Chapter 3

Tourism Development of India and Malaysia under Government Plans and Policies

Tourism in Post Independence Period of India

Being a late starter, modern tourism in India began in the early 50s. The government in British India appointed a committee in 1946 under the chairmanship of Sir John Sergent, Secretary, Department of Education to look into the prospects of tourism development in India. Although the report was incomplete it strongly recommended that steps should be taken to build more tourist infrastructure and to provide more information aimed at attracting foreign tourists.

The first and most systematic step to promote tourism in India after independence was the formation of a separate Department of Tourism under the Ministry of Transport and Communications in 1958. But, tourism in India continued to languish unnoticed till 1962 - the year of Chinese aggression. To give a boost to the tourism sector an 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, Mrs Indira Gandhi.

Throughout the sixties and early seventies the activities of public sector involvement in tourism in India was largely confined to the expansion of capacity of the ITDC hotels. The extent of development in tourism at least for thirty years after independence was quite insignificant (Kumar, 1998).

The development of tourism infrastructure for the growth of international tourism in India is directly linked to the growth of domestic tourism. Today, the development of tourism infrastructure in the country basically caters to the demands of the domestic tourists and those which meet the requisite standards and quality of services also form part of facilities for the international tourists. However, the demand from international tourists has not been large and has been adequately met by the supply side of domestic tourism. It is because of the buoyancy in the growth of domestic tourism
that India has been able to attain a certain growth rate in tourism supply side which totally caters to international tourism. Thus, the development of domestic tourism is considered as the base for development of International tourism in India (Ahuja, 1998).

**Role of India Tourism Development Corporation (ITDC)**

India Tourism Development Corporation, now (ITDTC), set up in 1966 as an autonomous public sector corporation, was entrusted with the task of helping develop infrastructure and promote India as a tourist destination. Over the years, it has acted as catalyst in the development of tourism by opening up unexplored tourist destinations and creating facilities in remote tourist regions. The government policies, greater incentives, opening of new destinations, building of various star category hotels, improved means of transportation, sight-seeing and shopping facilities, have led tourism towards a new awakening. Here ITDTC is playing a pivotal role in bringing not only people and cultures closer, but succeeding in integrating the country—vast and varied in culture, tradition and custom. In fact, ITDTC is playing an important developmental role in serving the social objectives and dispensing the economic benefits of tourism throughout the country. Its package of tourism services comprises accommodation, catering, transport, publicity consultancy, both within the country and abroad.

India Tourism Development and Transport Corporation (ITDTC) which has achieved an all-time high profit and declared the highest-ever dividend, is looking for management and marketing tie-up with a reputed international hotel chain. The tie-up for which partners have been short listed will benefit from six of the ITDTC’s 34 hotels. The six elite hotels cater to the upper end market. To internationalize its operation, ITDTC had entered into an agreement with Amadeus Central Reservation System (ACRS) to feature Ashok Hotels on its computerized global reservation service (Economic Time, 1995). This meant that foreign travel agents could now have instant direct information on ITDTC hotels. This will also ensure marketing of its hotels abroad more efficiently (Khan, 1998).

Moreover, the tourism industry, which includes local airlines and transportation companies, accommodation facilities, banking and communication services, restaurants etc., should be able to service foreign tourists outside the few major cities.
Besides, information about specific tourist destinations should be available to 
travellers prior to finalizing their visits. Also, the industry must be aware of the high 
expectations of the experienced tourists who visit India.

Developing new and creative tourist products such as a village experience or folk 
festival Packages in collaboration with the local organizations and a code of service 
ethics should be an integral part of this body. This body should prepare and distribute 
tourism related information, literature and tourism data, about customs, immigration, 
airport facilities etc.

Before 1982 the responsibility of tourism development was not clear. But written 
policy on tourism was first announced by the Government in 1982. The policy for the 
first time specified the responsibility for tourism development as a common 
endeavour (Bagri, 1998).

**Contribution of Tourism & Economic Development**

Tourism is one of the largest industries in the world today. It generates employment at 
all skill levels. Although growing steadily, there is a huge unexploited potential for 
further growth in India. As tourism is a composite sector, estimating employment or 
output is a complicated process.

Tourism has emerged as one of the largest industries both in terms of gross domestic 
product (GDP) and employment in the world today. It generates exports, boosting 
taxes and stimulating capital investment. Currently, it employs more than 260 million 
people (100 million of whom work directly in the industry) or 8.7% of total 
employment and generated over 9.1% of global GDP in 2011. India has a large 
unexploited potential for foreign and domestic tourism that has been steadily 
increasing for the past couple of decades. The foreign and domestic tourist arrivals 
have increased from about 1.68 million and 66.67 million in 1991 to about 5.78 
million and 740.2 million in 2010 respectively. Thus the average annual growth rate 
of foreign tourist arrivals (FTA) and domestic tourist arrivals (DTA) were about 
6.63% and 12.83% during this period respectively. The rank in foreign tourist arrivals 
and percentage share of India are steadily changing in respect of the World.

The total foreign exchange earnings (FEE) from tourism increased from about Rs 
4,318 cr in 1991 (World rank = 37 in 2002) to about Rs 64,889 cr in 2010 (World 
rank = 17 in 2010). Thus the average annual growth rate of FEE was about 15.06%
during this period. The domestic tourism earning was about 31999.47 cr in 2002 and 96864.23 cr in 2008. Tourism is a composite sector, generating income in a large number of activities as sectors and sub sectors like, hotel and other accommodation units, travel agents and tour operators, transport services, tourist resorts and complexes, shopping facilities including sales outlets for curiours, handicrafts, souvenirs, etc. These activities provide goods and services to both the local population and the tourists. Therefore, there is a problem of apportionment of output between non tourism components and further, within tourism components (domestic and foreign tourism) (Kumari, 2012).

Tourism Development in India under Five Year Plans

Five Year Plans form an important portion of the planning process in India. These are formulated, executed and monitored by the Planning Commission of India, which is an institution in the Government of India, headed by the Prime Minister. The tourism sector is dealt under the composite division of transport which has many subdivisions including Railways, Road Transport, Roads, Ports and lighthouses, shipping, Inland water transport, Civil aviation, Tourism etc. Table 3.1 gives Government Allocation for tourism development in India under Five Year Plans.

From 1966 to 1969 no five year plan could be launched because of an Indo-Pak conflict. The conflict in combination with the drought resulted in the devaluation of the currency and a general rise in prices. This erosion of resources disrupted the planning process. These years were treated in three annual plans between 1966 and 1969.

The five year planning process was again disturbed in 1978 for two years and thereafter again in 1990 for two more years. On both these occasions there was a political disturbance at the centre.
Table 3.1: Government Allocation for Tourism Development in India under Five Year Plans

<table>
<thead>
<tr>
<th>Five Year Plan</th>
<th>Time Period</th>
<th>Plan Allocation (in Rs.)</th>
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</thead>
<tbody>
<tr>
<td>1st</td>
<td>1951-1956</td>
<td>0.00</td>
</tr>
<tr>
<td>2nd</td>
<td>1956-1961</td>
<td>336.38 Lakhs</td>
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<tr>
<td>3rd</td>
<td>1961-1966</td>
<td>800 Lakhs</td>
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<td></td>
<td>1966-1967*</td>
<td>58.50 Lakhs</td>
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<td>1967-1968*</td>
<td>87.65 Lakhs</td>
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<td></td>
<td>1968-1969*</td>
<td>183.81 Lakhs</td>
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<tr>
<td>4th</td>
<td>1969-1974</td>
<td>36 Crores</td>
</tr>
<tr>
<td>5th</td>
<td>1974-1979</td>
<td>133 Crores</td>
</tr>
<tr>
<td>6th</td>
<td>1980-1985</td>
<td>187.46 Crores</td>
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<tr>
<td>7th</td>
<td>1985-1990</td>
<td>326.16 Crores</td>
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<tr>
<td></td>
<td>1990-1991</td>
<td>83 Crores</td>
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<tr>
<td></td>
<td>1991-1992</td>
<td>90 Crores</td>
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<tr>
<td>8th</td>
<td>1992-1997</td>
<td>773.62 Crores</td>
</tr>
<tr>
<td>9th</td>
<td>1997-2002</td>
<td>793.75 Crores</td>
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<tr>
<td>10th</td>
<td>2002-2007**</td>
<td>2900 Crores</td>
</tr>
<tr>
<td>11th</td>
<td>2007-2012***</td>
<td>3112.71 Crores</td>
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<tr>
<td></td>
<td>Revised****</td>
<td>5156 Crores</td>
</tr>
</tbody>
</table>


First Five Year Plan

In the first five year plan from 1951 to 1956 there was no provision for tourism. India had just earned her independence and the priority areas for development differed a great deal from what they are today. During those times tourism had not yet established itself as a separate entity. The subject of tourism was looked after by the Ministry of transport, under a separate division formed in 1949. The allocations made for transport included the investments to be made for tourism as well. The provisions for tourism development in the 1st five year plan included the production of publicity material with an emphasis on participation in exhibitions and screening of films. The
provisions also included the opening up of tourist offices both in the country and abroad. The promotional activities were also to be taken in collaboration with travel agencies and tour operators (Five Year Plans, GOI).

Second Five Year Plan

The second five year plan provided an outlay of Rs. 336.38 lakhs for tourism. It was for the first time that the funds were set aside separately for tourism. There were separate allocations for the state and center plans. The main emphasis was on the development of transportation and accommodation facilities at major tourist centers. The idea was to increase and improve recreational facilities at such centers. For this purpose the plan allocation was divided into three schemes of part I, II and 111.

Part I schemes were intended to create facilities for foreign tourists. These schemes were directly dealt by the center and were carried out through the Central Public Works Department with cent percent financing from the center.

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 center and state governments. The schemes were carried out through state Public Works Departments; however the schemes were treated as centrally sponsored schemes.

Part III schemes were intended to develop infrastructure at places which were of local importance. These places mainly included pilgrimage centers, gardens and picnic spots. The schemes were fully sponsored by the state governments and were executed through state departments only (Five Year Plans, GOI).

Third Five Year Plan

By the time third five year plan was launched the potential of tourism as an instrument of growth and development had been realized.

The number of foreign tourists visiting India had shown an increase that amounted to about six times over the decade. From a meagre number of 17,000 tourists in 1951 the number had risen to 1, 23,000 in 1960. Similarly there was an increase in the estimated foreign exchange earnings from Rs. 4 crore in 1950 to Rs. 20 crore in 1960.

In the third plan the total allocation for tourism was Rs.800 lakhs. As in the second plan the allocations were divided into three parts. The priorities for development of
tourism in the 3rd plan remained unchanged from what they were in the 2nd five year plan. There were provisions of development for accommodation, transport and roads. The development plans for foreign tourists were to be carried out by the centre and those for the domestic tourists at places where foreigners were also expected, were jointly to be carried out by the respective state governments and the center. The development and improvement of facilities at local tourist centers was the sole responsibility of the state government. The plan document contained separate provisions for the development of winter sports complex at Gulmarg in Jammu & Kashmir. Moreover, measures were under consideration for assisting the hotel industry with loans for the construction of new hotels and improvement or expansion of the existing ones.

The third five year plan was followed by three annual plans of 1966-67, 1967-68, and 1968-69. In these annual plans the allocation for tourism was divided into two parts only. There was allocation in the central and state sectors with no joint ventures.

In the annual plan of 1966-67 the total allocation for tourism was Rs.58.50 lakhs and in the annual plan of 1967-68 the total allocation for tourism was Rs.87.65 lakhs and in the annual plan of 1968-69 the total allocation for tourism was Rs.183.81 lakhs (Five Year Plans, GOI).

Fourth Five Year Plan

The fourth plan document recognizes tourism as an important means of earning foreign exchange, with an ample scope for employment generation. It further elaborates the role of tourism in international relations and accepts it as an important tool for international contacts and understanding with an emphasis on development.

