CHAPTER II
REVIEW OF LITERATURE

Graburn and Jafari\(^1\) (2001) state that no single discipline alone can accommodate, treat or understand tourism; it can be studied only if disciplinary boundaries are crossed and if multi-disciplinary perspectives are sought and formed. For example, Churchill\(^2\) adopted scientific method of tourism marketing. Gunn, Clare found out that simulation and modelling have useful approaches in out-door-recreation demand study.\(^3\)

Moulana and Smith (2000)\(^4\) pointed out that the Central government have the pivotal role in the international tourism infrastructure by framing appropriate tourism policy. Systematic approach to the study of travel and tourism was pioneered by Gunn\(^5\) who has referred to the functioning of tourist system by involving five components like marketing, attractions, service/facilities, transportation and information promotion.

In general, there are two major components of flow of visitors in a particular locality. The visitors those who are staying at least 24 hours and spending at least one night at the destination are defined as tourist, according to

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\(^1\) Graburn, Nelson, H.H. and Jafar Jafari (Eds.), “Tourism Social Science”, Special Issue, Annals of Tourism Research, 18(1), 2001
\(^3\) Gunn, Clare, A., Vacationscape: Designing Tourist Regions, Austin, University of Texas, 1999
\(^5\) Gunn, Clare, A Tourism Planning. Taylor and Francis, 2\(^{nd}\) Edn., New York, 1998
the WTO. Those who came for less than 24 hours during the day time could be designated as day trippers or excursionists. The two groups have very distinct preference patterns especially in the nature of facilities demanded and in their expenditure patterns. Stay over tourists has not only a larger average length of stay than the day-trippers, but also usually require commercial accommodation and spend considerable amount on a wide spectrum goods. Dry trippers will not require commercial accommodation and their expenditure pattern are heavily titled towards shopping.⁶

Hotels are the vital and essential components of tourism industry. They are the keystones in the arch of global tourism. It brings tourists from all parts of the world and from all walks of life into a common fold. It is a miniature country representing to the tourists from distant, far-off lands, the feel and flavour of a country’s cuisine, culture and its way of life. Without an adequate development of accommodation resources, all the national scenery all the climate virtues and all the sporting and recreational facilities do not suffice to sustain a good volume of tourist trade.⁷

Brian Archer⁸ gives an exhaustive list of scholars who have done commendable research work with regard to Tourism Demand Forecasting and

⁷ Ibid.
⁸ Archer, Brian, H., Demand Forecasting in Tourism, University of Wales Press, Cardiff,2002
Estimation. To name a few, Baron’s\textsuperscript{9} Decomposition Analysis, Box-Jenkin’s\textsuperscript{10} Time-series approach, Turner’s\textsuperscript{11} Multivariable Regression Demand Analysis – have been of late employed in Tourism Research studies throughout the world. Anyhow, S.F.Witt, and C.A.Witt\textsuperscript{12} conclude that the relative forecasting accuracy of the various techniques differ considerably according to the measure of accuracy chosen.

Determining visitor’s perceptions of a country and its regions can help in selecting target markets for potential campaigns and in the positioning of resort areas. Richie and Sheridan\textsuperscript{13} (2002) have done significant research in Tourism Attitude Research. Alternative Approaches to attitude measurement has been elegantly discussed by Gordon H.C.McDougall and Huge Munro.\textsuperscript{14} Since 1971 Conjoint Analysis has gained widespread acceptance as a method for evaluation of customer trade-offs, a detailed account of this Research Technique in Tourism can be seen from John D.Claxton\textsuperscript{15}

