

NATIONAL TOURISM POLICY 2002

Department of Tourism, Ministry of Tourism & Culture, Government of India



INDIA
TOURISM





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*" The one land that all men desire to see and having seen once,
by even a glimpse, would not give the glimpse for all the shows
of all the rest of the globe combined."*

– Mark Twain on India

Cover: Shivling Base Camp (Photo Credit: Highlanders Communications)

Back cover: Periyar Game Sanctuary, Kerala

Atithi Devo Bhava

Guest is God

India is a journey of mind and soul

It is a journey of the five senses

It is a journey of self-discovery

It is a journey of self-fulfilment

PREFACE

A national policy on tourism highlighting the importance of the sector and the objectives of tourism development in the country was presented in the Parliament in 1982. The policy was formulated in an environment of a closed economy with rigid licensing procedures. The policy did not emphasize the role of private sector, and foreign investment was not envisaged. The policy also did not lay adequate emphasis on domestic tourism and the need for product development. In the Chief Ministers' Conference held on October 30, 2001, the Prime Minister of India, Shri Atal Bihari Vajpayee had stated:

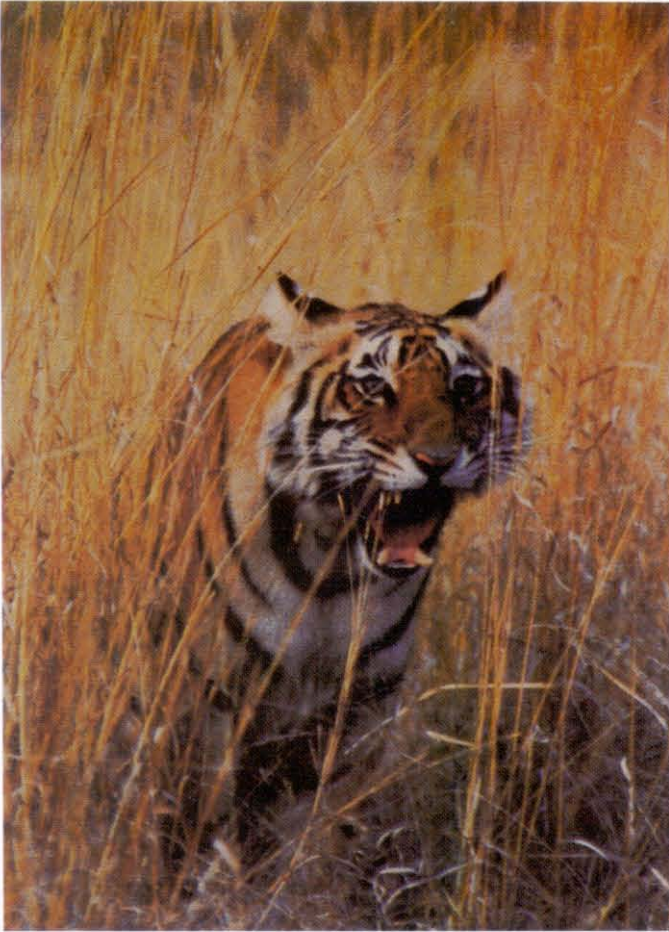
"Tourism is a major engine of economic growth in most parts of the world. Several countries have transformed their economies using the tourism potential the fullest... Tourism has great capacity to create large scale employment of diverse kind – from the most specialised to the unskilled and all of us know that generation of massive productive employment opportunities is what India needs the most".

The Ministry of Tourism had prepared a draft National Tourism Development Policy 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. This draft was circulated to all the stakeholders in the Tourism sector, the Private sector, the Industry Associations, the State Governments, Departments and Ministries of Government of India. The draft on National Tourism Policy-2002 was also discussed at the three-day Tourism Conclave comprising of:-

- a. Meeting of all foreign and domestic officers of Tourism Ministry;
- b. Meeting of State Tourism Secretaries ; and
- c. Meeting of the State Chief Ministers and Tourism Ministers.

The Policy rests upon the following basic principles:-

- I. Account should be taken of the fact that for the last four decades or so, a tourism revolution has been sweeping the world. In 1964, the number of tourists leaving their homes, worldwide, was 100 million. This number increased to 200 million in 1974, 500 million in 1992 and 700 million in 2001. And this number is likely to swell to 1.5 billion by 2020 and receipts from it are estimated to cross \$2000 billion. If India has to partake in this revolution in a meaningful way, it must change its strategies as well as the techniques and tools of its machinery of implementation. In this connection, it has to be noted with concern that during the last decade or so, India's share of world tourist traffic has remained static at 0.38 per cent.



Tiger, Ranthambhore National Park, Rajasthan

- II. At the institutional level, a framework would have to be evolved which is Government-led, private-sector driven and community-welfare oriented. Government have to provide a legislative framework to regulate tourism trade and industry, ensure safety and security of the tourists and create basic infrastructure and health-care facilities. The private sector has to act as a main spring of the activities and impart dynamism and speed to the process of development as well as conservation. Both Government and the private sector would be required to safeguard the stability and also the social and economic advancement of the local communities and the communities in the neighbourhood.
- III. The deep-rooted relationship of tourism and our cultural assets should be fully recognised and provided for. Improvements and environmental upgradation of the protected monuments and the areas around them should be considered as a linchpin of the tourism industry.
- IV. Effective linkages and close coordination should be established with such Departments as Civil Aviation, Environment, Forest, Railways, Home, etc.
- V. Sustainability should serve as a guiding star for the new Policy. The development and management strategies should be so worked out as to ensure that tourism largely acts as a smokeless industry and its ecological footprints remain as soft as possible. No one engaged, directly or indirectly, in the tourism industry, should be allowed to secure short-term gains by resorting to what has been called the darker side of tourism. Neither over-exploitation of natural resources should be permitted nor the carrying capacity of the tourist-sites ignored.

- VI. Greater emphasis should be laid on eco-tourism whose parameters should be broader than those of nature tourism alone. It must help in eliminating poverty, in ending unemployment, in creating new skills, in enhancing the status of woman, in preserving cultural heritage, in encouraging tribal and local crafts and in improving overall environment and facilitating growth of a more just and fair social order.
- VII. Special thrust should be imparted to rural tourism and tourism in small settlements, where sizeable assets of our cultural and natural wealth exist.
- VIII. Due importance should be given to domestic tourism, particularly tourism connected with pilgrimage, and it should be so designed that the infrastructure created under it serves as a backbone of international tourism in times to come.
- IX. A new class of young tourists, with marked preference for adventure and distant destinations, in hills, caves and forests, is emerging. This class is not looking for 5-star accommodation but only for simple and clean places to stay. The requirements of this class of tourists should be met and guest tourism encouraged through Panchayats and local bodies and associations.
- X. Special attraction of tourists for the Yoga, Siddha, etc., as well as for the Indian cuisine should be made use of and effectively encouraged.
- XI. The tourist industry and travel agents should be persuaded to evolve and adopt voluntarily a Code of Ethics and its infringement should be firmly dealt with by Tour and Travel Associations.
- XII. A section of the State police should be earmarked to act as tourist police and special training should be imparted to it.
- XIII. At the international level, India should play a dynamic role and make its presence felt at the World Tourism Organisation, World Tourism and Travel Council and Earth Council. Its unique cultural values and spiritual heritage should be projected with dignity and elevation befitting a great nation, whenever suitable opportunity comes our way.
- XIV. The civilisational issues as well as issues pertaining to civic administration and good governance must be attended to and made an effective part of the tourism policy. It should be ensured that good policies are not shipwrecked in the sea of half hearted implementation.