The 4th plan envisaged the development of destination traffic, rather than transitional traffic. On this account it was suggested that areas will be selected and developed as destinations for tourism.

Expansion and improvement of tourist facilities was to be taken in a way so as to develop new destinations. Charter flights were to be encouraged. The main emphasis was to be laid on provisions of accommodation, transport and recreational facilities. Efforts were to be concentrated in areas where there was an identified large flow of tourist traffic.
During the 4th plan period the allocations for tourism were increased to Rs. 36 crores from Rs. 8 crore in the 3rd plan. Out of this Rs. 25 crores were meant for central programs and Rs. 11 crore for states and Union Territories. The provisions in the central plan included a sum of Rs. 11 crore for the programs to be executed by ITDC. The programs for the central department of tourism were mainly concerned with lending loans to the industry. The main emphasis was on hotels in the private sector, tour operators and tourist taxi operators. Provisions were also there for integrated development of selected tourist centers. The programs of the ITDC provided for construction of hotels, motels and cottages. It also included provisions for renovation and expansion of tourist bungalows, setting up of transport units and duty free shops.

In the state plans provisions were made largely for construction of low income rest houses, development of tourist centers and above all the publicity material was a top priority.

During this plan the actual expenditure incurred for tourism development by the states and union territories was more than what the allocations were. Against a total allocation of Rs. 11 crore for states and Union Territories the expenditure incurred was Rs. 12.79 crores (Five Year Plans, GOI).

**Fifth Five Year Plan**

By the time 5th five year plan was launched tourism had established itself as an important means for development. World over the phenomenon was gaining momentum and had received recognition among the top most developing industries. With the advancements in technology the transport system received a boost and an increased traffic resulted in reduced international airfares. With a view on future development of tourism the 5th plan laid down the investment priorities on:

(1) Increased accommodation and transportation facilities so as to meet the demands of ever increasing international tourism.

(2) Integrated development of selected areas with a view to spread traffic as far away as possible covering different regions of the country.

(3) Tourism promotion abroad

Based on above guidelines the areas selected for development were Kovalam, Goa, Gulmarg, Kullu-Manali, certain archeological centers of tourist importance and
wildlife sanctuaries. Provisions were also laid for loans to private hotel projects and tourist transport operators. Funds were also earmarked for publicity and promotion abroad.

The total allocations for tourism sector in the 5th plan were Rs. 133 crores. Out of this Rs. 78 crores were for central sectors and Rs. 55 crores for states and union territories. The funds in the central sector were divided between department of tourism and ITDC in the ratio of 44::34 crores respectively.

Programs of ITDC included the expansion of hotels, putting up of traveller’s lodges, motels, cottages and duty free shops and strengthening of the transport units. As a result 15 youth hostels and eleven tourist bungalows were approved for construction. Moreover establishment of a number of duty free shops took place and success was achieved in transport sector as well.

In the state sector 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 (Five Year Plans, GOI).

Sixth Five Year Plan

The sixth five year plan was launched in 1980. By this time both international and domestic tourism had come to be seen as an activity with a number of economic and social benefits. As part of the sixth five year plan it was decided that this impurity in the numbers will be abridged through development of proper infrastructure.

The emphasis in the sixth plan document was to ensure investments in the accommodation sector so as to increase the bed capacity in the country. While taking steps towards the development of tourism in the country it was to be ensured that the development will take place on a sustainable basis and as such there will be no adverse effects on the environment or for that matter cultural ethos of the place concerned. All developmental schemes will be carried out in close coordination with state and central sectors. Specific areas were to be selected in order to form travel circuits.

The total outlay for tourism in the sixth plan was Rs. 187.46 crores Out of which a total of Rs. 115.46 crores was to be spent by the state sectors and Rs. 72 crore by the
central sector. The amount in the central sector was divided between Department of Tourism and ITDC in the ratio of Rs. 30:42 crores respectively.

The schemes by the department of tourism had investments in a manner so as to develop selected beaches and mountain resorts, Wildlife tourism, Cultural tourism, Human Resource Management in tourism, and overseas promotion. Moreover it was presumed that the encouragement for the private sector in the hospitality sector will continue through loans to be provided by the Industrial Financial Corporation of India. The role of ITDC was to increase its room capacity from 2644 rooms to 5000 rooms by 1984-85. The allocations for ITDC also included the equity capital made available for their joint ventures abroad.

Investments were also to be made in sectors which are extremely important for tourism but are not covered by it. Provisions for investment in such sectors would be made in their respective sectors. As part of this plan provisions were made to increase the carrying capacity of Indian Airlines and at the same time enhancement of airport infrastructure was to be prioritized so that more flights can be accommodated (Five Year Plans, GOI).

Seventh Five Year Plan

The objectives for the development of tourism in the seventh plan were:

1. Faster development of tourism so as to achieve an annual growth of 7%.
2. Acquire the status of an industry for tourism.
3. Re-defining the role of public and private sectors to ensure that the private sector investment is encouraged in developing tourism and public sector investment is focused on development of support infrastructure.
4. Exploiting tourism potential to support local handicrafts and other creative arts to promote national integration.

In the seventh plan areas marked for tourism development in the country were:

1. Development of tourism was to be taken in the selected areas which were most popular with the tourists.
2. Diversification of the tourism product from cultural tourism to other forms of tourism keeping in view the aesthetic, environmental and socio-cultural implications
of such projects. This was aimed at Wildlife, Adventure tourism, Winter sports and Beach Resort tourism.

(3) Restoration and development of national heritage products with a view to exploit their tourism potential on a sustainable basis. This way tourism will be utilized as a major force that will support in the conservation of our national heritage.

(4) Resources were to be pooled with a coordinated and combined effort of various agencies involved so as to work towards a National Image Building and Marketing Plan. It was supposed that the marketing campaign will target the world’s biggest tourist generating markets.

(5) Provisions for the development of budget accommodation at places of tourist interest were to be taken in a big way. In this regard new Yatrikas, Dharmsalas and Musafirkhanas were to be constructed at places of pilgrimage interest. The construction of Yatrikas was to be carried out through Bharatiya Yatri Vikas Samiti, a registered society set up by the Department of Tourism for this purpose. The funding for this purpose was to be made available through central grants and local donations. Moreover provisions were also laid down for construction of Yatri Niwasas at places of tourist interest. It was supposed that such accommodation units will cater to both domestic and international tourists.

(6) Public sector organizations in the tourism sector were asked to consolidate and improve their operations with no room for expansions. However it was emphasized that new properties can come in collaboration with state governments. The plan document also stressed the need for a close coordination between ITDC and HCI.

(7) Improvement & streamlining of facilitation procedures at Airports to reduce the time factor.

(8) Development of Human Resource Management in the tourism sector was to be given a top priority. In this regard it was said that IITTM will be developed as a model institute for professionally trained manpower. Moreover it was proposed that five food craft institutes will be upgraded to diploma level and 15 new FCI’s will be opened.

(9) Encouragement of private sector in the investment process was highlighted. In this regard, role of private sector in the accommodation sector will be looked into and all efforts will be made to make them invest in the sector.
(10) With the status of an industry to tourism, efforts will be made to create right climate and environment in which the industry can flourish and earn so as to generate adequate internal resources for its long lasting development.

Against the provision of Rs.187.46 crores in the sixth plan an outlay of Rs.326.16 crore was provided in the 7th plan. The allocations were to be used in the ratio of Rs.138.68 and Rs.187.48 crores by the central and state sectors respectively. The broad divisions of responsibility between the state and central sectors remained unchanged with the central funds to be impounded in projects meant for International tourism and state funds meant for domestic and local tourism. In addition to this, investments from the private sector were to be encouraged and the expectations in this regard were on higher note (Five Year Plans, GOI).

Due to certain political disturbances at the centre, the 8th five year plan could not be launched on time. In between 7th and 8th five year plans there were two annual plans for 1990-91, 1991-92.

The total outlay for tourism in the annual plan for 1990-91 was Rs.83 crore. Out of a total outlay of Rs.83 crore, Rs.58.00 crore were meant for Department of Tourism, Rs.15.50 crore for ITDC and Rs.12.50 crore for HRD.

The total outlay for tourism in the annual plan for 1991-92 was Rs.90 crore. Out of a total outlay of Rs.90 crore, Rs.64.05 crore were meant for Department of Tourism, Rs.16.00 crore for ITDC and Rs.9.95 crore for HRD (Five Year Plans, GOI).

**Eighth Five Year Plan**

By the time of eight five year plan, tourism had emerged as one of the major segments of Indian economy. 15 States and 3 Union Territories had accorded the status of an industry to tourism. The eight plan document suggested the following roadmap for the development of tourism in the country (Fazili and Ashraf, 2006).

(1) The role of public sector enterprises in the development of tourism was duly recognized and it was said that over the last decades it is the public sector only that has contributed to the development of tourist infrastructure in the country. As a result the industry is now well equipped with the structure and is poised for self sufficient growth. The future growth of tourism should therefore come through private participation. The state can contribute by regulating the industry and at the same time
can work as a catalyst for private participants by lobbying for their cause and providing them incentives and loans.

(2) The development of tourism should take place on a selective basis. The strategy for development should be based on the principle of low cost economy, higher productivity and efficient use of infrastructure. For this purpose certain specific areas with a high tourism potential will be identified. These areas will be provided with full fledged infrastructure accordingly.

(3) A “Tourism Development Fund” will be created to provide, financial assistance in these special tourism areas. Simultaneously there will be the launch of an “Equity Scheme” under which the government will contribute to the equity capital of tourism ventures.

(4) Tourism marketing and publicity will be taken in a big way through coordination of all the organizations involved. The target markets will be those of high spending tourists (Europe, U.S.A. and Japan) whose number has considerably gone down over the years.

(5) The technological developments in the field of communications and computers will be fully made use of and there will be efforts to create an effective update information system.

(6) Efforts and investments will be made by the state for development of hygienic and inexpensive accommodation.

(7) Anti-poverty and rural development programs will be linked with tourism development programs.

(8) Role of transport in the development of tourism needs to be recognized. In this connection Airline capacity on Indian routes is to be increased. Air charters will be encouraged. Role of private operators in the surface transport will be encouraged in the form of loans and tax benefits. There will be relief in excise duty for such players if indigenous vehicles are purchased. Similarly ship cruises will be encouraged and above all role of railways in the development of tourism will be given due consideration. For this purpose new rail tourism projects on the lines of “Palace on Wheels” will be encouraged.
(9) Adequate attention will be paid towards the development of various forms of tourism. Steps will be initiated for the preservation of cultural heritage. For this purpose master plans will be formulated for all states. This will ensure that economic activities are so planned that they facilitate tourism development and avoid overlapping. There will be integrated developmental plans for the heritage centers with focus on forts, palaces and old havelis with due concern for town planning.

(10) Due attention will be paid for human resource development in tourism. In this regard universities will be encouraged to introduce courses on Travel and Tourism.

(11) As part of the plan, external assistance will be sought for the development of “Agra Heritage Project” and Buddhist places of interest in UP and Bihar.

The total outlay for tourism in the eighth plan was Rs.272 crore for the central sector and Rs.501.62 crore for the States and Union Territories.

Out of a total outlay of Rs. 272 crore in the central sector Rs. 236 crore were meant for Department of Tourism and Rs. 36 crore for ITDC.

Ninth Five Year Plan

With a view on expenditure incurred on tourism projects in the 8th plan and the ever increasing rate of the phenomenon of tourism, the working group on tourism set up by the planning commission asserted a requirement of Rs. 6397 crores during the 9th plan period. However Department of tourism proposed Rs. 5370 crores for 9th Plan allocations. The planning commission initially approved a sum of Rs. 511.32 crores which was later reduced to Rs. 485.75 crores. A support of Rs. 308 crores was also suggested from IEBR (Five Year Plans, GOI).