\textsuperscript{9} Baron, Raymond, R., Seasonality in Tourism, Economist Intelligence Unit Ltd., London, 2001
\textsuperscript{10} Box, Geroge, E.P. and Gwilym M. Jenkins, Time Series Analysis: Forecasting and Control, Holdenday, San Francisco, 2002
\textsuperscript{12} Witt, S.F. and C.A.Witt, Modelling and Forecasting Demand in Tourism, Academic Press, London,1999
\textsuperscript{13} Ritchie, J.R.B., and M.Shridan, Developing an Integrated Framework for Tourism Demand in Canada, Journal of Travel Research, 27 (Summer), 2002, 3-9
Alan A.Lew\textsuperscript{16} lists in table form the noteworthy researches on tourist attraction. Assessing the impacts of Travel and Tourism measuring Economic Benefits is necessary in Tourism Research. Douglas C.Frechtling’s\textsuperscript{17} article is not only comprehensive but also complete in the sense that any researcher who goes through his article will have a clear perception of various methods carried out by different scholars. The Travel Economic Impact Model\textsuperscript{18} (TEIM) developed by the U.S.Travel Data Center provides information about the direct and indirect benefits that accrue from Tourism.

**ANALYTICAL AND EMPIRICAL STUDIES OF TOURISM IN INDIA**

Tourism, whether international or domestic, as an industry is tailor-made for a country like India. The labour intensive nature of the industry is particularly appropriate to its labour surplus economy. India’s rich cultural heritage and the wide panorama of its scenic beauty create an inexhaustible source of touristic attraction that cannot be exported or imported and hence it is like any non traded good as the term is used in international literature. Yet, as an industry, tourism in India, is still relatively under studied. This is true, in spite of the fact that from time to time, both the government organisations have sponsored and national research institutes have conducted quite a few studies.

\textsuperscript{17} Douglas C.Frechtling, Chap.32, John Wiley and Sons, Inc., New York, 2004, p.367
on tourism development. In this chapter some of the most significant studies on tourism development in India are given.

**NCAER Study on Cost-Benefit: Analysis of Tourism Project**

Kovalam in Kerala is one of the ideal beach resorts particularly for visitors from abroad, because of its rugged scenic beauty of its beaches and favourable weather for safe bathing and water sports excepting the monsoon months. In the year 1975 the National Council of Applied Economics Research (NCAER) conducted a cost-benefit analysis of Kovalam Beach Resort Project (KBRP) located in Kerala.\(^\text{19}\) The NCAER study, on the basis of then available factual information attempted to evaluate at the prices prevailing in the initial year (1972-73) of the project, all the costs and benefits of the integrated KBRP which comprises the provision for enhancement of the following facilities and services to meet the needs of the tourists, namely (a) beach service centre, (b) changing room (c) aquatic sports unit, (d) open air amphitheatre, (e) yoga-cum massage centre, (f) hotels, cottages, restaurants etc. The cost figures presented for the different parts of the projects encompass both current costs and capital costs including expenses on overheads eg. Transport network.\(^\text{20}\)

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\(^{20}\) Ibid.
IIPO STUDY

The study made by the Indian Institute of Public Opinion (I IPO)\textsuperscript{21} in 1978-79 deserves special mention because, of its novel methodology in arriving at the tourist multiplier on the basis of a detailed input-output matrix of the national economy. IIPO prepared a matrix of 60 sectors for 1978-79 on the basis of the Planning Commission’s input-output tables for the years 1968-69 and 1973-74. Using a relevant coefficients of the constructed matrix for the hotel and restaurants sector of the national economy, the contribution of tourism to national income as measured by gross value added was estimated to have been Rs.901 crores in 1978-79 prices with Rs.336 crores being the estimated contribution of tourism to the government revenue in the form of indirect taxes during the same year. On the basis of available data and assuming that the leakages from the economy would account for 12 per cent of gross foreign exchange earned, the IIPO worked out the value of tourist multiplier at 2.5.

Chib’s Study

Chib’s short book, Perspective on Tourism in India (1981)\textsuperscript{22} was the first systematic effort in the way of formulating an appropriate tourism policy for India. The main focus of the book was on appropriate policy measures for the

