
CHAPTER - II

Chapter II

REVIEW OF LITERATURE

2.1 Evolution of Tourism

The term “tourist”, meaning “an individual who travels for the pleasure of travelling, out of curiosity” made its first appearance around 1800 (Ceballos-Lascurain 1996). But the origins of this activity go back considerably further. Humankind has always had the desire to travel, to visit exotic places and to encounter different cultures. In the 18th and 19th centuries, the “Grand Tour” became extremely fashionable among European aristocrats for adventure and discovery as the new motivations for travel. However, tourism did not become more accessible to the population in general until the time of the Industrial revolution (Wood & House 1991). During this time a considerable amount of travel for pleasure was essentially a quest for spectacular scenery. This was the beginning of travel for pleasure and of the transformation of travel into tourism. The era of organized tourism had started (Sarkar & Dhar 1998). This period also witnessed the first serious environmental impacts attributable to tourism.

Early this century by which time summer holidays were taken regularly by European and American, the improvements in international and intra-national tourist facilities, especially the introduction of

chartered flights, increasing cheaper and varied tourist attractions have further stimulated and provided essential conditions for the growth of tourism. However, by about this time, tourism started to earn itself a very bad name due to thoughtless development, and disruption of local cultures, values and economics. During the birth of mass international travel, beginning in the late 1940s, and continuing through most of the 1960s, tourism was often regarded as a panacea for developing countries, that could raise foreign exchange earnings, GNP and tax revenue, and also increase employment. But growth in public concern about the environment, and the negative impacts of mass tourism, ultimately led to reexamination of this notion. Purported economic benefits from tourism came under harsh scrutiny and recognition of the problems involved in measuring the economic benefits of tourism led to increased analysis of its costs (Lawrence 1992). At the same time, conservation organizations were formed to lobby governments to set aside land not just for the enjoyment of tourists, or for the sake of showy animals, but to preserve the natural integrity of whole ecosystems.

After the Second World War for the first time tourism was viewed as an engine for economic development. This made the governments start assuming responsibility for the promotion of tourism. Official tourist organizations at the national levels were established in most European countries. Considering the international character of tourism the post war

years also saw the emergence of a number of international organizations concerned with travel and tourism. Among them were the International Union of Official Travel Organizations (IUOTO), now an inter-governmental agency called the World Tourism Organization (WTO); the International Air Transport Association (IATA); and the Pacific Area Travel Association (PATA). India was among the first developing countries to become a member of IUOTO in 1951 (Sarkar & Dhar 1998).

2.2 Nature Based Tourism and Ecotourism

Nature tourism denotes all tourism directly dependent on the use of natural resources in a relatively undeveloped state, including scenery, topography, water features, vegetation and wildlife etc. Thus it includes hunting, countryside motorbiking, and white-water rafting, even if the use of the natural resources by the tourist is neither wise nor sustainable (Butler 1992; Healy 1992 and Ceballos-Lascurain 1996). Like traditional tourism, it can be negatively influenced by various external factors. This accounts for its instability as a source of income. Nevertheless, nature based tourism (which includes ecotourism), is a rapidly growing sector of the tourism economy. Its global value for 1988 has been estimated to have been as high as US\$1 trillion (Filion *et al.* 1992). So it has often proved to be a powerful incentive for conservation in many parts of the world. But at the same time, uncontrolled mass tourism has and continues to contribute to the degradation of many areas of natural and cultural

significance, entailing the loss of biological and cultural diversity, as well as of important sources of income. Clearly, what is needed is an environmentally responsible approach to tourism or “sustainable tourism”.

Sustainable tourism, as defined by Ceballos-Lascurain (1996), is “tourism that is developed and managed in such a way that all tourism activity which in some way focuses on a heritage resource (be it natural or cultural) can continue indefinitely”. In other words it does not detract from efforts to maintain that resource in perpetuity (FNNPE 1992). Sustainable tourism as the broadest descriptor, employed to denote all types of tourism, whether based on natural or human-made resources, that contribute to sustainable development (Healy 1992).