The policy framework and strategy for development of tourism in the country during the 9th plan period was lined on following points of reference (Fazili and Ashraf, 2006):

(1) Product Development: The objective in the 9th plan was to create a tourism product that has an appeal and is economically viable.

(2) Coordination: The emphasis was to establish an effective coordination with all the relevant agencies involved so as to achieve synergy in the development of tourism. For this purpose the establishment of National Tourism Advisory council was suggested (NTAC).
(3) Diversification: The 9th plan found it imperative to diversify India's tourism product. In this regard following forms of tourism were identified.

(a) Indigenous & Natural Health Tourism

(b) Rural & Village Tourism

(c) Pilgrimage Tourism

(d) Heritage Tourism

(e) Adventure Tourism

(f) Youth & Senior Citizen's Tourism

(4) Infrastructural Development: It was emphasized that the funding for the development of tourism infrastructure will continue to flow from the government. In this regard equity schemes will continue except in North Eastern states and selected hill stations.

(5) People's Participation: It was suggested that People's participation in tourism development will be encouraged. This was to be achieved through entrepreneurship development and promotion of self employment opportunities in tourism.

(6) Promotion & Marketing: Promotion and Marketing schemes were to be continued in the 9th plan period, with the inclusion of diversity as part of the program. Use of Internet as a marketing tool was to be encouraged. In this regard a website of the ministry of tourism was launched in 1999.

(7) Enhanced Tourist Facilitation & Computerization: It was proposed that tourist facilitation should be improved through involvement of technology in the field of communication. Computerization of different systems facilitating tourists should be taken on a priority basis. In this regard research may be carried out so as to come out with effective and efficient facilitation mechanisms.

(8) Environmental Protection & Preservation: It was emphasized that tourism development should take place on a sustainable basis. Due care was supposed to become order of the day so as to avoid exploitative use of scarce local resources. Ecology of the hills was to be preserved at any cost and moreover the development process should involve local people so that the benefits are reaped by the local population to the maximum extent. Location specific code of conduct for tourism was
to be evolved so as to maintain a clean and disease free surroundings, protect local ecology, and respect local traditions, culture and heritage.

(9) Export House Status for Tourism: In order to give boost to foreign exchange earnings, employment and income generation through tourism activities it was suggested that tourism units should be given the export house status. This status will entitle these tourism units to a number of benefits that are available to recognized export houses.

(10) Strengthening of Organizations: The ninth plan emphasized the need to strengthen the national tourism organizations in all its perspectives and manifestations. In this regard there were no expansion plans for ITDC. It was said that the emphasis will be on consolidation through restructuring of existing properties and improving the quality of service.

(11) Human Resource Development: In the field of manpower development for tourism, during the 9th plan, it was said that the government will consider the setting up of new institutes only at places where the demand for trained manpower far exceeds the availability and the private sector is not interested, or cannot be motivated in providing adequate training facilities to fill the gap.

(12) Tourism Promotion in North East: The 9th plan document emphasized the need for the development of tourism in the North-East. In this regard it was said that the immense tourist potential available in the region will be meticulously exploited with emphasis on eco and adventure forms of tourism. Further it was suggested that the infrastructural needs in the region will be meant in close coordination with the state governments. Involvement of local residents was to be encouraged with special emphasis on tourist broachers and other publicity material for speedy development of tourism in the region.

Tenth Five Year Plan

The commencement of 10th plan has coincided with the National Tourism Policy 2002. The approach in the 10th plan towards tourism signifies a distinct shift from the approach adopted in the earlier plans. The approach takes a good look towards global status and trends in tourism, followed by their comparison in the Indian context. Recognizing India’s vast potential for tourism as against a very thin global presence, the plan envisages cutting across all barriers and positioning India among the top
achievers. To achieve this, plan articulates to look and develop the new trends in the global tourism. These trends include long haul travel, neighboring country travel, rural and ethnic tourism, wellness and health holidays, Senior Citizen's Tourism, Spiritualism, Eco tourism, Sports and Adventure tourism (Fazili and Ashraf, 2006).

While identifying all the a barriers that hinder the growth and development of tourism in the country, the 10th plan attempts to

• Position tourism as a major engine of economic growth.

• Harness the direct and multiplier effects of tourism for employment generation, economic and rural development.

• Provide a major thrust to domestic tourism which will act as a spring board for growth and expansion of international tourism.

• Position India as a global brand to take advantage of the burgeoning travel trade with emphasis on the vast untapped potential of India as a destination.

• Acknowledge the critical role of private sector with government working as an active facilitator and catalyst.

• Create and develop integrated tourism circuits based on India’s unique civilization, heritage and culture in partnership with states, private sector and other agencies.

• Ensure that the tourist to India feels "India within him" by making him physically invigorated, mentally rejuvenated, culturally enriched and spiritually elevated.

To achieve all these objectives the 10th plan has suggested a five point strategy. These strategic objectives are

(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 programs.

The working group setup by the planning commission had asserted a requirement of Rs.5586 crores during the 10th plan for development and promotion of tourism in the country. However Department of Tourism requested for an allocation of Rs.5500
crore from the planning commission and in turn got an outlay of Rs.2900 crore for the sector (Five Year Plans, GOI).

Eleventh Five Year Plan

During the 11th Five Year Plan, (as on 31.12.2010) Ministry of Tourism has sanctioned an amount of Rs.3112.71 crore for 991 tourism infrastructure projects, including rural tourism and human Resource development projects.

Ministry of Tourism holds Prioritization Meetings with the States/UTs to identify, for funding the tourism projects. While prioritizing, projects involving construction and upkeep of wayside amenities along Highways/Roads leading to tourist destinations, cleanliness at the tourism sites, projects in backward areas, etc. are given due emphasis.

To ensure the contribution of tourism in the development of remote and backward areas in the country, 2.5% of total plan outlay of Ministry of Tourism will be earmarked for tourism development in tribal areas from 2011-12 (Annual Report, 2010-2011).

During 11th Plan, Ministry of Tourism was sanctioned a Plan outlay of Rs 5156 cr. Against this outlay, allocation during the first four years of the Plan period was Rs 4003 cr. Ministry has been able to utilize 99.23 % of the allocation during the first four years of the Plan (Report of the Working Group on Tourism, 12th Five Year Plan (2012-2017), MOT, GOI).

Though the Working Group on Tourism for Eleventh Five Year Plan has recommended a target of 10 million international tourist arrivals by 2011, the Vision Document presently being drafted by MoT envisages achievement of this target by 2010. As per this strategy, target for the year 2011 will be 10.25 million. This target is proposed to be achieved through diversification of principal source markets, improving the infrastructural facilities such as airports, roads, civic amenities at the tourist destinations, increasing the air seat capacity and connectivity, vigorous publicity, etc. For domestic tourism, the target to be achieved in 2010 and 2011 will be 725 million and 812 million respectively assuming an annual growth rate of about 12% over the level of 461 million domestic tourist visits in 2006. New forms of tourism like rural tourism, cultural tourism, adventure tourism, cruise tourism, MICE
tourism, and medical tourism need to be taken up with renewed zeal and efforts (Five Year Plans, GOI).

To achieve the above goals, suitable measures would be taken for:

- Positioning and maintaining tourism development as a national priority activity.
- Enhancing and maintaining the competitiveness of India as a tourist destination.
- Improving India’s existing tourism products further and expanding these to meet new market requirements.
- Creation of world-class infrastructure.
- Developing strategies for sustained and effective marketing plans and programmes.
- Developing human resources and capacity building of service providers.

**Tourism Policies of India**

**Tourism Policy 1982**

After recognizing tourism as an industry in June 1982, the government of India came out with a policy document that was tabled in the Parliament on November 3, 1982. While having a clear vision about the responsibilities of the different players involved in the development of tourism in the country, the policy laid certain guidelines and evolved a course of direction for the development and promotion of both international and domestic tourism in the country. The main emphasis of the policy was to present India as the ultimate holiday resort (Tourism Policy, 1982). For this to achieve, following measures were suggested.

1. **Effective use of the rich national heritage for attracting tourists.**
2. **Identification of tourist circuits, followed by a promotional campaign so as to attract maximum number of tourists.**
3. **Adoption of a selective approach for the development of tourism in the country.**
4. **Involvement of private sector in the overall developmental plans of tourism industry.**
5. **Granting of export status to tourism industry.**
6. **Usage of tourism as an instrument of peace, national integration and development of international relations.**
(7) Involvement of youth with a view to create more employment opportunities.

National Committee on Tourism

The national committee on tourism was formed in July 1986, under the chairmanship of Mohammad Yunus, the then Chairman Trade Fair Authority of India. The composition of the committee was broad based and represented different interests including hoteliers, airlines, travel agents, tour operators and experts in the field of economic and cultural arts. The committee was to evaluate the economic and social benefits of tourism for India and was supposed to come out with a comprehensive plan for development of tourism in the country. The committee submitted its report in mid 1988 to the then Prime Minister Shri Rajiv Gandhi (Fazili and Ashraf, 2006). Some of the major recommendations of the committee were as under.

(1) Development of tourism should be taken in a way so as to stimulate economic development, improve ecology, and foster national integration and mutual understanding with people of other nations.

(2) Tourism must form an indispensable part of the overall developmental plans. A national consensus must emerge regarding the role and level of tourism development in the country.

(3) Developmental plans should be augmented in selected centers only rather than spending the limited resources thinly over large centers.

(4) Tourism should be brought under the concurrent list of the Indian Constitution.

(5) Diversification of tourism to India from traditional forms to other forms as well.

(6) Restoration and balanced development of national heritage projects of cultural, historical and touristic importance so as to exploit India’s unique position and to utilize tourism as a major force in support of conservation of national heritage.

(7) Exploration of new tourist generating markets particularly in countries, which have a broad spectrum of cultural affinity with India.

(8) Development of more accommodation units through private and public participation with provisions for more monetary and fiscal incentives.

(9) Liberalization of the Indian Skies.

(10) Partial privatization of the two state run airlines.
(11) Formation of tourism directorate within the Ministry of Railways.

(12) Establishment of All India Tourism Network (TOURNET).

(13) Development of four lane highways and motorways with suitable midway facilities.

(14) Development and promotion of tourism in an eco-friendly and sustainable manner by assessing the carrying capacity of each area.

(15) Extensive marketing campaign for promotion of tourism in the country.

(16) Launch of a National Image Building campaign by pooling resources of various public and private agencies involved in the promotion and development of tourism in the country.

(17) Establishment of a “Market Development Fund” with the purpose of promoting tourism and giving the travel trade a competitive edge in its marketing effort.

National Action Plan 1992

The National Action Plan was tabled in Parliament on May 5, 1992. It was an improvement over the 1982, tourism policy. All those major considerations that were absent in the 1982 policy were given room in the National Action Plan 1992. The lacuna for infrastructure development and sustainable tourism development with emphasis on environmental protection was corrected in the National Action plan 1992 (National Action Plan for Tourism, 1992). The objectives of the new Action Plan for Tourism are delineated below:

(1) Socio-economic development of areas:

Tourism conferred considerable socio-economic benefits to the community thereby "uplifting the quality of life ". It can further increase development even in areas where other economic activities would be difficult to sustain.

(2) Increasing employment opportunities:

Tourism industry generates employment, directly and indirectly, for about 13-14 million persons. Employment opportunities should be at least double the present level before the turn of the century.

(3) Developing domestic tourism especially for the budget category:
Domestic tourists form the bulk of world tourist traffic. In India also, facilities for domestic tourists will be improved and expanded particularly the budget category so as to ensure an affordable holiday for them.

(4) Preservation of national heritage and environment:

Tourism would be developed in a manner that our cultural expression and heritage are preserved in all its manifestations including support to arts and crafts. Preservation and enrichment of environment should also form an integral part of tourism development.