Hang-gliding



A Yoga Class

1

INTRODUCTION

The policy document seeks to enhance employment potential within the tourism sector as well as to foster economic integration through developing linkages with other sectors. Broadly the policy paper attempts to: -

- position tourism as a major engine of economic growth;
- harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism;
- focus on domestic tourism as a major driver of tourism growth.
- position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination;
- acknowledges the critical role of private sector with government working as a pro-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 gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and "feel India from within".

The policy document takes into consideration seven key areas that will provide the thrust to tourism development. These are: Swagat (Welcome), Soochana (Information), Suvidha (Facilitation), Suraksha (Safety), Sahyog (Cooperation), Samrachana (Infrastructure Development), and Safai (Cleanliness)

2

TOURISM AND NATIONAL DEVELOPMENT IN INDIA - CURRENT SITUATION AND PROSPECTS

In its modern form since the end of the Second World War, tourism has grown into one of the world's largest industries with a growth rate in excess of 5 per cent per annum over the past twenty years. International tourism flows across frontiers in the year 2000 reached 698 million while receipts from these flows reached US\$ 595 billion (including receipts from international transport fares). Estimates prepared by the World Tourism Organization indicate that global domestic tourism flows are at least ten times greater than international tourism flows indicating that there were at least 6,980 million domestic arrivals in 2000. Globally, tourism accounts for 11% of the global GDP and 8% of the world trade employment (*Table A – Annexure I-A*). In most countries with a large population, domestic tourism is the foundation of a viable and sustainable tourism industry. Much of the growth of global tourism has been generated by domestic tourism, which tends to be more focused on rural destinations. With a growing interest in the intangible culture of different countries (i.e. lifestyles, cuisine, ceremonies, music, religious beliefs, traditions, customs, and history), there is a strong potential to encourage international tourism to the rural areas as well. India's share of global international tourism at 2.64 million foreign arrivals through its borders in the year 2000 is relatively small in volume (about 0.38 per cent) but almost twice as high in terms of US\$ receipts (about 0.69 per cent) (*Table B – Annexure I-A*).

On the other hand, India's share of global domestic tourism is much higher (around 4.6 per cent of estimated global domestic tourism). While the proportion of global US\$ receipts from international tourism increased from 0.57 per cent in 1990 to 0.69 per cent in 2000, this compares with a share of 1.37 per cent in 1981. In contrast, India's neighbours in South and South-East Asia have more effectively utilised tourism for economic growth and employment creation (*Table C – Annexure I-B*). A forecasting study undertaken by the World Tourism and Travel Council estimated that in 2001, tourism would account for 10.7 per cent of global Gross Domestic Product, 207.1 million jobs; US\$ 1,063.8 billion in export value, and US\$ 657.7 billion in capital investment. A study on the economic impact of tourism conducted by the World Tourism and Travel Council estimated that in 2001, the consumption activity arising from domestic and international tourism will contribute 5.3 per cent of India's Gross Domestic Product. Tourism will also sustain 25 million equivalent full time jobs or 6 per cent of India's workforce, and contribute more than US\$ 3 billion in gross foreign exchange receipts. Separate estimates prepared by the Department of Tourism using a multiplier based on 1980 research suggests that the actual employment generation effect of (direct & indirect) tourism in India is around 42 million (includes full time/part time/casuals). The forecasting study undertaken by the World Tourism and Travel Council further indicates that between 2001 and 2011:-

- global Gross Domestic Product will increase from 10.7 per cent to 11 per cent;
- global employment contribution will increase from 207.1 million to 260.4 million jobs or 9 per cent of total global employment;
- the global value of tourism related exports will increase from US\$ 1,063.8 billion to US\$ 2,538.3

billion or 12.8 per cent of global export value; and

- global capital investment in tourism will increase from US\$ 657.7 billion to US\$ 1,434 billion or 9.3 per cent of global investment.

Forecast data from the World Tourism Organization shows that the share of tourism volumes and related receipts, Gross Domestic Product, employment, and export earnings is expected to *move away from the developed countries towards the less developed countries as a result of favourable economic, motivational, technological, and policy factors.*

Forecast Change in the Share of International Tourism Arrivals between Developed and Developing Regions

Regions	2000	Share %	2010	Share %	% AAG
Developed Regions of the World	528	78.45%	730	69.79%	3.29%
Less Developed Regions of the World	145	21.55%	316	30.21%	8.10%
Total	673	100.00%	1046	100.00%	4.51%

Source: WTO Forecasts

WTTC's status paper, "The India Imperative" has analysed India tourism in the light of the latest Tourism Satellite Accounting Research TSAR (2001) and projections for the year 2011. Subject to addressing key policy issues highlighted in the paper, WTTC has identified India *as one of the foremost growth centres in the world in the coming decade.*

- The development priorities of the Government of India up to 2012 are to place the economy on a significantly higher growth path that will deliver greater economic benefits in the context of the new global economic and security order, but also enhance human well-being, achieve social equity, sustainability, and efficiency. To achieve this overall development goal, the Government of India has embarked upon a strategy that involves a radical departure from past policies, and institutional arrangements in order to optimize and release the potential of its natural, human, financial, and technical resources.

One of the sectors of the economy considered to have particular potential is tourism. Tourism is seen to be a priority sector because it is:-

- able to maximize the productivity of India's natural, human, cultural, and technical resources, and are sustainable development;
- labour intensive and cottage or small industry based, providing employment that is of a high quality thus contributing to higher quality of life;
- capable of being primarily focused on rural areas with appropriate and relatively low cost programmes;
- has extensive forward and backward economic linkages that build overall income, employment (especially for women, youth, and disabled persons bringing greater social equity, and justice), investment, and raises central, state, and local government revenue;
- is able to deliver significant levels of hard currency as an export industry; and

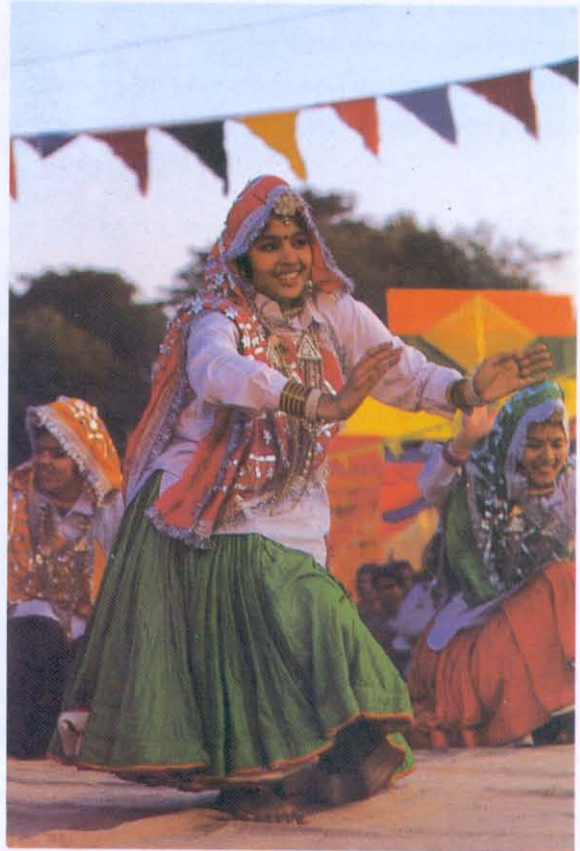
- able to promote understanding, peace, and contribute to national unity and regional stability.

