reaching changes in Indian economy at a breath-taking pace. The impact of these changes over the tourism sector needs to be studied in a dynamic context. Nevertheless, the above should not be taken as ignoring the fact that sectoral policy does have a direct and unambiguous impact over the concerned sector. tourism policy, as a statement of intent by the government, would form the reference point for action and criticism. Any initiative by government in tourism by way of legislation or direct investment is envisaged within the framework of tourism policy of the union government while making
references to particular cases. The backdrop of the policy always serves as a guideline for further executive and legislative initiatives.

Furthermore, policy statements by government should be viewed in their evolutionary stance. It would be a negation of the democratic content of our political system to view a policy statement as a static and rigid formulation, at a point in time, applicable for years to come. Thus, since 1982, various initiatives undertaken by the government need to be perceived as additions or modifications to the received policy. These changes in the policy are only marginal and superficial from the viewpoint of equity and social justice. It would be an oversimplification to view the latest policy statement as nothing as it is the same version of the policy formulated earlier. But the, policy, as a body incorporating proactive intentions, is amenable to periodic reviews and possible modifications.

The framework within which tourism policy needs to be considered is discussed below:

6.5.1 Major policy initiatives

The first ever tourism policy was announced by the government of India in November 1982. It took ten long years for the government
to feel the need to come up with a possible improvement over this. Thus the national action plan for tourism was announced in May, 1992. Between these two policy statements, various legislative and executive measures were brought about. In particular, the reports of the national committee on tourism, submitted in 1988 needs special mention in addition, two five year plans – the seventh and eighth – provided the basic perspective framework for operational initiatives.

The seventh plan advocated a two-pronged thrust in the area of development of tourism, to vigorously promote domestic tourism and to diversify overseas tourism in India. While laying stress on creation of beach resorts, conducting of conventions, conferences, winter sports and trekking, the overall intention was to diversify options available for foreign tourists.

The tourism policy 1982 was more an aggressive statement in marketing than a perspective plan for development. Its main thrust was aimed at presenting India to the foreigners as the ultimate holiday resort. With a view to reach this destination, the following measures were suggested by the policy:
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 sector.

The planning commission recognised tourism as an industry by June, 1982. However, it took ten years to make most of the state to fall in line and accord the same status within their legislative framework. At the beginning of the eighth plan (1992-97), 15 states and 3 union territories had declared tourism as an industry. Four states had declared hotels as an industry.

The national committee on tourism was set up in July 1986. The planning commission prepared a perspective plan for the sector. Within the broad framework of the seventh plan, the committee had to evolve a perspective plan for the coming years. The committee, headed
Mr. Mohammed Yunus, submitted its recommendation in November 1987. The list of members was impressive.

The committee in its report recommended that a national tourism board replace the existing department of tourism. It suggested that there be a separate cadre of Indian tourism service to look after the functioning of the board. It also submitted proposal for partial privatisation of the two airlines owned by the union government.

By September, 1987, the central government declared more concessions for the sector: these included tax exemption on foreign exchange earnings from tourism (a 50% reduction on rupee earnings and a 100% reduction on earnings in dollars), a drastic reduction in tariff on import of capital goods, and concessional finance at the rate of 1 to 5% per annum.

The tourism development finance corporation was set up in 1987 with a corpus fund of Rs. 100 crores. Until then, the sector was financed on commercial lines by the industrial development bank of India, industrial credit and investment corporation of India and other commercial banks.
The national action plan for tourism published in May 1992, charts 7 objectives as central concerns.

➢ Socio-economic development of areas;
➢ Increasing employment opportunities;
➢ Developing domestic tourism for the budget category;
➢ Development of international tourism;
➢ Preserving national heritage on environment;
➢ Diversification of the tourism product; and,
➢ Increase in India's share in world tourism

(from the present 0.4% to 1% during next 5 years)

As per the action plan, foreign exchange earnings are estimated to increase from Rs. 10,000 crores in 1992 to Rs. 24,000 crores by 2000 AD. Simultaneously, the plan aims at increasing employment in tourism to 28 millions from the present 14 millions. Hotel accommodation is to be from 44,400 to 1,20,000 by 3 years.

