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# CHAPTER - I

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## INTRODUCTION

Tourism is one of the most rapidly expanding sectors within the world's largest and fastest growing industry and emerging as a growing sector of economic development. Since the last century tourism has been increasing and showing more flows of people into the mountain regions. This sector is remaining high on the international agenda of development. The 7<sup>th</sup> session of the Commission on Sustainable Development focussed on tourism and subsequently work programs on sustainable tourism are being developed. Also the Convention on Biological Diversity is embarking on tourism programs and bilateral and multilateral financial institutions placed tourism high on their priority lists. The UN declared 2002 as the International Year of Ecotourism and the World Tourism Organization adopted a Global Code of Ethics for Tourism at its General Assembly, held in Santiago de Chile, from September 27 until October 1, 1999 (Groth 2000).

Majorities of the tourists visit places for leisure, contributing to the world's largest industry, which employs 212 million people (a tenth of the world's workforce) with an output of US\$3.4 trillion, 6% of world gross national product. The total global capital investments (10.7%), worldwide consumer spending (10.9%), and the world's international

trade in goods and services (6.8%) make tourism one of the three top categories of trade (WTTC 1995). Understanding its high multiplier effect, the governments around the world are taking more proactive roles to attract more tourists, recognizing tourism as an effective tool for economic diversification where traditional industries are failing and as a source of foreign exchange earnings and better employment opportunities. The World Tourism Organization forecasts that there will be 702 million international arrivals in the year 2000, that arrivals will top 1 billion in the year 2010 and that by 2020 it will reach 1.6 billion nearly three times the number of international trips made in 1996, which was 592 million (Groth 2000).

Travelers of the 21<sup>st</sup> century will go farther and farther. The Tourism 2020 Vision forecast predicts that by 2020 one out of every three trips will be a long-haul journey to another region of the world (Groth 2000). World Travel and Tourism Council (WTTC) says that tourism earnings by 2005 AD will be double its current gross income and generate 90% more jobs. Its capital investment is expected to increase three-fold to US\$1.7 trillion, and attract more than twice the current level of consumer spending amounting to US\$4.6 trillion.

For a number of developing countries their natural environments continue to be a source of significant economic benefits, attracting international and domestic visitors often in search of an authentic natural

and, to a lesser degree, cultural experience. Detailed information on the numbers of visitors visiting natural areas and the amount of resultant economic activity in the developing countries is both difficult to obtain and often unreliable. Tourism associated with natural and protected areas has been and continues to be a growing sector in the global tourism industry (Whelan 1991 and Brandon & Hawkins 1996). Of the estimated US\$55 billion in tourism receipts in the Third World, a significant portion of this in the early 1990s was the result of nature tourism activities (Whelan 1991). Although not always concerned with protected areas, it is estimated that annual global expenditure on adventure-related travel amount to US\$110 billion (Adventure Travel Society 1998). Perhaps difficult to generalize, for many developing countries, their natural heritage is a primary attraction for international visitors and the increasing numbers of domestic tourists.

Tourism development in India, given its federal character, remains a state subject and, therefore, the politics of the states concerned have a greater bearing on the aspects of policy implementation. The Eighth Five-Year Plan (1992-1997) document of India lays emphasis on tourism sector promotion. The national action plan for tourism development has emphasized enhancing of the socio-economic status of the people, increase in employment opportunities, diversification of the tourism product and preservation of cultural heritage and environment.

The Hindu-Kush Himalayan region is a unique area in the world offering rich biodiversity, culture, socio-economic traditions, history and lifestyles. Since time immemorial lofty mountain ranges of the Himalaya have attracted tourists, pilgrims, naturalists, explorers, trekkers, mountaineers, and other various adventure travelers. Tourism can play a key role in the development of the remote mountain areas. Development of tourism activities may help in the diversification of the mountain economy, and provide viable alternative livelihood opportunities for the mountain people.