There is great potential for creating enormous number of new jobs through travel and tourism. The employment potential is the highest in the tourism sector as compared to any other sector and India has the potential to more than triple its travel and tourism jobs. The tourism industry has a very strong linkage to socio-economic progress of the country. It has a very high revenue capital ratio. It is estimated that an investment of Rs.1 million creates 47 direct jobs and 11 indirect jobs, which far surpasses the employment potential from Agricultural and Industrial sector.

SWOT Analysis

The tourism sector's contribution to the national development priorities and strategies has so far been relatively limited. A review of the sector's competitive strengths and weaknesses, opportunities, and threats indicates that it has considerable growth potential. The main results of the analysis are:-

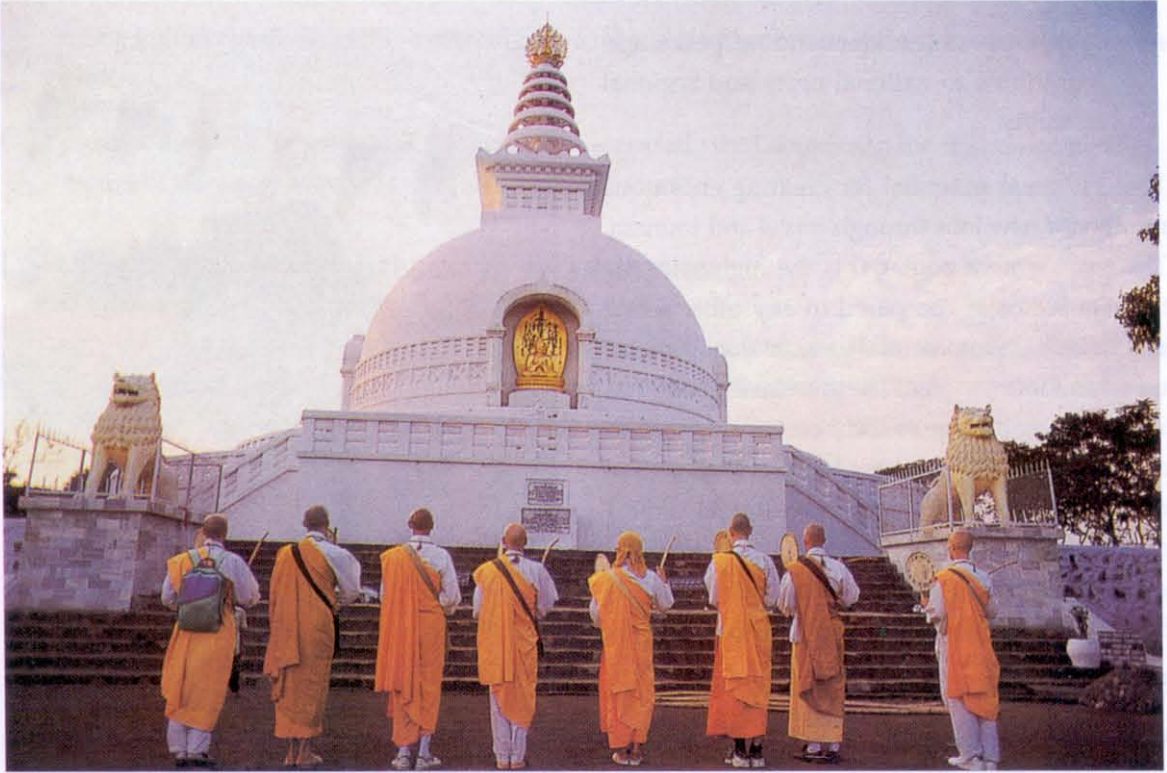
- India's great competitive strength from tourism point of view is its ancient and yet living civilization that gave rise to four of the world's great religions and philosophies, and brought travellers and trade millennia ago. The rich natural and rural landscape of India is punctuated with the built heritage of its ancient past and more modern structures of the present and its hopes for the future. India's contacts with other civilizations is reflected in the rich cultural diversity of its people through its languages, cuisine, traditions, customs, music, dance, religious practices and festivals, its holistic healing traditions, art and craft.
- The main competitive constraints facing the tourism sector are the low priority that the sector has been given by government (*Table*



Ghoomar Folk Dance, Haryana



A craftswoman at Surajkund Crafts Mela



Vishwa Shanti Stupa, Rajgir, Bihar

D – Annexure I-B). In the past it was unable to effectively link its role in relation to national development priorities, undue focus was laid on the international market at the expense of domestic tourism, the poor quality of the environments surrounding many of India's main tourist sites, the security scenario in the region that affects the perception of India as a safe and secure destination, the quality of facilities and services at attractions (*Table E – Annexure I-C*), the quantity and quality of transportation service, and related infrastructure, facilitation of entry to India by international tourists, the multiplicity and high level of taxation (*Table F – Annexure I-C*), limited availability of tourist information in-source markets and at destination, limited scope, accuracy and reliability of market data for planning and management, insufficient marketing of India in its domestic and international markets, lack of attractive project financing, restrictive land use policies that limit the availability of suitable land for tourism development, limited and poor facilities and services outside the major cities, especially in rural areas, and the lack of community participation leading to in some cases hostility to tourism. The low priority accorded to tourism has meant that it has played only a marginal role in India's development programmes to date and this is reflected in the limited budgets, limited cooperation and coordination capabilities, and an inability to implement strategic initiative and projects.

Notwithstanding the constraints (which themselves present opportunities), the key competitive opportunities are: (1) leverage the huge potential of its domestic urban population to develop rural tourism (*Table G – Annexure I-D*); (2) leverage its strength as one of the world's ancient civilizations in the context of its rich and diverse natural heritage to increase its share of the huge international travel market, especially the fast growing long haul segment of this market, and (3) leverage India's strength as one of the world's largest economies for business, trade, meetings, convention, incentive, events, and exhibition based tourism.

- The main internal threats to the development of the tourism sector are failing to effectively resolve the constraints identified above. These are security, safety and health situation; failing to involve communities in the decision-making process for tourism development; and failure to adopt and implement sustainable development and management principles and practices at tourism sites, especially in the rural and natural areas of the country. From an external point of view, the main threats are not effectively addressing the fierce and ever-increasing competition from competing countries, over-reliance on a few well-worn international and domestic travel markets, unbridled growth of international tourism that is characterized by high volumes, low economic yields, and high levels of adverse socio-cultural, and environmental impacts, and further regional conflicts such as that resulting from the September 11 event of 2001.