(5) Development of international tourism and optimisation of foreign exchange earnings:

International tourism contributes substantially to foreign exchange earnings and keeping in view the country's requirements, tourism will be so developed that foreign exchange earnings increase from Rs.2440 crores to Rs.10,000 crores by the end of the century.

(6) Diversification of the tourism product:

While retaining the traditional image of cultural tourism that India enjoys, diversification of the tourism product would continue, particularly in the field of leisure, adventure, convention and incentive tourism, "there by responding to the changing consumer needs."

(7) Increase in India's share in world tourism:

Presently the foreign tourist arrivals in India constitute only about 0.4% of the total foreign tourists movement all over the world. One of the objectives of the action plan would be to increase India's share to 1% within the next five years.

National Tourism Policy 2002

With the advancement in technology and in times of technological revolution, liberalization and globalization, the government found a need for a new tourism policy that should accommodate the effects of all these changes taking place around the globe. As a result in 1997 a new draft national tourism policy was set for public debate. The draft tourism policy was prepared with the objective of positioning tourism as a major engine of economic growth and to harness its direct and multiplier
effects for employment and poverty eradication in an environmentally sustainable manner.

The draft policy was distributed among all the stakeholders within the industry. These included Hoteliers, Travel Agents, Tour Operators, Airlines and offices of the State and central Government. After a much debate and on the basis of recommendations from various stakeholders the policy was finally approved in 2002 and thus came into effect the National Tourism Policy 2002.

The National Tourism Policy was an enhancement over all the previous policy documents. It took note of all the good points in the previous policy documents and moulded them as per the demands of time with certain necessary additions and deletions. It took account of the changing global scenario with emphasis on the fact that development of tourism should be so worked out, that it acts as an industry with least negative impacts (Tourism Policy, 2002).

To achieve the proposed and desired vision of tourism in the country, the following objectives were outlined.

(1) Positioning tourism as a national priority.

(2) Enhancing and maintaining the competition of India as a tourism destination.

(3) Improvement and expansion of India’s tourism product.

(4) Creation of world class infrastructure

(5) Developing sustained and effective marketing plans and programmes.

In enhancing India’s competitiveness as a tourist destination, the policy proposed a number of steps including Visa on arrival, increase in air seat capacity, creation of a special tourist force etc, but failed to address the issue of seasonality factor and the costly nature of the Indian skies and accommodation units (Fazili and Ashraf, 2006).
Tourism Organisations in India

Ministry of Tourism

Ministry of Tourism is the nodal agency to formulate national policies and programmes for the development and promotion of tourism. In the process, the Ministry consults and collaborates with other stakeholders in the sector including various Central Ministries/agencies, the State Governments/ Union Territories and the representatives of the private sector.

The Directorate General of Tourism, which is an attached office of the Ministry, has 20 field offices within the country and 14 overseas offices. The overseas offices promote Indian tourism in the markets abroad. The domestic field offices are sources of tourist information. They are also responsible for monitoring the progress of implementation of field projects by the State Governments in their respective jurisdictions.

India Tourism Development Corporation (ITDC) is the only public sector undertaking under the charge of the Ministry of Tourism (Annual Report, 2010-2011).

Role and Functions of Ministry of Tourism

The Ministry of Tourism has the following main functions:

(i) All policy matters

(ii) Planning

(iii) Coordination with other Ministries, Departments, State Governments/ Union Territory Administrations.

(iv) Regulation

(v) Infrastructure & Product Development

(vi) Research, Analysis, Monitoring and Evaluation

(vii) International Cooperation and External Assistance

(viii) Legislation and Parliamentary Work

(ix) Establishment matters

(x) Overall Review of the Functioning of the Field Offices
India Tourism Development Corporation (ITDC)

ITDC came into existence in October 1966 and has been the prime mover in the progressive development, promotion and expansion of tourism in the country. Broadly, the main objectives of the Corporation are:

- To construct, take over and manage existing hotels and market hotels, Beach Resorts, Travelers' Lodges/Restaurants;
- To provide transport, entertainment, shopping and conventional services;
- To produce, distribute, tourist publicity material;
- To render consultancy-cum-managerial services in India and abroad;
- To carry on the business as Full-Fledged Money Changers (FFMC), restricted money changers etc; and
- To provide innovative, dependable and value for money solutions to the needs of tourism development and engineering industry including providing consultancy and project implementation.

The Corporation is running hotels, restaurants at various places for tourists, besides providing transport facilities. In addition, the Corporation is engaged in production, distribution and sale of tourist publicity literature and providing entertainment and duty free shopping facilities to the tourists. The Corporation has diversified into new avenues/innovative services like Full-Fledged Money Changer (FFMC) services, engineering related consultancy services etc. The Ashok Institute of Hospitality &
Tourism Management of the Corporation imparts training and education in the field of tourism and hospitality (http://www.theashokgroup.com/itdc.html).

State Government/Union Territories

On the pattern of Central Government, the State Governments and Union Territories have their own Tourism Departments and Tourism Development Corporations. At all airports, major Railway stations and bus stands Tourist information centers have been set up by these departments. They are also actively engaged in:

- policy formation at their levels,
- promotional activities,
- destination development,
- providing guide services,
- conducting sightseeing tours, and
- providing lodging, etc.

Private Sector Organisations in India

Hotel Association of India (HAI)

Established in 1996, the Hotel Association of India (HAI) is the apex organization of the Indian Hospitality industry. With its membership extending from the major hotel groups, boutique hotels, heritage hotels, large, medium sized and smaller hotels, it represents the entire spectrum of the industry.

Its Executive Committee is a potent combination of the commitment of hotel owners on one hand and hard-core professionalism of hotel managers on the other. From Industry veterans to budding hoteliers, the committee is charged with experience and fresh ideas in its determination to shape a bright future for the Hotel Industry in India (http://www.hotelassociationofindia.com/aboutus.html).

HAI - Hotel Association of India - an exclusive forum of the Indian Hotel Industry.

- Provides information advisory, consultative and representative services to the industry and Government.
- Serves as a national point of reference for the industry in India.
• Functions through a federal three-tier structure at the National level, State level and City level through Voluntary Chapters.

• Acts as a catalyst for industry action in regard to quality, productivity and human resource development.

• It is represented on all major policy making bodies concerned with the industry.

• Organises Seminar, Workshops, and Research studies in the interest of the industry (http://www.hotelassociationofindia.com/organization.html).

The objectives for which the Association is established are:

i. to plan, promote and protect by lawful means, the interests of the Hotel Industry (hereinafter called the "Industry")

ii. to secure for the Industry its due place in Indian economy, and highlight its crucial role in the service of tourism industry;

iii. to help raise the standards, growth, efficiency and an image of the Industry both in India and abroad;

iv. to project the Industry's role as a contributor to employment generation, through expansion of services for domestic/export markets;

v. to aim for globalisation of the Industry and its integration with the world economy in conformity with the national policies;

vi. to take up, consider and discuss issues of national and international importance affecting the Industry;

vii. to communicate with Industrial Associations, Chambers of Commerce and other commercial, industrial or public bodies, within and outside India and to concentrate on promotional measures for protection of business and commercial activities of the Industry;

viii. to give high priority to activities designed to bring about improvement in the performance of Industry such as Energy Conservation, R&D, Export, Technology Transfer and Development, Human Resources Development, Quality, Productivity etc;

ix. to undertake, organise and facilitate national and international Conferences, Seminars, Study Courses, Lectures, develop action oriented programs and
similar other activities in the interest of the Industry at such place/places (both in India & abroad) and at such time as may be determined;

x. to establish subsidies, promote, maintain close contact, co-operate or amalgamate with, affiliate or become affiliated to any Federation or join any Association, act as trustees or agents for, or manage, control, superintend, lend monetary assistance to or otherwise assist any Association and Institutions incorporated or not incorporated with objects altogether or in part similar to those of the Association which may prohibit the payment of such profit to its members;

xi. to collect, diffuse and disseminate statistical and commercial information, affecting the Industry, and travel agencies, etc. among the members;

xii. to issue, publish and circulate in India and abroad such papers, periodicals, books, circulars, pamphlets and other literature as may be conducive to any of the objects or calculated to advance the interests of the Industry and to publish a Hotel Guide or Journals as and when required as priced publications or otherwise;

xiii. to establish and maintain libraries and Data Bank so that timely information, data, advisory and research services can be provided and the study of advanced trends & problems etc. of the Industry can be facilitated, both in India and abroad;

xiv. to acquire any patents or licenses relating to such inventions for use by members on such terms as may be agreed upon; and to seek appropriate modification of legislative or other measures affecting the Industry & allied subjects;

xv. to apply for and obtain any rights, concessions and privileges from and to enter into any arrangement that may seem directly or indirectly conducive to the objects of this Association, with any Authority, central, local or otherwise;

xvi. to establish a network at the National, Regional and State levels in order that grass-root services and relationships are formed for the purpose of the promotion of the objects of the Association;
dium and large sectors of the Industry on a harmonious

maintain co-operation and encourage friendly feeling and
members and others engaged in the Industry on all
their common good;

and settle disputes or controversies among the members
d to arbitrate in the settlement of disputes arising out of
parties willing to abide by the decision of the

maintain a Human Resources Centre for qualified staff, to
thefs, Confectioners, Maitre d' hotel, Bartenders,
and when needed by hotels in different regions, and to
personnel problems faced thereto by the Industry;

of international standard and repute;

provide for training in all operations and management of
Sectors as may be approved by the Management
to time;

and manage halls, classrooms & limited residential
educational amenities for the senior staff of the
g to participate in the activities of the Association and
nate objectives, as well as non members specially invited
activities of the Association, as far as possible on no profit

port or aid in the establishment and support of association,
ists, and conveniences calculated to benefit employees or
Association or the dependents or connections of such
ensions and allowances, and to make payments towards
scribe or guarantee money for charitable or benevolent
bitions or for any public, general, useful objects;

tain a Corpus or any other Fund with the contributions of
th all other money acquired by the Association in any
other way for any of specific purposes or generally to carry out the purpose of the Association;

xxvi. to utilize a part or whole of the fund, specified above, towards capital and recurring expenditure of the Association, to make appropriate investments or to deal with the fund in any other way the Association may find it necessary;

xxvii. to acquire by way of purchase or gift or otherwise, construct, maintain, enlarge, pull down or take on lease or hire, in the National Capital Region or outside, any movable or immovable property necessary or convenient for the furtherance of the objects of the Association;

xxviii. to manage, develop, sell, assign, mortgage, lease, exchange and otherwise transfer or dispose of or deal with all or any property, movable or immovable, of the Association in the way it may consider necessary for the furtherance of the objects of the Association;

xxix. to establish, undertake, superintend, administer and contribute to any charitable or benevolent fund from which may be made donations or advances to employees who may be or have been engaged in hotels, restaurants, boarding houses and to contribute to or otherwise assist any charitable or benevolent institutions or undertakings;

xxx. to dedicate, present or otherwise dispose of either voluntarily or for value any property of the Association deemed to be of national, public or local interest to any national trust, public body, museum, corporation or authority or any trustees for or on behalf of any of the same or of the public;

xxx. to acquire and take-over, and apply for the purpose and objects of the Association, all or any of the assets and liabilities of any other association, or corporation having objects similar to this Association;

xxxii. to raise or borrow money and secure the repayment thereof on such terms as may seem expedient;

xxxiii. to invest money of the Associations, immediately not required for the other purposes of the Association upon such securities or otherwise in such manner as may from time to time be determined as laid down in the Indian Trust Act and/or the Income Tax Act 1961;
xxxiv. to assign to any class of members any preferential, special or qualified rights or privileges over or as compared with any other members as regards voting or otherwise howsoever;

xxxv. to do all such lawful things as may be deemed by the Association to be incidental or conducive to the attainment of the objects of the Association, or any of them, provided that the Association shall not support with its funds or endeavour to impose on or procure to be observed by its members or others any regulations or restrictions which, if any object of the Association, would make it a trade union;

xxxvi. and generally to do all that may be necessary in the interests of the realisation of the objects of the Association directly or indirectly (http://www.hotelassociationofindia.com/objectives.html).