In view of limited industrial growth in Sikkim, tourism can become a potential source of income generation in the remote hilly regions and generate employment opportunities to the local community. Over recent years this area has experienced significant changes as a result of tourism growth. Since 1990, there has been a tremendous growth in visitation number (Rai & Sundriyal 1997). Tourism is a highly seasonal activity in the state, October through November and March through June being the two peak seasons. The high growth rate of tourism recently has caused some serious threats on the natural environment. Most of the tourism activities in Sikkim are either in protected areas or cultural sites. Protected areas are the State properties where ownership, control and management of resources and claims rest with the government, however, usufructuary rights for tourism purposes are with a variety of users

including local entrepreneurs, communities, commercial tour operators (residents and also from outside the area and some times the region) and government agencies such as the Forest and Tourism Departments. Cultural sites of tourism interest such as monasteries and their sacred forests are under the control of local institutions. There is unique example of Khecheopalri Sacred Lake where the legal rights lie with the State Government but the operational rights seem to be with a local institution, viz. Khecheopalri Holy Lake Welfare Committee.

The problems facing the region call for the promotion of activities that are based on the region's comparative advantage, which help in the diversification of the mountain economy, provide alternative livelihood opportunities for the local people and at the same time actively promote environmental care so that the twin issues of economic development and environmental degradation can be simultaneously addressed. Tourism in the mountains has the potential of addressing all these concerns and providing alternative and environment friendly income and employment opportunities all across the region.

As concern grows over the loss of natural heritage in the area, it appears that this is the ideal time to facilitate ecologically and socially responsible tourism at key destinations to conserve the biological diversity of the area. Therefore, the present study was undertaken to provide robust empirical evidence on the environmental, economic and

social impacts of tourism, and attempts are being made to make the tourism environmentally friendly, and involve local communities as a promising stakeholders so that they can get direct benefits from the tourists and at the same time protect the biodiversity and cultural heritage of the area.

### **1.1 The Sikkim Biodiversity and Ecotourism Project**

The “Sikkim Biodiversity and Ecotourism (SBE) project”, was supported by Biodiversity Conservation Network (BCN) under the Biodiversity Support Program (BSP), USAID. The project was a collaborative effort of the G.B. Pant Institute of Himalayan Environment and Development, The Mountain Institute, USA, The Travel Agent Association of Sikkim, The Green Circle and local NGOs with communities, implemented in the west district of Sikkim. The Government of Sikkim has also played a key role at the various stages of the project implementation. The Project’s overall objective is to “develop viable ecotourism enterprises at the key destinations in Sikkim which provide sustained incentives and support for local communities and the Sikkimese tourism industry to effectively protect and enhance the high biodiversity found at these sites and the State as a whole”. The project worked to support community-based enterprise development approaches for the conservation of Sikkim’s unique biological diversity; was a collaborative initiative designed to conserve the biological diversity of

key destinations in Sikkim. The specific objectives of the project was (i) increase the interest and capacity of local communities, tour operators and local NGOs to initiate and implement effective participatory biodiversity conservation of the project sites, (ii) increase market demand for Travel Agents Association of Sikkim (TAAS) and community member ecotourism products, (iii) improve the quality and diversity of the ecotourism products offered by local communities and TAAS members and the returns to investment and labor, (iv) improve the policy environment and knowledge base for development of more effective biodiversity conservation and ecotourism linkages, and (v) planning, monitoring and applied research which included planning and policy development, enterprise monitoring, socio-economic monitoring, biodiversity monitoring and community resource management research. The present piece of work was undertaken as a part of monitoring and applied research in two destinations viz. Yuksam-Dzongri-Goechha La trekking corridor and Sacred Khecheopalri Lake with a goal to increase knowledge of key relationship between economic benefits and its relation to conservation through tourism development.

## **1.2 Core Hypothesis**

- The effectiveness of biodiversity conservation (forest) is closely related to the degree to which local people obtain direct and indirect economic benefits from tourism and are well informed on environmental issues and conservation activities.
- Ecotourism activities will lead to increase revenue from tourism-related activities for stakeholder groups and local households directly or indirectly involved in the tourism sector.