India possesses a rich and diverse range of unique tangible and intangible cultural, natural, and man-made tourism resources, many of which are world class in quality, and most of which are located in rural areas. The tourism resources of the country have the potential to attract significantly higher levels of market demand from the domestic and international markets provided that sustainable site management practices and principles are adopted and applied, and the other constraints identified above are effectively resolved. Provided that the identified constraints and opportunities are addressed, and appropriate plans prepared to handle the internal and external threats, then it is considered that India Tourism focus should be to:-

1. substantially increase the proportion of the urban resident leisure and pilgrimage tourism to rural areas not just in terms of volume but also in terms of length of stay and expenditure. For example, the total urban resident leisure and pilgrimage domestic market is estimated to increase from 22.5 million in 2001 to 50.5 million by 2012 and it would be a key objective to encourage these to visit the rural areas through appropriate strategies; and
2. substantially increase the volume of high-yielding (high average per capita expenditure) international tourists from the priority regional and long haul source markets based on the identified travel interests.



Sculpture Panel, Parsvanath Jain Temple, Khajuraho

3

TOURISM DEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES

The tourism industry, unlike many other industries, is a composite of several service providers. These service providers are generally in the private sector. In addition, public sector institutions such as the national or state departments of tourism are involved in the planning, development, and management of tourism. The participation of different private and public agencies makes tourism industry a complex phenomenon requiring a strong cooperation and coordination for it to be developed and expanded along lines that will contribute to the overall national development objectives. Left to itself, the industry will develop naturally, but not necessarily optimally or sustainably, and without any clear links to the broad development objectives of the country.

Uncontrolled tourism growth could damage India's socio-cultural structure, degrade its tangible and intangible cultural and natural heritage, and lead to adverse economic impacts such as high importation costs, and weakening inter-industry linkages. On the other hand, when the industry is properly planned, developed and managed at all levels of government in partnership with the private sector, it will strengthen India's socio-cultural structure. It would valorize its tangible and intangible cultural and natural heritage, and lead to positive economic impacts including enhanced employment and income opportunities in rural areas, lower importation costs, and stronger inter-industry linkages.

The vehicle for achieving the positive benefits of tourism, mitigating the negative effects, and delivering sustainable industry development framework of India's national development priorities is the preparation and implementation of a comprehensive national tourism policy. The overall goal and strategy for the development of the tourism industry is to ensure that its development is closely tied to the national development priorities of the country. In this context the Government of India's vision for the development of the tourism sector is:-

"Achieve a superior quality of life for India's peoples through Tourism which would provide a unique opportunity for physical invigoration, mental rejuvenation, cultural enrichment and spiritual elevation".

3.1 KEY OBJECTIVES

To achieve the overall vision for the development of tourism, five key strategic objectives need to be achieved. They are:-

1. Positioning and maintaining tourism development as a national priority activity;
2. Enhancing and maintaining the competitiveness of India as a tourism destination;
3. Improving India's existing tourism products and expanding these to meet new market requirements;
4. Creation of world class infrastructure; and

5. Developing sustained and effective marketing plans and programmes.

3.2 POSITIONING TOURISM AS A NATIONAL PRIORITY

- Inclusion of Tourism in the Concurrent List of the Constitution of India. This will provide a constitutional recognition to the tourism sector, help in channeling the development of tourism in a systematic manner and enable central government to legislate for tourism development. The proposal for including tourism in the Concurrent List was circulated to the State Governments and discussed at the Chief Ministers' Conference. Majority of the States have agreed to the proposal. The state-wise status may be perused at *Annexure -I-E*.
- To provide effective linkages and close coordination between Departments, a Group of Ministers on Tourism has already been constituted.
- Constitution of a Tourism Advisory Council with key stakeholders to act as a "think tank".
- Prepare the basis for the adoption of the Tourism Satellite Account System based on SN3 protocol for the national accounts.
- Plan, and implement a professionally managed integrated communications strategy to be called the 'National Tourism Awareness Campaign'.

3.3. ENHANCING INDIA'S COMPETITIVENESS AS A TOURIST DESTINATION

- a. Visa on Arrival - Implement visa on arrival and consider strategies for the fast issuance of visas and permits, including electronic visa approaches, and improved processing of arrivals by customs and immigration officials.
- b. Computerization of the system of issuance of visas by Embassies / High Commissions.
- c. Air capacity available to India is woefully short during peak travel months ranging from October to March and specially from main tourism originating destinations like North America, Western Europe and South East Asia. Additional seat capacity from the major destinations would provide a major impetus to tourism and economic development. An analysis by Indian Council for Research on International Economic Relations (ICRIER) reveals that the benefits of the additional seat capacity whether provided by the national carrier or any other international carrier would have a significant benefit for national economy. The model at *Annexure -I-F* strengthens the argument for opening India's sky for enhancing tourism through increased capacity.
- d. Improve the standard of facilities and services at the nation's international and major domestic airports by employing professional property management agencies to manage the physical premises on an outsource basis, and speeding up the privatization/leasing of airports.
- e. There is a need for creation of special tourism police force for deployment at major tourist destinations. This will provide travellers security through a spirit of courtesy and hospitality.

3.4 IMPROVING AND EXPANDING PRODUCT DEVELOPMENT

In relation to the development of products that are related to the special interests of the target markets, the product development strategy should be to:

- India has a unique cultural heritage. It has a vast array of protected monuments spread throughout the length and breadth of the country. India has 22 world heritage sites (16 are monuments). The conservation, preservation and integrated development of the area around these monuments provides a rare opportunity for growth and *expansion of cultural tourism* in India.



Beach, Kerala



Marine Life



A Sumptuous Sadya, Kerala Cuisine

- Develop sustainable *beach and coastal tourism* resort products based on a more flexible approach to developments in the coastal zone. There is a need for identifying a series of government sites on the West Coast of India, free of encroachments, for the development of beach resorts by the private sector, with sites to be offered on long term lease at preferential terms. These sites should primarily be in the regions of Goa, Kerala, and North Karnataka for reasons of air access;
- Develop and position the Kochi and Andaman & Nicobar Islands as *international cruise destinations*. This positioning is supported by their proximity to international cruise routes, their exotic appeal and the need for high quality, low impact eco-tourism activities in the islands, and develop a dedicated cruise terminal;
- Capitalize by packaging India's unmatched variety of *traditional cuisines* that are today becoming increasingly popular in the world. The linkages and ripple effects created by a rapidly expanding restaurant sector can have dramatic implications for the Indian economy, implement private-public partnership of the Culinary Institute of India that will research and document ancient culinary traditions, create a highly skilled workforce of culinary professionals that can populate not only hotel and catering establishments in India, but also