The Travel Agents Federation of India (TAFI)

The Travel Agents Federation of India (TAFI) established in 1986, is a dynamic organization that guides the travel industry in India. A professional body of Travel Agents coordinating different segments of the travel trade, TAFI is a non political, non commercial and not-for-profit body. TAFI represents the travel agents trade before official bodies of Government, Airline bodies and other appropriate forums.

Aims and Objectives

1. To protect the interests of those engaged in the industry, to promote its orderly growth and development, to safeguard the travelling public from exploitation by unscrupulous and unreliable so-called Travel Agents.

2. To safeguard the interests of the travelling public and to maintain high ethical standards within the travel trade through better communications and awareness about regulations.

3. To augment the development of the travel industry in India by consistent improvement in the standard of service and inculcate professionalism.

4. To spread greater awareness and update information on travel to efficiently cater to the needs of the travellers within India and overseas.

5. To promote mutual cooperation among members of TAFI and thereby ensure healthy growth of the Travel Industry.
6. To represent the travel agents trade before official bodies of Government, Airline bodies and other appropriate forums.

7. To promote such schemes which would benefit the members of TAFI as well as provide mutually beneficial alternatives to the airline industry for better growth of travel.

8. To safeguard the interest of the Travel Agents vis-a-viz service providers such as airlines, several consulates, several Government authorities.


The Federation of Hotel and Restaurant Associations of India (FHRAI)

The Federation of Hotel & Restaurant Associations of India, often known by the acronym, FHRAI, is the Apex Body of the four Regional Associations representing the Hospitality Industry. FHRAI provides an interface between the Hospitality Industry, Political Leadership, Academics, International Associations and other Stakeholders. FHRAI is committed to promote and protect the interests of the Hospitality Industry. The principle mission of FHRAI is to Represent, Promote and Develop the Hospitality Industry in India (http://www.fhrai.com/AboutUs.html).

Established in the year 1955, FHRAI was sponsored by the four Regional Associations representing the Eastern, Northern, Western and Southern regions of India. The Memorandum of Association was signed by the doyens of the Industry on 15th April, 1955 (http://www.fhrai.com/Organization.html).

The Constitution defines the objects of the Federation by clearly specifying all the entities that form the Federation, their function and scope. Some of the salient points of the Constitution are:

• To unite the four Regional Associations and work towards encouraging, promoting and protecting by lawful means the interests of the Hotel and Restaurant Industry and raising the standards of the Industry both at home and abroad.
• To consider policies, guidelines, legislations, bye-laws and regulations that affect the Industry and discuss with Government authorities and initiate, support or oppose by lawful means such legislations or regulations by various means.

• To advise and inform members about national and international matters pertaining to the Industry and disseminate statistical and commercial information through surveys and research. To print, publish, circulate, papers, periodicals, books and other literature conducive to advance the interests of the Industry.

• To assist in affording training facilities for Hospitality Personnel and for that purpose to promote and run a Hotel Institute.

• To convene national and international conferences in the interest of the Hospitality Industry and organize meetings to encourage friendship between members and to discuss questions of current importance (http://www.fhrai.com/OurConstitution.html).

Indian Association of Tour Operators (IATO)

Indian Association of Tour Operators (IATO) is the national apex body of the tourism industry. Founded on 13th January 1982 with just seven members, it has now over 4000 members from different segments of the tourism industry like travel agents, hotels, airlines, government tourism departments/development corporations, educational institutions, transport operators and both national and international tour operators.

IATO has been the forum for the Tourism Industry for addressing crucial industry issues, at various levels. During the 1982 convention, IATO’s demand for the Tourism Industry’s recognition as EXPORTERS was finally accepted by the Government in 2002! IATO has constantly been discussing important issues at different fora and with persistent persuasion have attained the unique position of being the Industry’s prime contact with the Government.

While the Industry’s issues are the prime focus of IATO as the National apex Body, IATO has wholeheartedly participated in its Social Obligations. IATO has supported all major National Causes, contributed by Relief emergency operations in National Crisis and calamities. IATO has also been actively involved in development of Professional Human Resources in the Tourism Industry, by providing on the Job
Training to the students from Different Tourism Institutes and organizing special need based courses for training in the Industry. (http://www.iato.in/iato-history.html)

The aims and objectives of the Society are as follows:

1. To promote national integration, welfare and goodwill.

2. To take all steps which may be necessary for promoting, encouraging and assisting in the development of tourism throughout the country and to take initiatives to secure the welfare of the Tourism Trade in all respects.

3. To communicate with Chambers of Commerce, other Mercantile and Public Bodies in India, Government Departments or Committees, International Air Transport Association and various foreign and local associations and corporations, companies and concerns and promote measures in the interests of the travel trade and nominate members to act on them.

4. To encourage and promote friendly feelings among the tour operators and travel agents on all subjects involving their common good and benefit.

5. To try to amicably settle the disputes of the members of this Association by referring the disputes for settlement to a sub-committee to be constituted for such purpose by the Executive Committee.

6. To protect the interest of the members of this Association from the malpractices of foreign tour operators

7. To set up and maintain high ethical standards in the industry.

8. To undertake such welfare activities which the members can not undertake individually.

9. To get affiliation with similar organisations in other countries.

10. To promote equal opportunities for all visitors to enjoy the Tourism & Travel facilities without distinction of race, colour, creed or nationality.

11. To organise overseas promotional tours jointly with various airlines and Govt. of India Tourist Office abroad and other similar organisations.

12. To conduct aiding and assisting seminars, group discussions, course of studies, cultural meetings.
13. To institute awards for excellence in tourism related activities.

14. To assist students by scholarship to pursue higher education, study and research particularly in the field of Development of Tourism and International Brotherhood, both in India and outside the country.

15. To institute chairs and fellowships in India

16. To take initiative and ensure that the problems affecting any of the services relating to the tourism trade are sorted out through the mediation of the Association, failing which joint legal action to be taken for and on behalf of the members of the Association for settling such problems.

17. To produce regular reports about the achievements of the members of the Association and to do all such things as are incidental or conducive to the above objects.

18. To print and publish information material for the benefit of its members (http://www.iate.in/iate-aim-objective.html).

**Travel Agents Association of India (TAAI)**

The Travel Agents Association of India (TAAI) was formed towards the end of the year 1951 by a group of twelve leading travel agents, who felt the time had come to create an Association to regulate the travel industry in India along organized lines and in accordance with sound business principles.

The primary purpose was to protect the interests of those engaged in the industry, to promote its orderly growth and development and to safeguard the travelling public from exploitation by unscrupulous and unreliable operators.

**Aims and Objectives**

- TAAI is conscious of the interest of the travelling public and maintains high ethical standards within the travel trade.

- TAAI aims at the development of the travel and tourism industry in India by constantly improving the standard of service and professionalism in the industry so as to cater to the needs of the travellers and tourists from within India and overseas.
TAAI is engaged in promoting mutual co-operation among the different segments of the travel and tourism industry, among TAAI members, by contributing to the sound progress and growth of the industry as a whole (http://www.travelagentsofindia.com/history.php).

Tourism Finance Corporation of India Ltd. (TFCI)

The Government of India had, in pursuance to the recommendations of the National Committee on Tourism viz Yusos Committee set up under the aegis of Planning Commission, decided in 1988, to promote a separate All-India Financial Institution for providing financial assistance to tourism-related activities/projects. In accordance with the above decision, the IFCI Ltd. along with other All-India Financial/Investment Institutions and Nationalised Banks promoted a Public Limited Company under the name of "Tourism Finance Corporation of India Ltd. (TFCI)" to function as a specialised All-India Development Financial Institution to cater to the financial needs of tourism industry (http://www.tfciltd.com/index.php).

TFCI was incorporated as a Public Limited Company under the Companies Act, 1956 on 27th January 1989 and became operational with effect from 1st February 1989 on receipt of Certificate of the Commencement of Business from the Registrar of Companies (http://www.tfciltd.com/about.html).

Since its inception, TFCI provides high-quality research and Consultancy services to the tourism industry in general and to the investors in tourism industry in particular. In line with this, TFCI has been providing Consultancy services to different central and state agencies by undertaking broad-based assignments to cover macro & micro level tourism-related studies/exercises to facilitate identification, conceptualization, promotion/implementation of specific tourism-related projects & for taking policy level decisions with respect to investment and infrastructure augmentation etc. Besides, TFCI has been providing specific project-related services to various clients. It has also undertaken appraisal of individual projects for various state government agencies/individual clients. TFCI has also successfully handled projects involving development of viable project concepts around lakes/water bodies, development of a multi-facility amusement park complex etc. TFCI's range of activities in the Consultancy Division covers tourism-related studies, surveys and project-related services (http://www.tfciltd.com/consultancy.html).
Indian Tourist Transporters Association (ITTA)

Indian Tourist Transporters Association (Regd.) is a registered national body of "Tourist Transport Operators", who are duly recognized by the Ministry of Tourism, Government of India and are solely involved in providing surface transport facilities to the foreign/domestic tourists.

ITTA was formed in late sixties and was revived in 1987 to put up grievances, suggestions and demands with various Ministries, Departments and Government/Semi Government Bodies and also to work in co-ordination with various other trade associations like IATO, TAAI, FHRAI, HARI etc.

Government of India as well as State Governments have approved Indian Tourist Transporters Association to represent tourist transport operators in India and actively participating in policy making, recognition of tourist transport operators, as well as, other important activities connected with tourism (http://www.ittalindia.com/).

Objectives of the Association

(1) To promote, encourage, develop and safeguard the interest of Tourist, Transport Operators in India.

(2) To promote, encourage, develop and help in bringing about co-operation between persons, firms, association or companies and authorities concerned with Tourist Transport so that, they might adopt a common policy and collectively take such steps as may be deemed necessary and expedient further and safeguard the interest of this particular association.

(3) To take up, consider and discuss questions connected with or affecting the above mentioned areas and to provide facilities for encouragement, co-operation mutual interests and problems connected therewith and for such purpose to organise and promote conferences, exhibitions, demonstrations, lectures, seminars and other useful functions.

(4) To enter into any arrangement with the government of India, any local Government, Chambers of Commerce or any other Public or Private Bodies that may seem conducive to the objects of the association or any of them and to obtain from any such government or authorities all rights, concessions and privileges which the Association may deem desirable in the interest of its members.

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(5) To present officially the views of its members on any question affecting or likely to affect the Transport Operators to the government of India, Local Government, Chambers of Commerce, and any other Public or Private Bodies.

(6) To promote, support or oppose legislative or other measures, affecting the Tourist Transport Operators.

(7) To collect, circulate and publish statistics and other information relating to the Tourist Transport operations in India.

(8) To nominate representative of the Association in various government officials and Semi-official, non official and other such bodies and Chambers including Associations.

(9) To purchase take on lease or hire or otherwise acquire or build any movable or immovable property for the purpose of the Association and sell, improve, manage, develop, lease mortgage, charge, dispose of or otherwise deal with all or any such property for the furtherance of the Association.

(10) To invest and deal with the money of the Association in such manner as may from time to time be determined by the Managing Committee and to open and operate current and Fixed Deposit Account with any Bank or Banks or in other approved Government securities to achieve the aims and objects of the Association.

(11) To subscribe, acquire and hold shares to become a member of or otherwise co-operative with any other Association whether incorporated or not whose objects are altogether or in parts similar to these of the Association.

(12) Form time to time to raise money by donation or subscription from patrons and members of the Association.

(13) To borrow or raise on secure the payment of money which may be required for the purpose of the Association in such manner as the Association may think fit, and in particular by the issue of promissory notes, bonds, debentures-stock, perpetual or otherwise charged upon all or any of the Association's property both present and future and to purchase, redeem and pay and such securities or loans in such manner as the Association may think fit for furtherance of the Association.

