

Chapter 3 SIKKIM TOURISM

SECTION 1

THE SCOPE

3.1 THE TREND

Sikkim decided to join India in the year 1975. Trade from the earlier years has changed completely, now Sikkim enjoys some special privileges as per the terms of amalgamation with India. It had bargained hard with the Indian government to exact a number of facilities and agreement in its favour. There is no sales tax, fixed / flat income tax applicable in Sikkim. Now they have understood on how the open market policy benefits them and so want to open the state of Sikkim not only to the Indians but also look forward to embrace the opportunities that Nathula pass/border will throw up. The government is actually luring investment nowadays. It has practically converted the whole state into Special Economic Zones with minor alterations.

Sikkim Industrial Promotion and Incentive Act 2003 includes the following incentive scheme for the indigeneous people.

Table 3.1

6 A.	Subsidies on State Capital Investment
6 B.	Subsidies on Captive Power Generating Sets
6 C.	Special Incentives to Pioneer Unit (an investment in excess of Rs 3 crore)
6 D.	Special Incentives for Women Indigeneous people
6 E.	Stipend Support for EDP (Entrepreneurship Development Programme)
6 F.	Reimbursement of Stamp Duty and Registration Fee
6 G.	Local Employment Promotion Grant
6 H.	Subsidy on Cost Incurred on Quality Control Measures
6 I.	Subsidies on Consultancy Service
6 J.	Subsidy on Study Tours and In-plant Training
6 K.	Allotment of Land
6 L.	Subsidies on State Transport
6 M.	Subsidy for Technical Know-How
6 N.	Special Incentive for Agro and Food Processing Industries
8 I.	Power Subsidies
12 A.	Concessions on States and Central Sales Tax

It is disheartening to say that there are not many big companies interested in Sikkim. There are approximately 80 small and medium size project proposals lying with the government at this moment. The Government of Sikkim is not only stressing on rapid industrialization but is surely concerned about environment preservation. It is only approving the projects which are environment friendly. Perhaps that is the reason why there are no Ferro and Alloy industries. The Public Health Engineering Department and Urban Development & Housing Department are also concerned about the upkeep of the prevailing environment and has engaged an Australian consultancy “AUSAID” for the Waste and Water management.

3.1.1 Taking Cue from History

Internationally if one studies the economy the so called vibrant economy now, have all suffered from in-equal distributions of wealth at some point of time. Countries were and still are plagued with poverty; rich people were getting richer and poor people poorer. This is because of the fact that business and trade has got limited into the hands of the privileged few. Sikkim too is experiencing something similar even-though it enjoys one of the highest per capita in India but most of the wealth is in the hands of too few people. The liberalisation policy of the government has not yielded the required result. The subsequent generation of the Marwaris and Biharies has taken the lead in execution of all the government projects and tenders.

3.1.2 Trade, Investment and Industries

It is true that all of these processes relate as much to commercialization in general as to globalisation in particular. It is true that the I.T. revolution has improved communications. Technology is playing an increasingly important role in reducing the economic space between nations, the differences between steamship and aero planes, and between telegraphs and computers, is arguably of more quantitative than qualitative importance. The government

of Sikkim has failed to attract huge investment. Industrialisations will create jobs because of the improved communication and transport this is a viable option. The catch in this scenario is when investment dwindles and this leads to the closure of the units. The financial performance determines longevity of a unit, if for some reason the unit is closed then a lot of peoples gets laid off. A possibility, which instills a sense of insecurity, moreover the indigenous people are absorbed in jobs involving low or no skills. The jobs created by industrialisation involve low to medium skills. The vulnerable persons find difficulties in rehabilitating themselves. No specific skills are being imparted by the units which the people can utilize setting up there own factories. Derègulations have not facilitated any poverty reduction. Someone has rightly stated

“Give a man a fish, and you'll feed him for a day; Teach him to fish and he will never bother you again.”

3.1.3 Multi National Companies

It is in western part of the globe where mass production of goods took place, such huge production could not only suffice their requirement and the market got saturated. This drove the price of the goods down sooner than later and they began to look for other prospective market. They promoted the idea of globalisation in search of newer market and propounded that the developing countries will be benefiting the most in terms of cheaper-quality products. But is it true, had it been the case Sikkim would have been the most developed state by now for the fact that it had always encouraged trade but for its mountainous terrain nothing changed for considerable period of time. The transnational companies did not take much of interest in Sikkim in spite of the relaxation provided by the government because of low density of population.

3.1.4 Globalisation and Distribution

There are mainly three discrepancies as to the promises of globalization. They are 1) unequal distribution of wealth 2) concentration of technological development or innovation 3) limited mobility of population. Even after having kept its market considerable open Sikkim

could not attract any national manufacturing firm to set up their base. No international or national firms have shown any interest. Technologically Sikkim remains a laggard while rests of the states continue to reap the benefit. This is a clear case of marginalization.