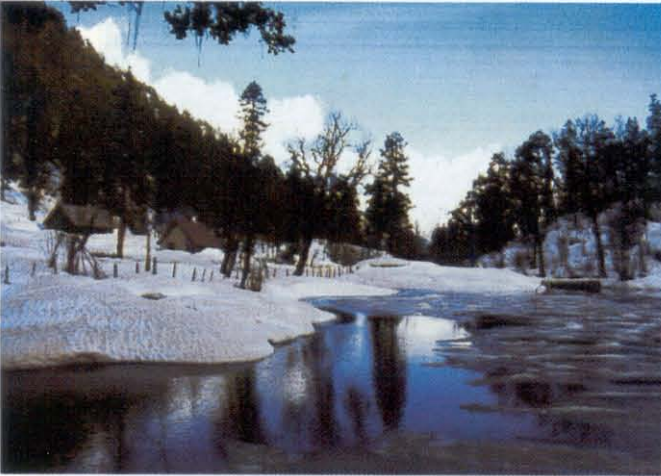
Periyar Wildlife Sanctuary, Kerala

internationally, serving to promote India internationally through a non-traditional medium, and encourage Indian entrepreneurs to establish restaurants of Indian ethnic cuisine internationally, by conceiving an innovative incentive scheme;

- Actively promote the development of *village tourism* as the primary tourism product to spread tourism and its socio-economic benefits to rural and new geographic areas. Key geographic regions for the development and promotion of endemic tourism. The optimum locations appear to be: North-Eastern states, Uttaranchal, Rajasthan, Ladakh, Kutch, Chhattisgarh, and the Plantation regions (tea, coffee);
- India has some of the greatest variety of fauna in the world that has perhaps not been exploited to its full potential for tourism. In this context, the wildlife sanctuaries and national parks need to be integrated as an integral part of the India tourism product, and priority needs to be given to the preparation of site and visitor management plans for key parks, after a prioritization of parks. Tentatively, these would be: Corbett National Park, Kanha National Park, Bandhavgarh National Park, Ranthambhore, Mudumalai, Nagarhole, Kaziranga, Periyar, Bharatpur, Little Rann of Kutch, Chilika and Sundarbans. The quality of tourist facilities available at the parks should be enhanced, in particular, improve visitor information / interpretation centres, and the tiger and the elephant should be the 'brands' in Indian wildlife tourism;
- India perhaps has one of the greatest *adventure tourism* assets in the world in the form of the *Himalayas*, as well as in its mighty rivers. Mountain based adventure (soft and hard) activities



Naga Youth



Dodital



White Water Rafting

in the Himalayas, creating the 'Himalayas' as the brand and icon of Indian adventure tourism, should be developed and promoted. White water and more sedate great river rafting offer a unique tourism product, while regulations and certification for adventure tourism operators should be introduced so they meet minimum safety and conservation standards;

- That the domestic tourism market is mostly local or regional in nature and prefers recreational pursuits and that recreation and leisure is a vital component of the quality of life, particularly in urban areas, and needs to be recognized.
- India, despite its size, significance and attributes with world cities such as New Delhi and Mumbai, receives a minuscule proportion of the global *meetings, incentives, convention and exhibition* market with only 97 international conventions bringing approximately 25,000 people in the previous year. It is imperative not just for India's tourism development, but also for the development of international and domestic trade and commerce, that India

construct a world class international convention centre in Mumbai.

- India is a region of the world's greatest bio-diversity, with a variety of unique natural locales, and is therefore, a perfect candidate for eco-tourism. In this context, eco-tourism should be made a priority tourism product for India with the focal points located in the Himalayas, North-Eastern states, Western Ghats, Jharkhand, Andaman & Nicobar Islands, and the Lakshadweep Islands. Tour operators need to be encouraged to promote eco-tourism, which should also be made a grassroots, community based movement, through awareness, education and training of the local community as guides and interpreters;
- India is today being 're-discovered' by the world at large for the depth of its understanding of physical, mental, emotional and spiritual manifestations of the world and humankind. In particular, India has traditions that focus on the holistic healing of individuals and on elevating the individual to a higher plane of consciousness and awareness. This can be India's most unique tourism product – *holistic healing and rejuvenation* of the individual from every dimension – physical, mental, emotional and spiritual, and in doing so, it will capture the essence of the best of Indian philosophy and culture for international and Indian visitors alike;

- India has come to have a series of unique lodging products that can become one of India's immediate Unique Selling Propositions (USPs). In this context, steps should be taken to establish a scheme for providing seed capital to entrepreneurs for the development of such unique accommodation products to be funded and administered at the State level, with adequate controls;
- India is a veritable *shopper's paradise* and the retail trade provides enormous forward and backward linkages throughout the economy. In this context, shopping should be recognized as an integral part of the tourism experience and a most valuable contributor to revenues. The development of dedicated shopping centres for traditional crafts, designed along the lines of ethnic village *haats* such as Dilli Haat and Shilpgram needs to be encouraged, the availability of information on where to procure specific crafts and produce reliable, unbiased shopping guides enhanced, funding support to reputed NGOs promoting the handicrafts sector



Pushkar Camel Fair, Rajasthan

should be provided, a directory of traditional crafts persons should be produced and promoted, touting should be controlled through regulation and legislation, and the "Made in India" brand should be promoted;

- India has unique events, fairs and festivals, some of which are well established, such as Pushkar, Desert Festival at Jaisalmer, Kumbh Mela, etc. In this context, this sector should be promoted as a unique product of India, the "Festivals of India" programme should be reintroduced in the top 12 future markets for India. Initially, there should be an annual event in UK and USA, followed by triennial events in each of the other markets;
- Business travel is also a form of tourism and typically occurs in urban environments and should be recognized accordingly. Urban quality along the lines specified for regional and site master plans, including tourism interests and requirements in the urban planning process should be improved, and New Delhi and Mumbai should be positioned as "World Cities" and the level of physical infrastructure, urban ambience, and public services developed befitting such a status; and
- A series of themed cultural attractions should be developed based on outstanding site planning

and design, a National Register of key cultural sites for tourism should be prepared and published, and Delhi should be positioned as the cultural capital of India, supported by an ongoing and vibrant calendar of cultural events.

The development of this recommended niche based special interest product mix will position India as a unique world-class destination.