\textsuperscript{21} Indian Institute of Public Opinion, Report on Indian Tourism, Performance, New Delhi, 1978
development of tourism. He observed (1) The most important motivation of 70
per cent visitors to India has been to see a country with an ancient civilisation,
rich in monuments, temples arts and culture. Taking advantage of this
motivation, our promotional policy, therefore, has been so far; to sell the
mystique of India and what is generally described as ‘cultural tourism’. (2)
India has missed ‘holiday tourism’ not solely due to its slow process of
development but also for India’s subconscious aversion to pleasure rooted in
our puritanic ethics. (3) Tourists in India spend 29 cents of a dollar on
shopping in India which is a tribute to our handicrafts, garments, leather goods
or jewellery but practically nothing on recreation and entertainment. According
to him, the main element of such tourism development policy in India should
be (a) to exploit hitherto neglected holiday and group tourism, (b) to promote
short haul tourism for Asian countries, particularly Japan, (c) to develop the
ethnic tourism of Indian communities domiciled abroad, (d) to attract the
Buddhist tourists to the main Buddhist centres located in India and (e) to
develop the beach resources of India by constructing gateway airports.

ICRIER STUDY

Recently, Indian Council for Research on International Economic
Relations (ICRIER) sponsored an important policy oriented tourism study in
India. The above study focuses on the comparative advantage or disadvantage of low budget mass tourism as against high budget elite tourism. The study found that to earn the same volume of gross foreign exchange from low budget mass tourism, as are currently earned from high spending culture or elite tourists arrivals would have to go up by as much as four times. Pranab Sen who undertook the study on behalf of ICRIER argued that the economic cost of providing accommodation alone would far outweigh the gross benefits of mass tourism by not taking into account the effects of mass tourism on environment and local culture. On the other hand, it was found that five star deluxe hotels employ per room merely 60 per cent of the persons that would be employed and the four or three star hotels. Sen, therefore concluded that the employment effect of mass tourism would be only about 33 per cent higher than that of elite tourism. But, since mass tourism had a relatively higher capital labour ratio than elite tourism, it is less suited for a capital scarce country like India as a long term policy for generating employment. Another important focus of the study was the impact of tourists expenditure on goods that could not be traded across the border. While the number of visitors has not been very impressive in India compared to east Asian countries, the earnings from tourism has been almost double of that pertaining to any other country except Sri Lanka. Sen

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argued that true economic worth of international tourism should not be gauged by total or even net earning but by the amount of tourists expenditure on non-traded goods which is presented in the following table.

### TABLE 2.1
EXPENDITURE INCURRED BY THE FOREIGN TOURISTS ON NON-TRADED GOODS IN 1979-80

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the country</th>
<th>Amount of expenditure (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>1074.0</td>
</tr>
<tr>
<td>2</td>
<td>Sri Lanka</td>
<td>82.7</td>
</tr>
<tr>
<td>3</td>
<td>South Korea</td>
<td>284.7</td>
</tr>
<tr>
<td>4</td>
<td>Hong Kong</td>
<td>893.3</td>
</tr>
<tr>
<td>5</td>
<td>Thailand</td>
<td>612.2</td>
</tr>
</tbody>
</table>

Source: ICRIER (1985)

It may be mentioned here the ICRIER study was oriented towards the foreign tourists only.

**Empirical Studies**

**Krishnaswamy’s Empirical Study on Tourists in Delhi**

Till the end of seventies, government was hardly concerned with the promotion of domestic tourism. A rough estimate has been worked out from the respective figures of domestic and international tourists in some selected tourists spots shows that the ratio of domestic to foreign tourist is 10:1. One of the early studies that took account of both domestic and international tourists was that of Krishnaswamy’s survey \(^{24}\) of the tourist traffic bound towards the

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Union of Delhi. The study predicted that Delhi would be called up to plan for 6.2 million foreign and 55.8 million domestic tourists by AD 2000. The accommodation profile of Delhi visitors of domestic origin observed by the survey in 1977 (as shown in the following table) is heavily tilted towards rent-free accommodations.