(14) To protect members from fraudulent transaction from the clients and to attain the above objects to invite information from members about defaulters and to maintain
list of such defaulters and to request members to stop dealings with any or all such defaulters for such time as may be necessary and to take henceforth such other steps as may be necessary and conducive to any or all of the objects.

(15) To commence and undertake any arbitration for settlement of general or special disputes arising between members of the Association.

(16) All the incomes, earnings, movable immovable properties of the society shall be solely utilised and applied towards the promotion of its aims and objects only as set for in the Memorandum of Association and no profit on them shall be paid or transferred directly or indirectly by way of dividends, bonus, profits or in any manner whatsoever to the present or past members of the society or to any person claiming through anyone or more of the present or the past members. No member of the society shall have any personal claim or any movable or immovable properties of the society or make any profits, whatsoever, by virtue of this membership (http://www.ittaindia.com/).

Early Tourism Development in Malaysia

The development of the tourism industry in Malaysia has a long history. Although leisure and tourism activities in Malaysia began since the colonial era, involvement of government in tourism development started only in 1953 when the Cultural Department officially opened and in 1964, the Ministry of Cultural, Sports and Youth was muted. Since that time, the tourism industry has grown considerably, but the tourism industry only captures one aspect of the economic diversity since economic activities are still based on the traditional sector, such as rubber and tin. Before its independence in 1957 and a few decades after, the Malaysian economy was heavily dependent on primary commodities mainly tin, rubber, palm oil and petroleum products. In 1970’s, the government had seriously started to stimulate the development of the manufacturing industry in an effort to diversify the country’s economy. These two sectors, however, were highly export-oriented and their performance was directly influenced by changes in the world economic climate. The severe economic recession that hit most of the Asian region in mid 1980’s had badly hurt the Malaysian economy and the government started to search for a more robust industry to broaden the country’s economic base. Tourism was identified as a potential industry that could encourage and stimulate the socio-economic
development of the country especially as a supplier of foreign exchange earnings, and employment opportunities. Tourism sector also contributes to regional development, encourages the development of supporting sectors and reduction in rural-urban migration (Salleh, Siong-Hook, Ramachandran, Shuib, & Noor, 2008).

Serious efforts in developing and promoting tourism began only with the establishment of the Tourist Development Corporation Malaysia (TDCM) in 1972 and it took another 15 years before a specific ministry, the Ministry of Arts, Culture and Tourism (MOCAT) was set up in 1987. This latest development reflects the government’s seriousness in promoting tourism as the second major income earner for the country after manufacturing (Hamzah, 2004).

After the severe recession in mid 1980’s the government has given a very high priority to the development of the tourism industry. In 2004, this ministry was restructured into three ministries and one of them is the Ministry of Tourism which was assigned to take care of, coordinating and implementing government policies and strategies pertaining to tourism development. Various tourism-related agencies at the state level were also set up, besides having some promotional activities such as the declaration of Visit Malaysia Year’ (VMY) in the 1990’s, 2000, and 2007, and active participation of the private agencies (Salleh et al., 2008).

‘Malaysia’s greatest strength is its tourism product diversity but like a double edged sword, Malaysia’s product diversity has proven to be a marketing stumbling block. As it has a little of everything, Malaysia has ‘failed to cut a distinct image in the international tourism arena’. Over the years, the tourist image that Malaysia portrayed has changed from ‘Beautiful Malaysia’ to ‘Only Malaysia’, followed by ‘Fascinating Malaysia’ and currently ‘Malaysia, Truly Asia’ (Hamzah, 2004).

As a consequence, total tourist arrivals increased dramatically especially in 1990 and thereafter. In 1990, there are 7.4 million of tourist arrivals compared to 4.8 million tourist arrivals in 1989. However, the following year (1991), due to lack of promotional programme tourist arrivals dropped to 5.8 million. Tourist arrivals continued to escalate to 7.5, 10.2, 15.7 and 24.6 million in 1995, 2000, 2004 and 2010 respectively. In 1990’s (1991-2000), the annual average growth of tourism was quite high at about 11 per cent. Most of the tourists in Malaysia till today come from the Asian countries. Asian tourists dominated more than 80 percent of tourist arrivals to
Malaysia, since Asian tourists comprise the prevalent proportion of visitors to Malaysia (Salleh et al., 2008).

Urban Tourism Development in Malaysia

Malaysia is located in Southeast Asia and consists of the (1) South-eastern Asia peninsula (Malay Peninsular), and (2) northern one-third of the island of Borneo, bordering Indonesia and the South China Sea. It was originally formed as Malaya (what is now Peninsular Malaysia) on 31 August 1957 and the Federation of Malaysia was only formed on 9 July 1963 through a merging of the former British colonies of Malaya and Singapore, including the East Malaysian states of Sabah and Sarawak on the northern coast of Borneo. However, Singapore left the federation on 9 August 1965 as an independent country. Malaysia also neighbours and shares its boundaries with other Southeast Asian countries such as Thailand, Singapore, Brunei, Indonesia and Philippines in a strategic location along the Strait of Malacca and the southern South China Sea.

The Federation of Malaysia consists of 13 states (Negeri) and federal territories (three territories, which are Kuala Lumpur, Labuan and Putrajaya). Therefore, the Federation of Malaysia consists 14 capital cities of which Kuala Lumpur became the capital city of Malaysia (Ismail, Baum & Kokranikkal, n.d.).

Cultural Tourism in Malaysia and its Management

The management of culture and heritage in Malaysia was put under the Ministry of Tourism and Culture, established on the 20th of May 1987, combining Department of Culture from the Ministry of Culture, Youths and Sports with the Malaysian Tourism Development Corporation from the Ministry of Trade and Industries. On 22nd October 1992, the ministry was renamed as Ministry of Culture, Arts and Tourism. This ministry was later divided in Mac 2004, into two ministries, namely the Tourism Ministry and Ministry of Culture, Arts and Heritage. This separation is seen as recognition of tourism as a potential number one sector of the country and a move to appreciate the value of heritage of the country. Agencies under this ministry are the National Archives, the National Art and Gallery, the Department of Museum and Antiquities, Malaysian Handicrafts (Kraftangan Malaysia), the National Film Development Corporation (Finas), the National Art Academy, the National Library and the Istana Budaya (the Culture Palace). Despite the move to strengthen the
ministries, the separation of the cultural elements from the Tourism Ministry can give impacts on the direction of ‘cultural and heritage tourism’, leaving this niche area as a no-man’s land! (Mohamed, 2008).

**Significance of Tourism in Malaysian Economy**

Tourism is the second highest foreign exchange earner for the Malaysian economy, after manufacturing. The rising significance of tourism in terms of its arrivals and receipts has motivated the government to increase its budget allocation in its five-year development programs called the Malaysian Plans (Nor, 2009).

Tourism has become so significant in economic and social development today that it is sometimes known as the invisible export industry. With the increase in foreign receipts from the tourism sector, this has helped boost Malaysia’s foreign exchange reserves. In addition as the tourism sector involves a whole employment spectrum - in retail, construction, manufacturing and telecommunications, as well as directly in tourism companies; thus accounts for approximately 23% of the total labour force that directly or indirectly supports the tourism sector (Sheng, NEAC).

**Impact on the Economy**

Tourism has now become one of the key activities in Malaysia. It has been earmarked to play an important role in the socio-economic development of the country. The Government has actively promoted both domestic and international tourism. The Committee on Invisible Trade (COMIT) has identified the tourist industry as having good potential to help alleviate the deficit in the services account of external trade (Sakai, & Toida, 1983).

The significant role played by the tourist industry in Malaysia can be traced from its earliest developments. This is because in comparison with other South-East Asian states such as Indonesia and Thailand for instance, Malaysia was less developed in the tourist industry sector. Today it has become the country's second biggest source of foreign exchange and the third largest economy sector. Over the years the industry is significantly contributing to GDP (gross domestic product) growth, investment and employment as well as strengthening the services account of the balance of payments. The related service industries like accommodation, food, transportation, entertainment and other small size industries have also received a bang in their growth as a result of the rapid increase in the tourism (Sengupta, n.d.).
Impact on the Employment

The accommodation sector is identified as the key job provider in tourism in Malaysia. In 2001, it accounted for 70,881 jobs and was projected to reach 109,600 jobs in 2010. The tour and travel agency sector is also a significant sector which was projected to provide 18,200 jobs by 2010. In 2007, the total workforce in Malaysia was 10.6 million employees while the country's unemployment rate was 3%. The tourism sector already provided a total of 1.2 million jobs, constituting 11.4% of overall employment in Malaysia. With global tourism employment growing at 4% a year for the past 10 years, tourism is increasingly a major source of employment, both directly and indirectly.

Although the number of jobs provided in tourism is large, it was also reported that vacancies are not adequately filled by existing labour markets. In 2007, there were 35,953 vacancies in the hotel and restaurant sector alone and this situation has created an imbalance between the supply and demand in tourism employment in Malaysia. A study of human resource development in tourism conducted in 2002 found that 30.7% of tourism operators struggled to find employees, and skilled and semi-skilled workers were identified as the critical segment (Nor, 2009).

Significance of Tourism in Malaysian Society

Tourism has a great impact on the host societies everywhere in the world. It can be both a source of international amity, peace and understanding and a destroyer and corrupter of indigenous cultures, a source of ecological destruction, an assault on people's privacy, dignity, and authenticity. Malaysia is also not an exception. The steady growth of the tourism industry in Malaysia has taken its toll on the social environment. While it has led to rapid economic development of the country on one hand it has also led to deterioration of the society on various aspects on the other hand. It has caused rapid damage to the ecosystem of the tourist places. Reports on tourist-activities related damages at popular destinations are abundant. The concentration of mega infrastructure and resorts along the coast has caused major destruction to the mangroves, beaches, and lagoons through sand mining and direct discharge of sewage from the development. Destruction of the ecological environment can also be the result of the creation of extensive infrastructure like jetty, resorts and
airports. This draws the attention to create a more sustainable development in order to develop the sector without causing harm to the ecosystem.

Malaysia has been a pot pourri of different cultures since time immemorial. Cultural mixing is a very common phenomenon in the country. The development of the tourism industry has further led to the enhancement of its rich and diverse culture. People from all over the world come here and have interactions leading to enrichment of its culture. The culture and traditions in Malaysia are undergoing steady but slow changes.

But the most serious social impact of tourism in Malaysia is the growing industry of human trafficking. Exploitation is driven by poverty, uneven development, official corruption, gender discrimination, harmful traditional and cultural practices, civil unrest, natural disasters and lack of political will to end it (Sengupta, n.d.).

Tourism Development in Malaysia under Five Year Plans

The planning policies covering tourism development in relation to the other economic sectors are contained in the country’s Five Year Economic Plans. Table 3.2 gives Government Allocation for tourism development in Malaysia under Five Year Plans.