In recent years a specific category of nature-based tourism has developed along these lines. “Ecological tourism” or “Ecotourism” as defined by IUCN’s Ecotourism Program is “environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature that promotes conservation, has low visitor impacts, and provides for beneficially active socio-economic involvement of local population” (Ceballos-Lascurain 1993). The Ecotourism Society definition is similar “ecotourism is responsible travel to natural areas that conserves the environment and sustains the well-being of local people” (Boo 1990; Blangy & Wood 1992; Lindberg & Hawkins 1993 and

Hvenegaard & Dearden 1998). Research documenting the association between ecotourism and conservation, though limited, has intensified recently. On the supply side, efforts have focused on potential sites for ecotourism (Boyd *et al.* 1994), environmental impacts (Johnson *et al.* 1996), local communities (Brockelman & Dearden 1990), and planning (Nelson 1994). On the demand side, researches have explored economic impacts (Tobian & Mendelsohn 1991), marketing (Wight 1994), and characteristics of ecotourists (Weiler & Richins 1995). Studies that evaluate ecotourism's achievement of specific conservation and development principles are also beginning to emerge (Lindberg *et al.* 1996 and Wallace & Pierce 1996).

Farrel & Runyan (1991) distinguished between nature tourism and ecotourism by describing the latter's as "more exclusively purposeful and focused on the enhancement or maintenance of natural systems". Thus we can distinguish between, for example; traditional tour operators and principled ecotourism operators. The former frequently show no commitment to conservation or natural area management, merely offering clients an opportunity to experience exotic places and people before they change or disappear. Ecotourism operators, on the other hand, have begun to form partnerships with protected area managers and local people, with the intention of contributing to the long-term protection of natural

resources and local development, and in the hope of improving mutual understanding between hosts and visitors (Wallace 1992).

Ecotourism is reliant on natural phenomena in relatively undisturbed sites (Boyed *et al.* 1994), such as protected areas. Before being promoted, the impacts of ecotourism must be thoroughly examined in the context of a protected area's mandate. Tour operators call themselves "ecotourism" operator, with varying standards for conservation and development goals. However, monitoring has been proposed recently for some jurisdictions (Allcock *et al.* 1994).

Economically, ecotourism can affect the sustainability of natural resource use at ecotourism sites in several ways (Steele 1995). One, ecotourism may generate higher economic returns than other resource activities (Threshers 1981 and Tobias & Mendelsohn 1991). Two, ecotourism may benefit local economies, providing an incentive to ensure sustainable use of biodiversity (McNeely 1988 and McNeely & Dobias 1991). However, local expenditures can be seasonal, inflationary, transitory, or sensitive to political or economic situations (Groom *et al.* 1991 and Wells 1993). Three, these economic benefits may serve as a stimulus for the establishment of protected areas (Ceballos-Lascurian 1996; Dabrowski 1994 and Sewell *et al.* 1989). Finally, ecotourists may contribute to the conservation and management of ecotourism sites,

through mechanisms such as entry fees and donations (Wallace & Pierce 1996).

2.3 Mountain Tourism

Tourism is the most important non-farm activity in the mountain areas. The growth of population and the increasing demand at individual level for various non-farm items have expanded the demands for goods beyond the traditional technological practices of hill communities. The lack of adequate linkages with markets outside has also led to stagnation in farm level activities. This has necessitated the search for non-farm occupations. Tourism is one of the prime sectors that can support more people, if carefully planned and well worked economic “niche” are created (Sreedhar 1995 a & b).

The UNCED’s Agenda 21, chapter 13 identified tourism as one of the key activities to provide alternative livelihood opportunities to mountain people in the process of attaining sustainable mountain development (Keating 1993). The fragility of High Mountain environment and their vulnerability to outside disturbance is well documented (Price 1981 and Poore 1992). Over the last 20 to 40 years, mountaineering and trekking have inflicted significant impacts upon alpine and sub-alpine landscapes in many parts of the Himalaya (Pawson et al. 1984; Karan & Mather 1985; Banskota & Upadhyay 1991; Stevens

et al. 1991; Wells *et al.* 1991; Singh 1992; Price 1992; Sarkar 1994; Price *et al.* 1997 and Rai & Sundriyal 1997).