## **1.3 Objectives**

- To study and compare the relationships between tourism growth, market trends and tourism-related revenue distribution patterns in two sites.
- To assess and identify possible interventions that strengthen the capabilities of local people and local communities to derive maximum employment and income benefits from tourism.
- To identify mechanisms used for increasing entrepreneurial skills and capacities to expand resources among local

stakeholders involved in ecologically sound and socially responsible ecotourism and other development activities.

## **1.4 Design of the Thesis**

The present study has been divided into seven chapters dealing with varied but interrelated aspects. Chapter one deals with an introductory outline of the tourism, hypothesis and objectives. Chapter two introduces the review of literature indicating the chronological development and changing content of the concept. Since not much study have been carried out on the topic in the Indian context, more attention is paid to review studies carried out in other countries, particularly in developed countries. In addition, attempt has been made here to review some of the specific valuation studies on non-marketed commodities. The third chapter is devoted to describe the study area, deals with physical setting, cultural setting and infrastructure facilities. Dynamics of tourism, visitor profile, nature and characteristics of tourism, tourist product and tourist reaction has been examined in the fourth chapter. It is followed by an appraisal of human resources and socio-economic development (chapter fifth). The economic evaluation of environmental damage to natural ecosystems has been discussed in chapter six that is carried out using travel cost method (TCM) and contingent valuation method (CVM). In addition to this, the nature and extent of dependency of

stakeholder groups on KNP and Lake area are also described in this chapter. Tourism, economic significance, participation of government and non-government agency in tourism and environmental conservation has been described in seven chapters. It recapitulates as a prelude the observations made in preceding chapters and suggests a requisite planning. Keeping in view the defined objectives some relevant aspects of planning for tourism development in mountain regions have been critically examined prior to formulation of an integrated framework. The end of the study is marked by a summary of basic elements and references.

## **1.5 Limitations**

Following are some of the important limitations of the present study:

- The major constraint was inaccessibility of the area due to steep slopes in many parts of the trekking corridor. Unpredicted weather conditions and natural hazards like landslide, continuous rain and extreme cold weather disrupted the workplan and many times the schedule was missed or covered later.
- The TCM technique is applied to estimate the ecotourism value of visitors from Sikkim State only. The consumer surplus of visitors from other state and abroad may generally be higher than the estimated amount. The travel cost method for foreign tourists can be applied, but

its application in both the sites have not been carried out due to budgetary constraints. In both the sites most of the visits from abroad are as a part of multiple destination trips. The economic value of such recreation visits cannot be estimated by simple travel cost method.

- The sites have some unique recreation characteristics and the value of specific characteristics such as the viewing value of Red Panda, Butterfly and other wild animals, the value of trekking experience etc. are not estimated separately. There are certain methods such as Hedonic Travel Cost Method to estimate the recreation value of such specific characteristics but that has not been applied in this study.
- There is very little secondary information related to research available for tourism. Tourism activities are highly seasonal and operative only in two seasons.
- Indigenous items of tourism interest are not properly marketed by local communities, tour operator and government.
- Very little information available on government regulations related to protected area management where tourism is operative.
- Planning totally devoid of local control and programs irrelevant to the local environment.
- Lack of investment potential locally and concerted effort by the government to induce local investments.

- Lack of proper tourism policy and institutional development.

The Indian subcontinent is one of the ten mega-biodiversity centres of the World. The eastern Himalayan region is the most important biodiversity hotspot of the Indian subcontinent and harbors the largest number of endemics and endangered species (Khoshoo 1992). Khangchendzonga National Park and Khecheopalri Lake area in Sikkim is very important biodiversity oriented tourist destination. Therefore, this study deals on the economic benefits and conservation linked tourism development in the western part of Sikkim encompassing above two destinations.