**TABLE 2.2**

**DISTRIBUTION OF ACCOMMODATION OF 3.6 MILLION DOMESTIC TOURIST IN NEW DELHI (2007)**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Place</th>
<th>Percentage of Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>132 Unclassified hotels</td>
<td>10.8</td>
</tr>
<tr>
<td>2</td>
<td>Dharmashalas and Musafirkhanas</td>
<td>8.1</td>
</tr>
<tr>
<td>3</td>
<td>Railway stations, Bus stands or open places</td>
<td>31.1</td>
</tr>
<tr>
<td>4</td>
<td>Places of friends and relatives</td>
<td>50.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Survey 2007

**TECS study of Domestic Tourist**

In 2009 the Union Government requested the Tata Economic Consultancy service (TECS) to carry out a comprehensive nation-wide survey of domestic tourist traffic. TECS selected 32 tourists centres out of 100 major tourist centres in India. The selected centres include three metropolitan cities (Bombay, Delhi, Madras) three business centres (Amristsar, Bangalore and Gauhati) five hill stations (Darjeeling, Simila, Nainital, Ooty and Srinagar), two beach resorts (Goa and Kanyakumari), Six pilgrim centres (Gaya, Haridwar, Mathura, Puri, Rameswaram and Varanasi) and three historical cities
(Agra, Aurangabad and Jaipur). On the basis of collected data TECS estimated that the total tourist traffic in 22 centres during 2009 was 5.5 million. From the above, it is concluded that the total tourist traffic for 100 major tourist centres in India would be of the order of about 14 million in the same year.25

One of the major findings of the survey relates to the relative position of the different states of India on the basis of their domestic tourists generating character (quality) in the year 2009. In that year Maharastra topped the list as the foremost tourist generating state of the country accounting for 15.6 per cent of total domestic tourists. It was followed by West Bengal (11.8 per cent) Uttar Pradesh (11.3 per cent), Tamilnadu (10 per cent) Karnataka (6.8 per cent), Gujarat (5.8 per cent) Madhya Pradesh (5.4 per cent) and Delhi (5.0 Per cent) in that order. The rest of India accounted for the remaining 28.3 per cent. The salient features of the survey findings relating to age-wise distribution of tourists, the occupational distribution of income etc. are shown in the following table.

TABLE 2.3
AGE WISE DISTRIBUTION OF TOURISTS

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Age wise distribution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 12 years</td>
<td>16.3</td>
</tr>
<tr>
<td>2</td>
<td>13 to 29 years</td>
<td>38.1</td>
</tr>
<tr>
<td>3</td>
<td>30 to 55 years</td>
<td>40.3</td>
</tr>
<tr>
<td>4</td>
<td>Above 55 years</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: TECS, 2010

Taking the relative share of tourist population nights in the total population nights as a dependent variable and regressing it on per capita income, TECS estimated the income elasticities of domestic tourist demand separately for the different types of centres by pooling data for all the centres falling within a given type. One implication of the above approach is that the growth of domestic tourist traffic would be a weighted average of the growth of population, the weights being the above income elasticity for the former and one minus the estimated elasticity for the latter. Based on the estimated income elasticities of demand for domestic tourism for the different types of centres and the assumption that the annual growth in both the per capita income and population would be 2 per cent. The following growth rates of the domestic tourist traffic were projected for the different types of centres.
TABLE 2.4
ANNUAL GROWTH RATE OF THE DIFFERENT TYPES OF TOURISM CENTRES

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Type of centres</th>
<th>Annual Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Metropolitan cities</td>
<td>5.46</td>
</tr>
<tr>
<td>2</td>
<td>Other business centres</td>
<td>7.64</td>
</tr>
<tr>
<td>3</td>
<td>Hill stations and beach resorts</td>
<td>8.36</td>
</tr>
<tr>
<td>4</td>
<td>Historical sites</td>
<td>8.16</td>
</tr>
<tr>
<td>5</td>
<td>Pilgrim places</td>
<td>7.53</td>
</tr>
</tbody>
</table>

Source: TECS 2010

The lower elasticity estimates for the metropolitan cities could be due to the higher average income level of tourists visiting the cities since the above elasticity (like any other Engel elasticity for food) tends to decrease with an increase in income. The TECS is of opinion that the lower income elasticities for the metropolitan cities may even be welcomed, since tourism is already heavily concentrated in these cities and needs to be diversified to other areas.