Zurick (1992) in his study analyzed adventure travel in Nepal and places it within the theoretical frameworks of tourism models and sustainable development. Building on core-periphery tourism theory, an adventure travel spatial linkage model was proposed that connect Nepal's remote frontiers with the global economy. Stevens (1993) in his study on tourism, change, and continuity in the Mount Everest Region, Nepal, examined the increasing role of tourism in the Sherpa economy and assessed changes in land-use, environment and culture. Increasing regional differentiation in wealth, inflation, out-migration, and changes in pastoralism and forest use may have long adverse effects. Shackley (1994) argued that despite the strict enforcement of environmental regulations it was clear that the cultural carrying capacity of Lo has already been exceeded with minimal economic benefits to local people. Broadus *et al.* (1987), Sreedhar (1995 a & b) and Sharma (1997) have argued on economic benefits for mountain communities on the development of tourism in mountain regions. However, despite this there has been no structured analysis of the merits of tourism related activity was done.

Mountain tourism has been an area long neglected in the National Tourism Agenda of India. The limited tourism growth that has occurred

in the country was largely an outcome of pilgrim traffic and extension of road networks into the hills. Private initiatives were also restricted in the past by rigid controls. It is only in the last decades that the government has recognized tourism as an industry and has setup a high power committee to promote the sector.

2.4 Economic Value of Ecotourism

A few studies have estimated the economic values of either tourism in specific protected areas, or ecotourism, let alone the overall economic value of protected areas around the world. This is partly because data on ecotourism are not collected systematically by the private sector, governments, or the UN-WTO. This in turn is attributable to the fact that ecotourism is a relatively recent phenomenon. In short, ecotourism and wildlife related tourism is big business. It was estimated, for instance, that in 1988 there were between 157 and 236 million international ecotourists worldwide. It was also estimated that between 79 and 157 million people could be considered wildlife oriented (Ceballos-Lascurain 1996). If the above estimators and multipliers were applied to the UN-WTO data, the results suggested that ecotourism contributed between US\$93 and US\$233 billion to the national income of various countries. It was further estimated that wildlife oriented tourism generated revenue ranged from US\$47 to US\$155 billion. More specifically, bird related tourism may have attracted as many as 78 million travelers with economic impacts as

high as US\$78 billion for the economies of the countries they visited (Filion *et al.* 1992).

Moreover, high as the above international figure may seem, Filion *et al.* (1992) emphasized that they do not reflect the true magnitude of ecotourism. In fact, the actual figures may be five or seven times as large as those given above. They argue that the reason for this underestimation was that international tourism accounted for only 9% of global tourism receipts, whereas domestic tourism 91% (Travel Industry World Yearbook 1990). The UN-WTO data also revealed a tourism shift that has occurred in the last 20 years and that favors developing countries. Those countries with the diverse flora, fauna, and ecosystems, have the greatest potential for ecotourism, and are increasingly preferred by tourists.

The Hindu-Kush Himalayan region offers varieties of tourism products to attract the visitors. The tourists visiting the region have been growing very fast during recent years. The data on tourist flow in the Himalayan region was not properly recorded and maintained, though its implications and contribution in the mountain economy was quite significant (Rai *et al.* 1998). The share of domestic tourist in the economy of the region remains quite high. The western, central and eastern Himalayan region hosts about 96% domestic tourists of the total visitor flow (Sreedhar 1995 a & b and Rai & Sundriyal 1997). A similar situation prevails in other parts of the Hindu-Kush Himalayan region. But

in smaller economies of the region such as Nepal and Bhutan, the concept of domestic tourism is not properly accounted. The magnitude of tourist flow may testify to the increasing economic importance of tourism. This sector contributes about 2 to 2.5 billion rupees annually to the economy of Himachal Pradesh. The values for the U.P. hills were 2.5 to 2.75 billion while 50 million rupees in Sikkim (Sreedhar 1995 a & b and Rai & Sundriyal 1997). There is a general perception that the majority of the tourists come for recreation but in the case of the central Himalaya, there is a predominance of pilgrimage (60%). Now ecotourism has emerged as an important activity in the Himalayan region, which includes trekking, mountaineering, river rafting and other nature-oriented activities.