3.4.1 CREATION OF WORLD-CLASS INFRASTRUCTURE

India's physical infrastructure is the very foundation on which tourism is to be built, and this ranges from ports of entry, to modes of transport to destinations, be they airways, roads, railways, or waterways, to urban infrastructure supporting tourism facilities such as access roads, power and electricity, water supply, sewage, and telecommunications amongst others. In this context, the strategic actions in relation to road, railways, waterways, and airport facilities are identified below:-

a. Development of Integrated Circuits

Ministry of Tourism's financing assistance to the states has not been able to create an impact in terms of creation of international standard tourism infrastructure. The emphasis, therefore, has to be on identifying travel circuits and converging all resources and expertise for development of these circuits as International Standard destinations.

b. Roads

The road network is particularly vital to tourism, for almost 70 per cent of passenger travel in India is by roads. Many tourist circuits too, are entirely dependent on roads. The current government plan for the road system in the country, covering both inter-state highways and improvements to rural roads directly supports tourism development. There is an urgent need to construct and improve highways linking the World Heritage Sites and places of tourism significance. Ministry of Road Transport and National Highways will collaborate with Ministry of Tourism in this effort.

c. Railways

The Indian Railway system can be an enormous asset in the development of the tourism and hospitality industry in the country. India has 7,000 railway stations and 11,000 trains. The railways have a special fascination for foreign tourists who wish to experience the country both at leisure and close personal contact with the indigenous people. The unqualified success of the "Palace-on-Wheels" substantiates the contention. For the vast majority of domestic tourists it is the railways, which is the main affordable means of travel linking the length and breadth of the vast and often enhancing sub-continent. Railway services are equipped not only to meet the travel needs of domestic and foreign tourists, but also have the infrastructure and land resource to contribute significantly to the growth of hotel accommodation in the country. The following measures are necessary:-

- Introduction of **Special Tourist Trains** with a preset itinerary and with private sector participation.

- **Tourist Trains** – Experienced private sector organizations need to be encouraged to introduce special tourist services between important destinations. In concept these special coaches may be privately owned by organizations who will design, build manage and market the product. To improve the financial viability and promote investment, accelerated depreciation should be allowed on such investments.
- **Railway Hotels** – The Indian Railways have a plan for establishing 100 hotels at railway stations serving specific tourist centres. The private sector should be incentivised to operate these hotels on long-term leases. These hotels could provide clean inexpensive accommodation for the budget tourists. The proposal to construct 100 hotels of 100 rooms in three years will add 10,000 rooms and help significantly to reduce the gap between supply and demand for hotel rooms.
- **Heritage Railway Buildings** – The Indian Railways owns a number of heritage structures. Effectively maintained and marketed, these would not only serve as railway stations but also as places of tourist attractions. Some of these structures are Mumbai CST and Churugate and Lucknow railway station.
- **Hill Railways** – India is the proud possessor of five hill railways, which can compare with the best hill railway system in the world. These railways (Darjeeling, Nilgiri, Matheran, Kangra and Shimla) are slated to be encrypted by UNESCO as world heritage. It is essential to tap the enormous tourist potential of these products by developing these special tourist trains.
- **Railway Heritage Tourism** – Special tourism trains like Royal Orient, Budh Parikrama, Palace-on-Wheels and Fairy Queen are extremely popular with tourists, as they are steam hauled tourist trains. Steam traction is still operative in India and for special tourist segment it should be continued in perpetuity, otherwise skills to operate this kind technology could die.
- **Other Trains** – More trains like Shatabdi and Rajdhani with a special tourism and hospitality focus should be planned both for the foreign and domestic tourists.

d. Waterways

India's 7,000 kms coastline remains untapped for the promotion of cruises. There is immense potential for this activity in the East, South and West of India. Apart from Ocean-going Cruise Lines (a circuit being contemplated by potential Indian operators in Mumbai – Goa – Lakshadweep – Kochi – Colombo – Maldives), the potential for river cruises in India needed to be developed for the North-Eastern States, (Brahmaputra and Ganges) and Kerala. India is blessed with a vast coastline as well as several navigable rivers that have extreme tourism significance. To capitalize on this, the strategic actions are to:-

- liberalise after due study the regime governing operation of passenger services



Snake-boat Race, Kerala

along India's coastline, as this can form both a means of transport as well as a tourist attraction; and

- harness the potential of India's mighty rivers, especially the Ganges and the Brahmaputra as a means of transport as well as unique tourism products.

3.5 STRATEGIES FOR EFFECTIVE MARKETING

The competition for travellers from the source markets, identified for India, is fierce, and to effectively compete in these markets, India will have to shift its current traditional marketing approach to one that is more aggressive and competitive. In this context, India will have to use an array of marketing tools and strategies to:-

- differentiate itself from the competing destinations, including developing a unique market position, image, and brand that cannot be held by a competitor;
- undertake an extensive qualitative and quantitative market research programme in the target source markets;
- identify and assemble a highly attractive product offering tailored to the interests of each source market, and develop and implement on-going cost-effective promotion programmes in each source market in partnership with the States and the private sector of the tourism industry in India and the source markets. Of special importance is the formulation and implementation of a village tourism programme that would be primarily targeted at the domestic urban market in India but which could also attract the international market;
- establish an effective and on-going market representation presence with the travel trade in each source market; and
- establish an Internet portal in various languages to service the information, product description, and product sales requirements of the target market segments in each source market, and to connect these directly with the preferred suppliers.

3.5.1 CREATING AN INDIA TOURISM BRAND POSITION

In the international market, India requires a positioning statement that captures the essence of its tourism product to convey an "image" of the product to a potential consumer and which will become the India "brand". A good example of this positioning approach is Thailand's "Amazing Thailand" brand, Malaysia's "Malaysia, Truly Asia" brand, The Philippine's "Festival Islands" brand, and Egypt's "The Land of the Pharos" brand. These more or less powerful positioning statements serve to effectively differentiate each of these destination countries from their competitors, and provide an effective umbrella under which the whole marketing effort may be organized and implemented on a partnership basis. The India's positioning statement and branding should focus on what makes India unique and unmatched in the tourism world. This is almost certainly related to its great competitive strength, i.e. its ancient Vedic civilization with a cultural heritage that continues to live in a largely unchanging and vibrant manner even today, especially in its rural areas. In the domestic market, where the focus of interest is rural or village tourism, a different positioning statement is

required. This has to be related to the concept of “returning to or rediscovering ones roots” in order to escape the complexities and pressures of India’s cities for the calm green of the rural countryside and the simplicity of the traditional village. The development of a powerful positioning image and brand position for India in its international and domestic markets require an adequate research by a professional agency, and industry “buy in” if it is to be successful. This research is being undertaken.

3.5.2 MARKET RESEARCH

An extensive programme of market research in India’s primary source markets is an essential first step to:-

- establish the present image of India as a destination in relation to its competitors;
- the ensemble of products likely to be of interest to the markets in each primary source country;
- issues such as pricing, concerns about security, health, safety, and quality, basic information on how to arrange a trip to India, including visa issuances, currency, and telecommunications, transportation services; and
- the influence of media, Internet portals, and the buying behaviour of the customer.

The results of this market research will help to guide the formulation and implementation of the overall marketing strategy, the formulation and implementation of product development and promotion strategies, and the indicators that should be used to measure the success of the strategies.

3.5.3 DIGITAL TECHNOLOGY FOR MARKETING

The Internet is having a greater impact on the marketing of travel and tourism than any technology since the invention of television. It has already established itself as a crucial channel via which tourism organizations can promote their destinations and products offered by their service providers. The implications of the Internet and other growing interactive multi-media platforms are far reaching. India Tourism would be utilising both the Internet and the other emerging interactive technologies and capitalising on these new channels. The benefits to be gained include cost-effective global distribution and new opportunities for closer and eventually self-financing partnerships between public entities and private operators.