TECS also studied the different motives for tourism and found that for all centres as a whole business accounted for 21.3 per cent, leisure for 56.8 per cent, education 2.6 per cent, health for 2. per cent, pilgrimage for 13.5 per cent, visiting friends and relatives for 2.2 per cent, hometown for 0.9 per cent and others for 0.7 per cent of the total tourists. But, it also found a good deal of overlap between different types of motives. The degree of overlap being less for hill stations, beach resorts and historical sites, where leisure accounted for 88.4 per cent and 90.9 per cent of tourists respectively. But, for metropolitan
cities, the dominant motive was found to be business (55.3 per cent). But leisure also accounted for 26.1 per cent tourists. Similarly for other business centres business accounted for 62.8 per cent and leisure accounted for 14.7 per cent. The overlapping nature is most prominent in pilgrim centres where leisure accounted for 34 per cent, pilgrimage for 51.4 per cent and 7.6 per cent for business. TECS, however added a word of caution in this regard. In case of group tourists, the motive of the respondent for the group may be different from those accompanying him. For instance, a businessman travelling with his family is likely to show business as a major motive. So, there is a possibility of under-estimation in case of pleasure and over estimation in case of business for the tour. But, this problem will not arise, where pilgrimage or social factors are the driving motives for travel.

**ASCII STUDY**

Four major surveys of foreign tourists in India, have been conducted by autonomous organisations under the sponsorship of the Department of Tourism. The surveys in 1968-69 and in 1972-73 were conducted by the Indian Institute of Public Opinion, New Delhi, the one in 1976-77 was conducted by the Administrative Staff College of India (ASCI), Hyderabad and another in 1982-83 by Indian Statistical Institute (ISI), Calcutta. The basic strategy in all these four surveys were to interview a sample of foreign tourist (5247 in 1968-
69, 7144 in 1972-73, 10002 in 1976-77 and 19776 in 1982-83) at the time of their departure from India at the exit points by air, sea or land. In all the studies, the sample of tourists was chosen in two stages—in the first stage certain periods of time were selected for each of the exit points and in the second stage at the selected period at each exit point a sample of foreign tourists were chosen from amongst those departing during this period.

**TABLE 2.5**

PERCENTAGE GROWTH AND INCREASE IN THE NUMBER OF DOMESTIC TOURIST ARRIVALS (2005-2010)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Year</th>
<th>Assumed growth Rate</th>
<th>Projected arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2005</td>
<td>--</td>
<td>1000000</td>
</tr>
<tr>
<td>2</td>
<td>2006</td>
<td>25%</td>
<td>1250000</td>
</tr>
<tr>
<td>3</td>
<td>2007</td>
<td>20%</td>
<td>1500000</td>
</tr>
<tr>
<td>4</td>
<td>2008</td>
<td>20%</td>
<td>1800000</td>
</tr>
<tr>
<td>5</td>
<td>2009</td>
<td>16%</td>
<td>2088000</td>
</tr>
<tr>
<td>6</td>
<td>2010</td>
<td>15%</td>
<td>2401200</td>
</tr>
</tbody>
</table>

Source: TECS, 2011

The ASCI designed their study primarily to learn the profile and the tour-landscape of the visitors. It was found that USA contributed the largest visitors to India, followed by Western European countries including UK, France and Federal Republic of Germany. Most of the visitors were professionals by occupation. The ASCI study also established the fact that most of the visitors were not elitist by nature. As regards the tour landscape, the survey showed that in 2007, of the total visitors 62 per cent visited Delhi,
Mymbai 51 per cent Chennai 23 per cent, Kolkatta 17 per cent and Agra 31 per cent.

**ISI STUDY**

The survey conducted by the ISI, Kolkatta deserves, special mention because of its comprehensive nature. Both in terms of time, cost or manpower involved the study was perhaps the largest research exercise of its type. The survey was designed to cover 14 important exit points. A two stage-sampling frame was adopted. In the first stage, random periods of time during the survey year were selected. In the second stage, foreign tourists to be interviewed were selected using the method of systematic sampling in the order of arriving at the reporting counter. The survey covered in total 2007 tourists. The primary objectives were to know:

1. the factors influencing their choice of India as a destination,
2. the expenditure on accommodation, food and drink, entertainment, shopping etc.
3. the places visited and duration of stay and
4. preferences for types of accommodation and so on.