2.4.1 Economic valuation of ecosystem services

The economic valuation of natural ecosystems is very limited in developing countries, although there are a number of studies on the topic, majorities of them have been carried out in developed countries. Here, an attempt is made to review only the important studies on the topic, which are relevant to the present work.

The Clawson-Knetsch (1966) uses travel related expenditures as a reflection of the recreational value, which an individual places, on a protected area. The travel cost method has been widely used because of its appealing use of observed consumer behavior. Walsh *et al.* (1978) employed contingent valuation method to estimate the value of

recreational benefits of improved water quality in South Platte River Basin in Colorado. The viability of fish population was selected as the key characteristics for the contingent valuation study. The study estimated option, existence, and bequest values. The recreation use value was estimated as US\$56 per household whereas the option value for the same was US\$22. To estimate the existence values the respondents were asked to state their willingness to pay for the benefit. The existence value estimates for the users and non-users households were found to be US\$34 and US\$25 respectively. The respective bequest value estimates for these categories were US\$33 and US\$17. Bouwes & Schneider (1979) measured recreational trips to Pike Lake, Wisconsin, as a result of change in water quality measured by Uttormark's Lake Condition Index (LCI) applying travel cost method. They estimated the total mean annual consumer surplus US\$85721 and the aggregate benefit was US\$ 730 x10³.

Brookshire *et al.* (1983) carried out a study by applying CVM to estimate the economic value of big horn sheep and grizzly bears in Wyoming. The grizzly bear was an endangered species and its hunting had been prohibited. Questionnaires were distributed to local residents to elicit the respondent's willingness to pay for hypothetical future permits to hunt big horn sheep and grizzly bears. It was estimated that the range of hunting bids was between US\$10 and US\$30 per respondent. They

also estimated the existence and observation values (the economic value for viewing wildlife species) from the questionnaire. The observation option bids in the open vicinity was estimated as US\$20 for both animals. The existence value estimate for big horn sheep was US\$7 and that for grizzly bear was US\$15. The study gives evidence that the non-use values are as significant as use values.

Desvougas *et al.* (1987) conducted CVM study to estimate the value of improved water quality in Monongahelia River in Pennsylvania. The estimated option value per household was in the range of US\$10-38. The existence value for users and non-users of the specified non-market good was US\$66 and US\$42, respectively. Henry *et al.* (1988) estimated benefits associated with specified improvements of water quality on Lake Bemidji, of Minnesota using contingent valuation techniques. The estimated benefit to improved quality was US\$88. Arge & Shogren (1989) conducted another study to estimate per square-foot value of Lakeshore property associated with a qualitative increase in water quality from boating/fishing levels to a swimming/drinking level. All residents who own lake front property on the east and west lake of Okoboji, Iowa has taken a sample unit. The estimated benefit per square foot was US\$11.

Brown & Henry (1989) estimated the viewing value of elephants on safaris in Kenya, by employing both travel cost and contingent

valuation methods. Based on the data collected from safari tourists, a demand curve for recreational use was derived and the consumer surplus for safaris was estimated. The study revealed the finding that the loss of elephants will directly affect the number of visitors to the park. Dixon & Sherman (1990) in their study in Khao Yai National Park, Thailand advocate the application of travel cost and contingent valuation method. These methods are widely applied in estimating the economic value of non-market goods and services.