The First Malaysia Plan (1966-1970) did not provide any significant policy towards tourism industry, major impact on the tourism industry happened during the Second Malaysia Plan (1971-1974), especially after the Pacific Asian Travel Associations (PATA) conference in 1972. The Malaysia Airline Company was set up by the government to provide direct communication within the ASEAN region and other countries to attract international visitors. The federal government proposed four strategies to encourage tourism development as follows:

- To propose more destinations and tourism infrastructure in every state to encourage more interstate tourists.
- To develop more tourist destinations and tourism infrastructures along the main road for domestic and foreign tourists.
- The development of tourist destinations and infrastructures will focus on the Northern and Southern Peninsular Malaysia.
- Air transport development for Sabah and Sarawak.
Table 3.2: Government Allocation for Tourism Development in Malaysia under Five Year Plans

<table>
<thead>
<tr>
<th>Five Year Plan</th>
<th>Time Period</th>
<th>Plan Allocation (in MYR Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1966-1970</td>
<td>No Allocation</td>
</tr>
<tr>
<td>2nd</td>
<td>1971-1975</td>
<td>8.59</td>
</tr>
<tr>
<td>3rd</td>
<td>1976-1980</td>
<td>27.19</td>
</tr>
<tr>
<td>4th</td>
<td>1981-1985</td>
<td>40.00</td>
</tr>
<tr>
<td>5th</td>
<td>1986-1990</td>
<td>140.50</td>
</tr>
<tr>
<td>6th</td>
<td>1991-1995</td>
<td>533.90</td>
</tr>
<tr>
<td>7th</td>
<td>1996-2000</td>
<td>605.50</td>
</tr>
<tr>
<td>8th</td>
<td>2001-2005</td>
<td>1009.00</td>
</tr>
<tr>
<td>9th</td>
<td>2006-2010</td>
<td>1847.90</td>
</tr>
</tbody>
</table>


Moreover, tourism development policies were also set out in the 1970 New Economic Policy (NEP). The NEP was developed by the Federal Government to provide economic equity and to foster national unity amongst all races in the country. It also aimed to encourage Bumiputera (Malay community) involvement in the tourism sector through economic and business activities, and was realised by the Malaysia Tourism Promotion Board (MTPB). Significantly, Bumiputeras' involvement in the tourism sector reached 30% during the Third Malaysia Plan (1976-1980), and about 14,800 were employed in the hotel industry by the time of the Forth Malaysia Plan (1981-1985) (Marzuki, 2010).

The progress was continued by the completion of the National Tourism Master Plan (NTMP) in 1975 with objectives that included:

- to outline the programme of tourism development that will fully utilise the natural attraction, potential and social attributes of Malaysia as they relate to the requirements of domestic, regional and international tourism.

- to provide a basis upon which Malaysia may develop tourist potential in an orderly and balanced manner within the framework of the national development plan and the new economic policy.

- to provide income and employment potential for the principal areas selected.
The NTMP suggested the development of eight integrated tourist regions in county involving Peninsular Malaysia, Sabah and Sarawak.

Tourist regions were aimed to spread tourism development within rural areas to provide diversity for international tourists, and as a strategy to distribute the economic benefits from tourism development to the whole country. The NTMP suggested a development programme as follows:

"...as a basis by the government and Tourist Development Corporation in determining the areas for potential Bumiputera participation in line with the government’s policy of increasing the involvement of Bumiputera in commerce and industry as well as the restructuring of society."

Study on international tourists flow in Malaysia shows that until 1990, after 15 years of implementation of the Tourism Master Plan, tourism development was still unequally distributed amongst the regions as suggested by the plan. More rapid development occurred on the West Coast of Peninsular Malaysia than on the East Coast. Sabah and Sarawak, however, were far behind Peninsular Malaysia in attracting tourists. The disparity of tourism development among tourist regions was caused by lack of promotion. The plan only has a small reference to the NEP in terms of suggesting how the government agencies can play their role to encourage Bumiputeras’ involvement in the tourism industry (Marzuki, 2010).

In response to the criticism, federal government launched the National Development Policy (NDP) in 1990. The first phase of NDP implementation was included in the Sixth Malaysia Plan (1991-1995) and continued in the Seventh Malaysia Plan (1996-2000). The NDP also stressed the importance of nationally integrated development. Those strategies were brought from the NEP objectives to eradicate poverty and restructure national society, and are outlined as follows:

- Promoting and strengthening national integration by reducing the wide disparities in economic development between states, rural and urban areas.

- Developing a progressive society in which all citizens enjoy greater material welfare, while simultaneously imbued with positive social and spiritual values, and an increased sense of national pride and consciousness.
During the Sixth Malaysia Plan (1991-1995), and partly due to large outflows from Malaysians travelling abroad, the plan proposed a two-pronged strategy of tourism development to increase foreign tourist inflows, and to promote domestic tourism to reduce foreign exchange outflows on account of foreign travel by Malaysians. Those strategies were continued further during the Seventh Malaysia Plan (1996-2000) by focusing more on domestic tourism through local residents’ involvement in entrepreneurship in product development and services. By the Eighth Malaysia Plan (2001-2005), basic strategies and policies of tourism development aimed to achieve sustainable growth, and to realise potential income at national, state and local levels. Sustainable tourism strategies were used to protect a balance between environment, economy, social and cultural issues in all tourism activities and planning and was structured as follows:

- Priority on sustainable tourism development.
- Focus on holistic approach for tourism development.
- Promote Malaysia as an attractive destination with events and carnivals.
- Improve human resource development.
- Prepare and upgrade communication network.
- Improve strategic agreement and international cooperation.
- Improve tourist hospitality and safety.
- Develop strategic alliances and international cooperation.

Subsequently, the Ninth Malaysia Plan (2006-2010) also stressed the importance of sustainable tourism development. The plan suggested product development, human resources improvement, and to develop domestic tourism through marketing and promotion activities. The national tourism committee will act as coordinator between the private and public sectors. State tourism and cultural authorities will be created in every state for an effective strategy for tourism development. A focus will be given to eco-tourism development through agriculture and rural product development (Marzuki, 2010).

The 10th Malaysia Plan recognises the importance of the tourism sector which has been identified as a driver of economic activity that will contribute towards the
National Tourism Policy (1992)

In 1992 the Federal government prepared the National Tourism Policy Study (NTPS) which recommended broad policies for the planning, development and marketing of tourism. The policy objectives in the NTPS are still being used as guiding principles and they can be summarised as follows:

- generate foreign policies;
- encourage equitable economic and social development;
- promote rural enterprises;
- generate employment;
- accelerate urban/rural integration and cultural exchange;
- encourage participation in the tourism sector by all ethnic communities;
- create an improved image of Malaysia internationally; and
- forge national unity.

The significant departure from the traditional sea, sand and sun market segment is evident in the NTPS which recommends new areas for product development namely:

- fly drive holidays;
- riverine tourism;
- ecotourism;
- agrotourism;
- cultural and heritage based tourism;
- MICE; and
- special interest tourism.

Essentially, tourism product development in Malaysia over the past 10 years has focused on the exploitation of its diverse nature and culture based attractions. The nature/culture theme is taken up by most state governments; for instance, Sarawak uses Culture, Adventure and Nature (CAN) as its promotional tag line. Melaka and Penang, on the other hand are heavily promoting their cultural heritage notably the distinct cultural potpourri that is a legacy of a cosmopolitan past. The only major
addition to the policies recommended in the NTIPS is the promotion of Malaysia as a shopping destination exemplified by the heavy investment in promoting Malaysia as a shopping haven, mainly through the thrice yearly Mega Sale Carnivals (Hamzah, 2004).

National Ecotourism Plan (1996)

The National Ecotourism Plan was prepared in 1996 by a leading environmental NGO, Worldwide Fund for Nature Malaysia (WWF Malaysia) for MOCAT. It contains strategies and guidelines for the development and management of ecotourism in Malaysia, based on the principles of sustainability (Hamzah, 2004).

The national ecotourism plan is intended to serve both as an appropriate instrument within the overall sustainable development of Malaysia, and as an effective tool for conservation of the natural and cultural heritage of the country. In addition to the planning and coordinating functions, both the federal and the state governments have been providing funds to develop infrastructure facilities at various ecotourism destinations, as stimulus to the private sector. In addition, the government is also supporting ecotourism development by means of sponsoring the cost of technical consultancy work on particular ecotourism destinations (Daud, 2002).

The National Ecotourism Plan was developed to provide a more integrated approach to achieve specific national objectives, such as those contained in the Five Year Plans and other documents, within the field of ecotourism. It should contribute towards producing a more distinctive Malaysian tourism image and identity and contribute towards direct involvement of local populations, enhanced training, inter agency and inter-sectoral cooperation and, most importantly, fostering environmental protection and preservation (Yasak & Melaka, 2000).

The National Ecotourism Plan was divided into 5 sections, namely (Hamzah, 2004):

- Section 1 - issues, strategies and action plans
- Section 2 - site listing
- Section 3 - development guidelines
- Section 4 - status of ecotourism
- Section 5 - Malaysia’s position in Asia Pacific Region

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Rural Tourism Master Plan (2001)

The Rural Tourism Master Plan (RTMP) was prepared for MOCAT, by a consultant team from Ireland, on behalf of the United Nations Development Programme (UNDP) and the World Tourism Organisation. The Strategic Vision for Rural Tourism, according to the RTMP document is to create a ‘new brand of tourist experience for visitors, particularly long stay/ high spend visitors (Hamzah, 2004):

- featuring the attractive scenery of lush tropical landscape;
- presenting activities and amenities to participate in, and enjoy in safety;
- providing new and improved ranges of accommodation; and
- offering a smiling and friendly customer care approach.

Consequently, the RTMP includes islands such as Pulau Perhentian as a potential rural tourism sites notwithstanding the fact that the island is being aggressively promoted by the Terengganu State government for island tourism.

The main approach recommended by RTMP to transform rural tourism in Malaysia is ‘Starting Small to Grow Big’, which can be interpreted as an incremental approach based on a number of selected destinations at one time. A list of Priority Districts (one in each state) was also suggested and the Kuala Pilah District was selected as a Pilot Model Area. Besides the recommended improvement in rural tourism infrastructure, RTMP also proposed HRD programmes and capacity building visitors (Hamzah, 2004).


Currently, the Second National Tourism Policy (SNTP) is in the final stage of completion. As it would not be appropriate to reveal the content of a study which has not been officially accepted by MOCAT/MOT, it would be suffice to say that the main output of the study is to provide the mechanism for transforming Malaysia’s ‘low yield tourism’ to that of ‘high yield’. In addition, intra-region cooperation is seen as a major course of action in increasing tourism receipts (Hamzah, 2004).
Economic Transformation Program

The Economic Transformation Program (ETP) is a comprehensive effort that will transform Malaysia into a high-income nation by 2020. The government has formulated this program for significant change of Malaysia's economy like a developed country. ETP has selected 131 entry point projects (ETP), 60 business opportunities which ensure 92 percent private sector investment. This program will impact in gross national income (GNI) per capita from RM 23,700 in 2009 to RM 48,000 and create 3 million new jobs by 2020. The 12 National Key Economic Areas (NKEA) are at the core of the ETP. The 12 NKEAs selected are: Oil, Gas and Energy; Palm Oil; Financial Services; Tourism; Business Services; Electronics and Electrical; Wholesale and Retail; Education; Healthcare; Communications Content and Infrastructure; Agriculture; and Greater Kuala Lumpur/ Klang Valley (Bhuiyan, Siwar, & Ismail, 2013).

Tourism Organizations in Malaysia

The tourism planning organisation in Malaysia is complex and influenced by the three-tier form of government i.e. Federal government, State governments and Local Authorities:

The National Tourism Organisation

Essentially, tourism is a Federal affair and the overall policy planning is carried out by the Ministry of Culture, Arts and Tourism (MOCAT) (Ministry of Tourism as from April 2004). Meanwhile, the Malaysia Tourism Promotion Board (MTPB or Tourism Malaysia) is responsible for the marketing and promotional aspects of tourism. In addition to the MOCAT/MOT and Tourism Malaysia, Federal government agencies related to rural development are also involved directly in tourism development. These agencies are as follows (Hamzah, 2004):

- Department of Agriculture (agro tourism)
- Department of Forestry (ecotourism)
- Department of Fisheries (coastal tourism)
- Department of Wildlife and National Parks (ecotourism)
- Department of Aborigines’ Affairs (ethnic tourism)
- Department of Museums and Antiquities (heritage/cultural tourism).