Other provision in the action plan includes a discontinuance of subsidies to star hotels, encouraging foreign investment in tourism and the setting up of a convention city for developing convention tourism.
The action plan envisages the development of special tourism areas on lines of export processing zones. Special central assistance is to be provided for the state to improve the infrastructural facilities at pilgrimage places. It proposes to set up a national culinary institute, and projects a liberalised framework for recognition of travel agents and tour operators.

The eighth plan document makes a special mention that the future expansion of tourism should be achieved mainly by private sector participation. The thrust areas as enumerated in the plan include development of selected tourist places, diversification from cultural related tourism to holiday and leisure tourism, development of trekking, winter sports, wildlife and beach resort tourism, exploring new source markets, restoration of national heritage projects, launching of national image building, providing inexpensive accommodation in different tourist centres, improving service efficiency in public sector corporations and streamlining of facilitation procedures at airports.

The eighth plan aims at the high spending tourists from Europe and USA. It also envisages a ‘master plan’ to integrate area plans with
development of tourism. This is envisaged to ensure employment opportunities for the local population.

In April 1993, the government announced further measures aimed at export promotion. The existing export promotion of capital goods scheme was extended to tourism and related services. Against the existing 35%, the tourism sector would now pay an excise duty of 15% only on capital goods import, subject to an export obligation of 4 times the cargo, insurance and freight (CIF) value of imports. With an obligation period of five years, this came as a boon to the hotel industry. The cost of construction had also come down by 20%.

In addition to the above policy pronouncements by union government, our planners had envisaged the possibilities of developing specific regions on a zonal plank. Special area programmes like the hill area development programme and the Western ghats development programme form part of the overall national plan.

The eighth plan document stipulates that the strategy in such designated special areas is to devise suitable location-specific solutions, so as to reverse the process of degradation of natural resources and ensure sustainable development. This approach perhaps needs to be
integrated into the project of special tourism areas, now being made popular by the government.

6.5.2 Administrative control

The department of tourism under the ministry of civil aviation undertakes certain promotional and developmental activities, with a view to enhance the sectoral potential. No major change took place in the tourists organisation of India since its emergence as a separate department in 1958 expect for minor expansions here and there. The department has certain regulatory function to perform involving the hotel industry, travel agencies and tour operators.

Over the years, there has been considerable erosion of powers so far as state governments are concerned. The sustained campaign for privatisation in all the policy documents has left limited space of operation of the state. The public sector is increasingly being perceived as an agent of inertia than of change and hence the pressure for hands-off policy.
The Yunus committee had suggested the creation of the tourism board on lines of the existing railway board, which was created for historical reasons. It would be difficult for tourism to be looked after by a board, because legally the sector would come under the industrial act. Such a board would be financially not viable which is basically under the jurisdiction of the states.

6.5.3 Privatisation and its implication

There is a vast potential for development of tourism in the country private sector investment will have to be encouraged in developing tourism and public sector investment should be focused only on development of support infrastructure. Thus the seeds of private initiators were sown during the 7th plan. The government permitted foreign equity participation up to 51% in tourism project. Foreign charters were allowed to operate in the country for the first time. The foreign companies were to repatriate their profits to the extent of 3%. The future growth of tourism will have to be achieve mainly through private initiative, which emphatically enunciated the government’s position in the annual plan 1992-93.
The process of privatisation brought in its wake big investments and private involvement at various levels. Environmental considerations were thrown to the winds and there were instances of large-scale human rights violations. The self-correcting nature of policy made provisions for stricter controls in this regard. More seriously, privatisation meant alienation of the majority of our population and their deprivation. Employment generated in tourism is generally seasonal and ill paid. The private sector-induced pockets of tourism had the potential of turning into centres of pollution, drug trafficking and prostitution.

6.5.4 Industry status granted to tourism

The seventh plan proposed that tourism be declared as an industry. However, it took time for the states to implement this, even though they agreed in principle. The smokeless industry had the advantage of generating maximum value-added, because of low-cost inputs.