Tobias & Mendelsohn (1991) and Monkhaus & Lober (1996) estimated the value of ecotourism in a tropical rainforest reserve in Costa Rica by applying travel cost method. The study provides the first published estimates of value of a tropical rainforest in a developing nation. It was estimated that the recreation value of the reserve for domestic users was US\$35 per visit and it generated an annual value between US\$97.5 to US\$116.2 thousand. By including foreign tourists at the same rate, the site would generate an additional value of US\$400 to US\$500 thousand annually. Per hectare recreational value of that area is about US\$1250. This value is several times higher than the price given to acquire the near by lands of protected area for expansion.

Maille & Mendelsohn (1993) estimated the value of ecotourism per foreign visitor who visits a tropical forest reserve in Medegascar using travel cost method. The per visitor consumer surplus was estimated as

US\$276 and US\$360 respectively. Navrud & Mungatana (1994) estimated the environmental and recreational value of wildlife viewing in Lake Nakuru National Park in Kenya. This study revealed that the travel cost and contingent valuation methods could be successfully applied to value natural resources in developing countries. The annual recreational value of wildlife viewing in the park was found to be US\$7.5 to 15 million. They emphasized the challenge for the developing countries and to realize the economic potential as well as on the importance of preservation of wildlife.

Munasinghe (1993) drawn the conclusion that non-market valuation techniques can provide useful information for economic evaluation of national parks, and the results of such valuation can be incorporated more fully in benefit-cost analysis including conservation components to determine their viability. He used entirely different method in his valuation study. The results of opportunity cost and contingent valuation analysis were remarkably similar (US\$91 and US\$108 per household per year). The estimates of tourist benefits based on the travel cost and contingent valuation method were somewhat more disparate (US\$24 verses US\$65 per trips). Costanza *et al.* (1997) estimated the current economic value of 17 ecosystem services for 16 bloomes. For the entire biosphere, the value (most of which was outside

the market) was estimated to be in the range of US\$16-54 trillion per year, with an average of US\$33 trillion.

Loomis & Ekstrand (1998) in their study on Mexican spotted owl, explored the sources and patterns of respondents uncertainty regarding their willingness to pay and presented alternative approaches for incorporating this uncertainty into estimation of logit model. A regression model was used to determine the significant determinants of respondent uncertainty.

In developing countries like India, the economic valuations of natural ecosystems are very few. Murthy & Menkhuas (1994) first time conducted a study on the economic aspects of wildlife protection in Keolado National Park, Bharatpur, Rajasthan State, India. The main objective of the study was to evaluate the application of recent techniques used in wildlife economics in the context of developing countries and to propose possible policy options for using economics to improve people-park relations in India. Open-ended questions were used for the survey, which simply asked the respondents "How much would you be willing to pay". The CVM estimates showed that average willingness to pay per person for non-use value was Rs 519 and Rs 495 in the domestic and foreign groups. The costs and benefits of the park during 1992-93 were first estimated, and distributional weights were derived for 10-year benefit cost flow.

Manoharan (1996) conducted study on economics of protected areas of Periyar Tiger Reserves (PTR) of Kerala, India. The Periyar Tiger Reserve is one of the well-known Indian protected areas for nature tourism. Economic valuation of PTR has been examined in a benefit-cost analysis framework. He used the concept of total economic value to enumerate and quantify the total benefits. The total cost of the PTR was estimated as Rs 88.18 million of which the direct cost is Rs 19.13 million accounting for only 22% of the total cost. The opportunity cost was estimated as Rs 69.06 million. The benefit-cost ratio was 1.30.

Hadker *et al.* (1997) conducted another study to examine the willingness to pay function for the Borvli National Park of Maharashtra, India. The study was conducted to survey the residents of Bombay and elicit their willingness to pay for the maintenance and preservation of park using the contingent valuation techniques. The CV method has come under considerable criticism on account of biases that are either inherent to or generated by the survey process. The study acknowledges those, and adopts techniques to either circumvent or then minimize them. The study gave proper attention to hypothetical bias, starting point bias, embedding effects and part-whole biases. The authors argue that indeed it is possible to improve the quality of a CV by using special survey as well as statistical techniques so that CV results can be used for the purpose of realistic decision making.