Among the substantive findings of the study, a few findings are summarised below. Of the tourists, nearly a half came from West Europe, more

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26 Indian Statistical Institute, A Survey of Foreign Tourists in India, 2005-06
than a quarter from Asia, about one in seven from Australia and about twenty-five from the rest of the world. About one-sixth of the tourists were from the UK and about one in nine from the USA. About one in eight was from countries of West Asia and about one in ten from south-east Asia.

The average duration of stay of the foreign tourists in India did not change much between 1976-77 and 1982-83. In 1982-83, the average for all tourists was 26.5 days, 27.55 days for the tourist travelling independently (non-package) and 13.81 days for the tourist on package tour. About one in three of the tourists stayed in India for seven days or less and about one in four for longer than four weeks. Tourists from Japan stayed for the shortest period in India, nearly half of them for less than a week. A large proportion of the Australian, on the other hand, about one in three, stayed in India longer than four weeks. The duration of stay in India was longer for tourists from lower income groups compared to those from higher income groups. This was also partly due to the lower income of tourist of Indian origin from south-east Asia who stayed longer and partly due to the longer duration of stay of students, retired and unemployed persons who come on pleasure tours (like Hippies).

Foreign tourists in India in 1982-83 visited more places than they did in 1976-77. Since the total duration of stay in India on an average was almost
same than the average duration of stay at individual places which declined slightly in 1982-83.

The average duration of stay of foreign tourists was high, longer than ten days—at Goa, Pune, Chandigarh, Trivandrum-Kovalam, Hyderabad, Ganeshpuri, Dharmasala, Pushkar, Surat, Bhopal, Ranchi, Ladakh, Tanjore, Puri, Manali and Gaya-Bodhgaya. The main reason for this probably is the comparative tranquillity, inexpensive living, religious attraction and scenic beauty of these places.

A foreign tourist travelling independently in India (non-package) spent on an average Rs.8007.69 in 27.55 days or rupees 290.66 per day. Accommodation and food accounted nearly 54 per cent of the total expenditure, shopping about 25 per cent and internal travel nearly 14 per cent. The average daily expenditure for non-package tourists was high for travellers from west Asia Rs.512.76, Japan 492.94, the United States of America Rs.387.68 which was comparatively lower at around Rs.300.00 for tourists from the United Kingdom, Federal Republic of Germany, Canada and somewhat lower for Australia. Tourists from most other countries spent about Rs.200.00 per day, except those from south East Asia who spent only Rs.123.13 a day.
The average expenditure on shopping was nearly Rs.20.00 per tourist, of which about 18 per cent was on textiles, an almost equal percentage on handicraft and curios, 15 per cent was on Jewellery, nearly 14 per cent on carpets, about 12 per cent on readymade garments, close to 7 per cent on leather goods, 4 per cent on ivory goods and about 3 per cent was on brass or copper items.

The tourists considered the following to be the eight most important factors in choosing a country for visit. Arranged in decreasing order of importance, these are: (1) personal security and safety (2) friendly and interesting people (3) clean and comfortable accommodation (4) good food (5) easy communication with people (6) good sanitary and health condition (7) reasonable cost and (8) good local transportation facilities. Amongst these factors, they appeared to be quite satisfied about personal security, friendliness, communication and cost. But they were disappointed about cleanliness of accommodation, food, sanitary conditions and local transportation facilities.

There was a great variability in the size of the tourist and volume in different regions. The north zone was visited by nearly 60 per cent of the tourists; the west zone was visited by about 52 per cent of the tourists, the south zone by about 21 per cent and the east zone by only 13 per cent of the tourists. The visitors to the south zone were mainly from south-east Asia.
The magnitude of seasonal variation in the foreign tourists traffic was considerable. This had became more marked when one considered the number of foreign tourists resident in India on different days of the year rather than the number of tourist arrivals or their departures.