The document also hinted at lower tariffs for power and water and regulation for easy import of equipment. As a follow-up, hotel and shipping were added to the list of 27 industries exempted from section 22A of the MRTP Act.
6.5.5 Imparting modifications to policies

The arena of policy formulation should be self-evaluating and self-correcting. In case of tourism policy this has proved to be a plus point. As an illustration, the policy statement of 1982 made no mention of infrastructure development. The successive government at the centre failed to create proper tourism infrastructure resulting in the loss of tourist traffic. This lacuna was corrected in the national action plan. Much of this change was due to intensive lobbying effect by agencies like the Indian association of tour operator (IATO), the travel agent association of India (TAAI), and the Indian hotels and restaurant association (IHRA). It is for the voluntary agencies exploit the avenue at various levels.

6.5.6 Scope for federal policy

Tourism is an industry with great employment potential. One of the significant features of tourism is that it paves the way for transfer of vast sums of money from “generating to the receiving economic”. Tourist expenditure stimulates domestic flow of rupee income through several streams. It generates additional income at each level of spending which has a multiplier effect.
In view of the important role played by tourism in improving the socio-economic conditions of the society, "tourism" has been declared as an industry in almost all the states. A committee was appointed to examine and recommend to the government tourism project schemes and activities which can be recommended for the various incentives, concessions and subsidies as available to others industries.

During the state tourism minister's conference held on December 10th 1991, it was resolved that the government of India may notify a few areas in the country as special areas with the main object of ensuring that the limited resources available are not spread over a large area and that concerted efforts are made in promoting certain notified areas. It was also resolved that special tourist areas may be set up near attractive tourism destinations such as beach resorts, forest sanctuaries, mountain resorts, historical sites of architectural interests etc., which have a good tourist potential.

A master plan will have to be prepared for each special tourism area and facilities for single window clearance of projects should be available within this area. The master plan should provide for transport facilities, communication facilities, leisure adventure and sports activities besides hotels and resorts. The government of India
and the states government will provide additional incentives and concessions for tourist development in these areas.

In addition to the concessions like capital investment subsidy, generator subsidy, deferral sales tax and 50% waiver of luxury tax on new tourism projects, the following incentives shall be made available to special tourism areas

a. Government lands will be given at concessional rates to investors for tourism projects to be located within the notified areas according to the master plans prepared for these areas.

b. Basic infrastructure for airport, roads, banks, telecom-facilities, post offices, electricity, water and municipal services will be provided.

c. New tourism projects in the special tourism area will be given choice of deferral/waiver on sales tax of years.

d. The sustained campaign for privatisation in all the policy documents has left limited space of operation for the states. The public sector is increasingly being perceived as an agent of inertia than of change and hence the pressure for a hands-off policy.
Promotion schemes designed at centre are transferred for implementation at the state level. The special central assistance granted for the development of infrastructure at the pilgrim centre carries with it a pre-defined scheme and mode of execution. Seventeen circuits and destinations were identified under the national action plan for development through central assistance and investment by the state and the private sector. The centre identified the centres and the state was asked to do the needful.

There were also times when the federal division of power resulted in operational contradictions. For instance, by 1989, many foreign hotel chains like Hilton the revenue departments of the respective states failed to locate and allocated land for the construction of hotels. The scheme, thus, fell felt.

6.6 CONCLUSION

Broadly, our successive policy of pronouncements in the relam of tourism falls with the "liberalising" framework of the macro-economic policy environment. The finance bill, 1998, had assured 50% tax exemption on foreign exchange earnings in the sector, and a further
50% exemption if re-invested. In effect, it amounts to 100% tax concession. Luxury hotels enjoy exemptions of all kinds with a view to encourage tourism earnings.

These tax exemptions coupled with provision of soft loans to the sector led to a boom in the tourism related private investment. The economic survey 1991-92 aptly summarises the ultimate aim of such incentives for private sector participation: "the government has tried to expand the economic space in which the people can exercise their initiative and ingenuity. It hopes to do more to expand their opportunities, to enhance their potential.

We should not forget that tourism is an industry which emerges in the context of unresolved socio-economic structural issues, such as land distribution patterns or the take over of traditional occupations by modern mechanised capital. Tourism happens to be a source of livelihood for millions in India and aggressive privatisation does not ensure social and economic safety nets. In the face of the unhindered entry of international capital and successive alienation, it is difficult to agree that the future is in our hands.