**State Tourism Organisation**

In Malaysia, land is a state matter and the State Economic Planning Unit (SEPU) is entrusted to formulate strategies and policies related to tourism development within each state. As tourism in Malaysia is private-sector led, both the Federal and State governments are only required to provide the infrastructure to facilitate private investments. By way of practice, however, the provision of tourism infrastructure includes not only the ‘hard’ infrastructure such as roads, airports and jetties, etc. but also the ‘soft’ infrastructure in the form of the organisation of special events.

As competition between the various states increases, the lack of coordination in implementing promotional blitzes sometimes experienced clashes in timing. The aggressive but fragmented promotional blitzes carried by various State governments fail to take into account the fact that the majority of tourists to Malaysia only stay at 2 different locations during their visit.

In response to the state governments’ request for more representation on tourism matters, the Federal government set up the State Tourism Action Council (STAC) in 2002 for each and every state in Peninsular Malaysia. Established under MOCAT, the STACs are supposed to form a link between the Federal government and various State governments on tourism related matters. With a small operating budget, the STACs are empowered to carry out product development and organising events but their efforts, so far, have been focussed mainly on the later (Hamzah, 2004).

**Local Tourism Organisation**

At the local level, the local authorities are now required not only to ‘Think Tourism’ but also to ‘Act Tourism’. However, MOCAT/MOT’s call for local authorities to be more proactive in the planning, management and promotion of tourism has not been well received by the local authorities, citing the lack of funding and qualified personnel as the major constraints. Moreover, local authorities do not regard tourism as their core business since their establishment under the Ministry of Housing and Local Government is for the purpose of providing and maintaining public facilities such as recreational areas, landscaping and garbage disposal. Another main reason for their reluctance to be actively involved in tourism is the lack of mechanism for direct
revenue capture given that almost all income from tourism is channelled back to the Federal government coffers.

At the local authority level, the bulk of the tourism-related projects carried out are in the form of street improvement and beautification programmes. Modeled on the successful Bintang Walk project in Kuala Lumpur, several local authorities have embarked on their own programmes to create a vibrant focal point cum tourist attraction within their cities/town (e.g. Hang Tuah Mall in Melaka, Star Walk in Alor Star, Batu Pahat Walk in Batu Pahat, Meldrum Walk in Johor, etc.). However, these projects have not been able to emulate the success of Bintang Walk due to the lack of critical mass (Hamzah, 2004).

Tourism Malaysia

Tourism Malaysia or Malaysia Tourism Promotion Board (MTPB) is an agency under the Ministry of Tourism, Malaysia. Tourism Malaysia, formerly known as the "Tourist Development Corporation of Malaysia (TDC)", was established on 10 August 1972. It was then under the former Ministry of Trade and Industry. On 20 May 1987, the Ministry of Culture, Arts and Tourism (MOCAT) was established and TDC moved to this new ministry. TDC existed from 1972 to 1992, when it became the Malaysia Tourism Promotion Board (MTPB), through the Malaysia Tourism Promotion Board Act of 1992 (Annual Report, 2010).

Functions of Tourism Malaysia

In accordance with the Malaysian Tourism Promotion Board Act 1992, the functions of the Board (Tourism Malaysia) are as follows (Annual Report, 2010):

• Stimulate and promote tourism to and within Malaysia.

• Invigorate, develop and market Malaysia internationally and domestically as a tourist focal point.

• Coordinate all marketing or promotional activities relating to tourism conducted by any organisation, government, or non-governmental agency.

• Recommend to the minister relevant measures and programmes that stimulate development and promotion of the Malaysian tourism industry and to implement them upon approval.

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In line with the role of Tourism Malaysia as a promotional organisation, the following objectives were upheld:

• Increase foreign tourist arrivals.

• Extend the average length of stay of the visitors to increase tourism revenue.

• Stimulate the growth of domestic tourism.

• Increase the benefits/share obtained from the Meetings, Incentives, Conventions and Exhibitions (MICE) market.

**Malaysia Tourism Centre**

The Malaysia Tourism Centre (MaTiC) is located within a building in Kuala Lumpur, which is both an architectural and historical landmark. Built in 1935, the main building served as the residence of a wealthy mining and rubber estate tycoon, Eu Tong Seng. Its architecture is typically colonial reflecting the era during which it was built.

In 1941, it briefly housed the war office of the British Army. However, when the Japanese invaded Malaya during the Second World War, it became the headquarters for the Japanese Imperial Army until the end of the war in 1945. Soon after, the new government of the Federation of Malaya (as Malaysia was then termed) claimed ownership of the building. A conference hall was added and named the Tunku Abdul Rahman Hall, in honour of YTM Tunku Abdul Rahman Putra Al Haj, the country's first Prime Minister.

Since then, the hall has become the venue for numerous historical events including the Malayan Parliament in 1959 and the Installation Ceremonies for several of Yang DiPertuan Agong (Malaysian Kings).

In 1988, the then Ministry of Culture, Arts and Tourism refurbished the main building, added two wings to the existing building and renamed it the Malaysia Tourist Information Complex (MATIC). Opened to the public since mid-August 1989, MaTiC offered a wide range of facilities and services to assist tourists in planning unforgettable holidays in Malaysia. It also enabled them to experience the essence of Malaysia within the Complex through various cultural shows and demonstrations. On February 16, 2001, the name was changed and the Malaysia Tourism Centre (MaTiC) or also known as Pusat Pelancongan Malaysia, was born.
A division within the Ministry of Tourism, which is currently headed by YB Dato’ Sri Dr Ng Yen Yen, MaTiC was formerly known as the Malaysia Tourist Information Complex (MATIC). However, February 16, 2001 witnessed the birth of a new identity while the new logo was officially launched by the Deputy Prime Minister on October 26, 2001.

A one-stop tourist centre, MaTiC is driven by the vision to place Malaysia on the global map as one of the finest tourist destinations in the world. Various services and facilities offered by MaTiC include the Tourist Information Counter, Tourist Police Counter, Internet access to its tourism e-portal, Saloma Bistro & Theatre Restaurant, Saloma Retail Centre, ATM Machine, Money Changer, Karyaneka and Hop On and Hop Off Ticket Counter and etc.

MaTiC is dedicated and committed towards providing a quality, professional and friendly service to local and foreign tourists in its endeavour to become a leading one-stop tourist centre. Since the opening of the tourist information centre after its official launch as well as its establishment as one of the pickup points for KL city tours in January 2002, MaTiC has witnessed a tremendous increase in the number of visitors (http://www.matic.gov.my/).

Objective

To project the Malaysia Tourism Centre (MaTiC) as a world-class one-stop tourist centre for foreign and local tourists through various professionally run services and facilities such as the tourist information counters, modern and equipped halls, meeting rooms and event venues, E-portal terminal and facilities, Culture Show Activities, handicraft centers and many other tourism related services only have in MaTiC.

Functions

- To promote tourism-related activities organised by the ministry as well as state-run activities through the tourist information counters, tourism websites, printed materials and the electronic board.
- To plan, implement and manage programmes including cultural and tourism-related events through shows, exhibitions, briefings and demonstrations to attract local and foreign tourists.
- To provide the space and infrastructure together with technical assistance for art and culture proponents.
Islamic Tourism Centre (ITC)

The Islamic Tourism Centre was established to facilitate the Ministry of Tourism in undertaking strategic research for tourism policy formulation that will enhance travel and promote goodwill via sustainable development of the tourism industry. It continues to serve the government and other stakeholders by providing an objective and impartial understanding of the tourism issues on national, regional and global importance (Annual Report, 2010).

Malaysian Association of Tour & Travel Agents (MATTA)

In 1975, a group of travel and tour agents initiated an association to represent their interests. That association, aptly named Malaysian Association of Tour and Travel Agents or MATTA for short, started with 30 members. The founder of MATTA was the late Mr Loh Yit Lock who was also the 1st President.

Today, MATTA boasts of a membership of over 2,800 members, comprising local tour and travel organizations as well as numerous overseas affiliations. It is also the national umbrella representative body for the entire travel industry in the country. With a full time secretariat in Kuala Lumpur, its headquarters, MATTA has state chapters in Kedah, Penang, Perak, Melaka, Negeri Sembilan, Pahang; Terengganu, Kelantan, Selangor, Johor, Sabah and Sarawak. MATTA works closely with the Ministry of Tourism (Motour) as well as Malaysia Tourism Promotion Board (MTPB) (http://www.matta.org.my/).

Objectives of MATTA

- To unite, supervise and coordinate the activities of the members.
- To publicise, encourage, promote and extend the tourist and travel trade.
- To adjudicate and settle any differences which may arise between members whenever its arbitration is requested by both parties concerned.
- To develop friendship and common purpose among the members of the tourist and travel industry.
- To make representations on behalf of members to Government and all organisations with which the Association has common interest.
- To encourage the highest ethical standards of business conduct within the trade.
• To study and promote the interest of the tourist and travel trade and profession and to educate the public regarding the function of tours and travel agents.

• To discourage unfair competition without in any way interfering with initiative and enterprise based on fair trading.

Malaysian Inbound Tourism Association (MITA)

MITA was established under the Societies Act in July 1986 and comprises various associations related to the travel trade industry in the country. Malaysian Inbound Tourism Association (MITA) is a nonprofit membership association dedicated to building responsible travel to and within Malaysia. MITA whose membership comprises of various tourism companies in Malaysia, works closely with the government on matters relating to tourism development and promotion. Acting as a national body and representing the key industry stakeholders from the private sector, the Council plays a significant and meaningful role in supporting Malaysia's tourism objectives.

MITA on its part organises projects and events including seminars and conferences to enhance the growth of the industry and in particular to promote domestic tourism. (http://www.mitamalaysia.com/)

Objectives of MITA

• To take an active interest in the promotion of tourism in Malaysia;

• To disseminate information on the development and activities of tourism related organizations in the country;

• To provide feedback on matters relating to tourism to the government and to other public sector organizations;

• To establish and maintain linkages with various national and international tourism bodies;

• To encourage cooperation in tourism so as to create an awareness and an interest in the tourism industry;

• To work closely with other tourism related organizations, and

• To assist government agencies in the development of a national tourism master plan.
Functions of MITA

- Acting as an advisory body on matters relating to the tourism industry;
- Ensuring that there is no unfair competition that business conducted by the industry conforms to accepted ethical standards.
- Assisting and taking an active interest in the promotion of tourism programmes within the country and overseas;
- Ensuring a high standard of service for tourists visiting Malaysia and to undertake public relations program to enhance the image of the industry, and
- Cooperating with and assisting the government in conducting tourism research and training courses.

Malaysian Association of Hotels (MAH)

Malaysian Association of Hotels (MAH) was initially established by a group of concerned and dedicated hoteliers to bring about a more dynamic hospitality industry and was given the approval to operate on 1 March 1974. It was officially registered with the Registrar of Societies on 18 May 1975 as Malaysian Association of Hotels & Restaurants (MAHAR). In 1982, MAHAR amended its constitution and it came to be known as MAH. The Malaysian Association of Hotels (MAH) is the umbrella body for hotels in Malaysia (http://hotelmule.com/html/36/36-785.html).

MAH’s objectives:

- To unite hotels in Malaysia into one representative body;
- To promote and foster cooperation between hotels and all similar businesses within and without the areas of the Association;
- To protect and advance the interest of all Ordinary Members and Associate Members and secure mutual advantages;
- To encourage its members to provide quality service, to keep abreast of the changing needs of the travelling public, and to promote good relationship between the industry and the public;
- To promote international, regional and domestic tourism;
• To acquire, preserve and disseminate information and to provide educational programmes of value to the membership and the industry;

• To stimulate fellowship and friendship among its Members;

• To plan and organise projects that will enhance productivity in the hotel industry;

• To undertake human resources development programmes;

• To make representation on matters of interest affecting the industry to the local authorities, the State Government and the Federal Government, and other organisations within and out of Malaysia; and

• To do anything proper, suitable and necessary for achieving these objectives and any others which are proper and lawful objectives of a national trade Association, all of which shall be consistent with the public interest as well as in the interest of the hotel industry.
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