3.5.4 SUMMARY

India’s tourism industry through the capacity of its tourism resource, facilities and services and as yet relatively untapped market potential has considerable scope for expansion and development. The Tourism Policy elucidated above aims at setting-up a framework that will allow the various stakeholders to fully develop the potential of tourism and to harness this to the national development priorities.

ANNEXURE – I-A

Travel and Tourism (T&T) - the world's largest industry

(Table A)

Share of World	% of Total (2000)
GDP	11.0
Employment	8.0
Exports	7.9
Capital Investment	9.4

Source : Ministry of Tourism

International/National Tourist Arrivals

(Table B)

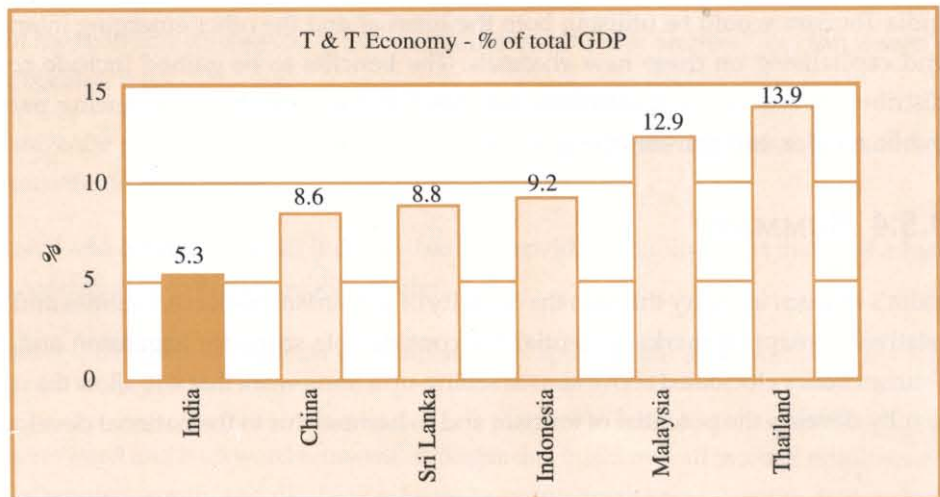
Year	Tourist Arrivals (India)	Tourist Arrivals (World) in Millions	Percentage Share of India
1995	21,23,683	565.4	0.38
1997	23,74,094	618.2	0.38
1999	24,81,928	650.0	0.38
2000	26,41,157	698.3	0.38

Source : Ministry of Tourism

ANNEXURE – I-B

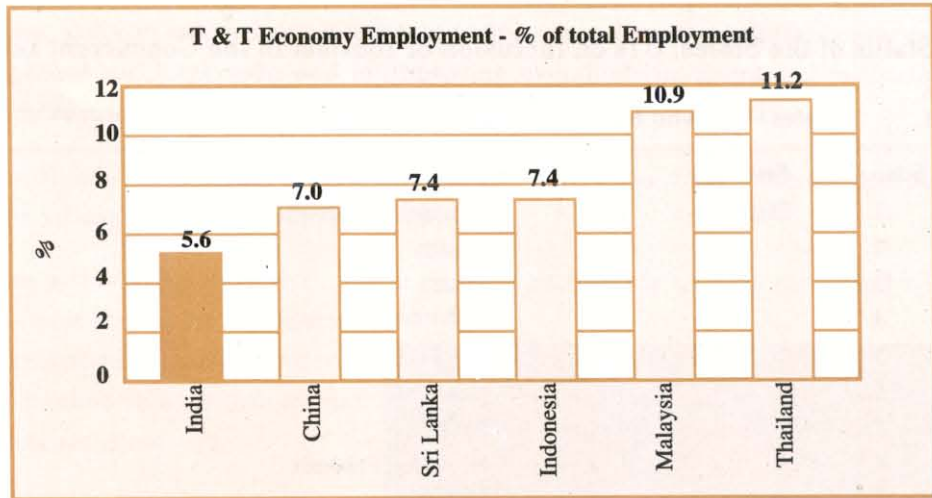
Tourism - A Tremendous Opportunity For India

(Table C)



Source : WTTC

(Table D)

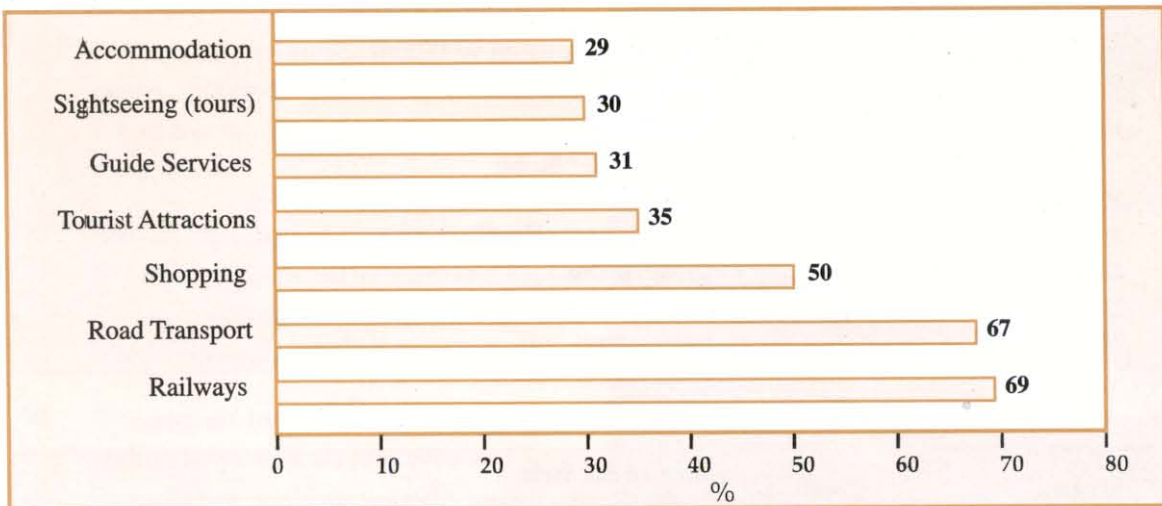


Source : WTTC

ANNEXURE – I-C

Percentage of Tourist Rating Facilities as 'Average' or 'Poor'

(Table E)



Source: International Passenger Survey, 1996-97, JPS Associates

ANNEXURE –I-D

Phenomenal Explosion of Domestic Tourism

(Table F)

Year	Domestic
1990	63 mln
1996	140 mln
1997	160 mln
1998	174 mln
1999	191 mln
2000	210 mln

Source: Ministry of Tourism

ANNEXURE-1-E

Status of the States/UTs on inclusion of Tourism in the Concurrent List

1. States/UTs who have supported the proposal in writing

S.No.	State/UT	Name of the State/UT
1.	States	Arunachal Pradesh
2.		Assam
3.		Bihar
4.		Chhattisgarh
5.		Delhi
6.		Goa
7.		Gujarat
8.		Himachal Pradesh
9.		Manipur
10.		Meghalaya
11.		Mizoram
12.		Nagaland
13.		Orissa
14.		Sikkim
15.		Tripura
16.		Uttar Pradesh
17.		Uttaranchal
18.		West Bengal
19.	Union Territories	Andaman & Nicobar
20.		Chandigarh
21.		Dadra & Nagar Haveli
22.		Daman & Diu
23.		Lakshadweep
24.		Pondicherry

2. States who have opposed the proposal in writing

S.No.	Name of the State
1.	Andhra Pradesh
2.	Madhya Pradesh
3.	Tamil Nadu
4.	Kerala
5.	Punjab
6.	Karnataka
7.	Jammu & Kashmir

3. States who have not sent their confirmation so far

S.No.	Name of the State
1.	Haryana
2.	Jharkhand
3.	Maharashtra
4.	Rajasthan

THE MODEL

HOTEL ROOMS REQUIRED FOR ADDITIONAL 1 MILLION TOURISTS		
	Note	
Bed Nights		
Additional tourists		10,00,000 Visitors
Average length of stay	1	10 Nights
Bed nights per annum		1,00,00,000 Bed Nights
Room Capacity		
Average annual occupancy		65%
Guests per room	2	1.4
Annual bed nights available per room		332
Additional Rooms Required		
Average cost per room	3	Rs. 0.15 Crores
Investment Required		
		Rs. 4,516 Crores
EMPLOYMENT GENERATED BY THESE HOTEL ROOMS		
Director employment (2 persons per room)	4	60,214 Persons
Indirect employment (3 persons per room)	4	90,321 Persons
Total Employment Generated		1,50,534 Persons

1. The average length of stay has been assumed at 10 nights. There are no detailed studies that have been conducted in this regard, however based on our experience in this industry sector, average length of stay for Resort locations, like Goa are 12 nights per annum, for the Golden Triangle - 8 nights per annum and for the Southern circuits - 7 nights per annum. Government statistics put the average length of stay at 21 days. However, with the pre-ponderance of business visitors and visitors from neighbouring countries who do not form part of the target market an average length of stay of 10 nights has been assumed.
2. The number of guests per room at resort locations, is, as expected, as high as 1.9 persons per room, however for city locations and business visitors, the average is in the region of 1.1 per room. Erring on the side of caution we have made an assumption of 1.4 guests per room.
3. The average cost per room has been assumed at Rs.15 lakhs. This takes into account land, construction, fit out and pre-opening expenses. Actual averages range from Rs.70 lakhs for a 5 Star deluxe property in Mumbai, to as little as Rs.12 lakhs per room for smaller budget hotels in secondary locations. Since budget hotels are now a primary focus, an average of Rs.15 lakhs per room is considered appropriate.
4. In this model we have assumed that direct employment will be provided in the ratio of 2 persons per room and indirect employment to the tourism industry will be further 3 persons per room. The direct employment ratio is in line with present industry norms within the country. However, based on studies carried out in the past, estimates of indirect employment by the tourism industry range from 3 to 5 persons per room.

AIRCRAFT REQUIRED FOR ADDITIONAL 1 MILLION TOURISTS

Note

Visitors Spending

Number of additional visitors		1,000.00
Annual round trips per aircraft		
Average distance from markets		8,000 km
Average round trip time		17 Hours
Annual aircraft utilization		4,500 Hours
Annual round trips per aircraft		265 Round

Aircraft Carrying Capacity

Seats per aircraft	5	400 Seats
Average load factor	6	65% Load
Passengers per aircraft		260 Pax
Proportion of Foreign Visitors	7	50% Proportion

Aircraft Required 29.06 Say 29 Aircraft

Investment per aircraft 5 **Rs. 752.5 Crores**

Total investment or lease capital value **Rs. 21,823 Crores**

Assuming Air India retains just under 50% of Capacity **Rs. 10,535 Crores**
14747's

EMPLOYMENT GENERATED BY THESE AIRCRAFT

Air India average per aircraft	720 Persons
World average per aircraft (including outsourcing)	250 Persons
Average assumed for the purpose of this model	450 Persons

Total Employment Generated **6,300 Persons**

5. We have assumed acquisition by lease or purchase of 747 aircraft with an average seat capacity of approx. 400 passengers. Such aircraft are presently said to be valued in the region of US\$ 150 million (Rs.751 Crores).
6. Average load factors for popular traffic routes range from 75% to 95%, however with a substantial airline capacity, as assumed by this model, it is reasonable to assume that load factors will drop averages which are in the region of 65%.
7. At present, based on total international traffic handled at all Indian airports, the ratio of foreign visitors with 63% of arrivals and departures being made up of Indian passengers. With this, increase in capacity been assumed that this ratio will alter to 50% foreign visitors and 50% Indian travellers for the in capacity. If the present ratio were to be retained, the model would lean even more favorably towards the cost of airlines expansion.

EARNINGS FROM TOURISM & AVIATION FROM ADDITIONAL 1 MILLION VISITORS

	Note	
Visitors Spending		
Number of additional visitors		1,000.00
Visitors		
Spend per visit (Presently \$ 1,300)	8	US\$ 1,100
Import leakage	9	10% Proportion
FX earnings		US\$990 Millions
FX Earnings		Rs. 4,356 Crores
Air India Revenue		
Number of additional visitors	3	5,00,000 Visitors
Average km per pax		16,000 Km per pax
Average rate per km	10	US\$ 0.10
Import leakage	9	45% Proportion
FX earnings		US\$ 440 Millions
FX Earnings		Rs. 1,936 Crores
Ratio of Tourism FX Revenue Vs. Airline FX Revenue		2.25
Summarised Costs & Benefits	Tourism Industry	Air India
Capital expenditure	4,516	Rs. 10,535 Crores
FX revenue net of imports per annum	4,356	Rs. 1,936 Crores
Ratio of annual net FX revenue to capital	0.96	0.18 Ratio
Employment	1,50,534	6,300 Persons

8. The present expenditure per visitor is in the region of US\$ 1,300 per visit. Here again assuming higher volumes, lower expenditures per visit of \$ 1,100 have been assumed.
9. **Import Leakage** - In measuring the benefit to the economy, it is necessary to deduct the cost of imports. Based on studies conducted worldwide and taking into account that India is a large relatively developed country and not an island economy like the Maldives, Mauritius or Seychelles, it is estimated that no more than 10% of visitors spending is in relation to imported items. In the case of airlines the proportion of import leakage is considerably higher by way of loan repayments, purchase of spare parts and foreign exchange expenditure that needs to be incurred. Estimates range from 40% to 50% on a worldwide basis we have assumed an import leakage factor of 45%.
10. The average rate per passenger kilometer has been assumed at \$ 0.10 per passenger kilometer. The fares between Mumbai and some of the major source markets have been compiled and this average comes to 11.28 per passenger kilometer for the lowest excursion fares. The average including business and first class fares (even though smaller volumes) would be higher. However, the passenger kilometer rates compiled which would lower the average considerably. The international norm of 10 per passenger kilometer is therefore appropriate.



" If we were to look over the whole world to find out the country most richly endowed with all the wealth, power and beauty which nature can bestow – in some parts a veritable paradise on Earth – I should point to India.

If I were asked under what sky the human mind has most fully developed some of its choicest gifts – I should point to India."

– Max Muller



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