3.1.5 Open Secrets

Liberalisation was done with the motive of good all round economic growth and to remove poverty. Emerging economies wanted to cash in on the new opportunities – greater capital inflow, improved technological products and access to wider markets. There are many examples around the globe for this exuberance particularly India and China. Manpower the abundant resource of these countries has been leveraged for economic growth. The buoyancy of growth is not parallel and uniform with the different parts of our country. The scenario is much different. Deregulation does give opportunities to the people for wealth generation but these opportunities are hardly distributed equally. States like Maharashtra and Gujarat have exploited the opportunities provided by trade and foreign investment. Sikkim's fortunes for trade and commerce have remained stand still over the past few decades. It is still the small business-persons who still are engaged in these activities. Allied to the belief that liberalisation accelerates growth is the contrary to the fact that poor people will be the main beneficiaries. The open market policies have not a uniform change on the GDP of all the states and Sikkim in particular. Even a small state like Goa or union territory of Pondicherry fares better than Sikkim. The table elaborates the facts

Table 3.2

Gross State Domestic Product of Different States at Constant Price						
State	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Andhra Pradesh	58227	61491	64966	69188	68015	75530
Arunachal Pradesh	872	883	1008	958	996	1072
Assam	15143	15572	16017	16487	16975	17273
Bihar	40633	43040	41269	48091	48027	49335
Delhi	20094	22298	23316	24993	26289	27827
Gujrat	50069	59734	63418	70638	72010	74911
Goa	2397	2515	2706	3119	3212	NA
Harayana	21953	23415	24056	26991	27357	29001
Himachal Pradesh	4651	5087	5372	5722	6083	6504
Jammu & Kashmir	NA	NA	NA	NA	NA	NA

Karnaka	42739	46209	49574	54784	57508	63570
Kerala	26603	28841	30302	31728	33254	35092
Madhya Pradesh	52752	54291	57157	60850	61428	65520
Maharashtra	122763	125214	140783	147531	157147	171766
Manipur	NA	NA	NA	NA	NA	NA
Meghalaya	1625	1690	1820	1925	2018	2164
Orissa	18613	19822	20960	20179	22358	23418
Pondicherry	1000	1011	1115	1403	1570	1792
Punjab	30238	31408	32776	35199	36321	38469
Rajasthan	33026	39123	40854	45599	49716	45704
Sikkim	377	372	411	456	520	559*
Tamil Nadu	57833	65735	68501	73762	78114	81292
Tripura	1762	1771	1934	2179	2397	2637
Uttar Pradesh	87962	94116	96842	103794	106162	109972
West Bengal	52785	56446	59685	63879	68611	73360
All India (GDP)	781345	835864	896990	964390	1012816	1081834

Source: Sikkim at a Glance 2001; Publisher: Department of Economics, Statistics, Monitoring and Evaluation, Government of Sikkim

This implies that when the conditions for successful participation in the global economy includes the following seven concentric conditions.

3.1.6 Rational Policies

Protectionism is required but only to that extent in which the local companies are to build their core competencies. Competition is a must for the market to mature up and should be encouraged within a regulatory framework. All round protectionism for the domestic industries is a recipe for disaster for the economic growth.

3.1.7 Being Realistic and Not Optimistic

Massive deregulation and incentive to the business communities will not yield the desired result. On the contrary disparity between the people may only increase. State should encourage indigenous industries and people to participate in trade extensively. Exclusive incentives to the local potential viable industry will boost economic growth.

3.1.8 Export Oriented Industries

Sikkim is small peaceful state with a smaller population; industries can not be set up only for local consumption. It should project itself as a viable option for the north eastern states. This

USP will considerably enhance its value added chain/sectors. Moreover added advantages like employment, productivity, competitiveness etc are integral part of this policy.

3.1.9 Better Surface Transport Facilities

Sikkim's low economic activities in terms of trade and industrialisation was because of its dependence on one trade route NH 31A but other alternative routes should be developed throughout the state. Also with the opening of the Nathula pass/border, opportunities are going to multiply. In order to capitalize on this opportunity it should build infrastructure. Tourism and other labour intensive industries will benefit the most.

3.1.10 Better Infrastructure

Production for world markets requires a marketing infrastructure, including roads, airports, cold storage and telecommunications. Movement up the value-added chain typically requires an increasingly sophisticated infrastructure. Public investment in this area is therefore vital.

3.1.11 Technical Know-How

As market becomes increasingly knowledge-intensive and rules of the game is ever changing. The workforces have to keep pace with these changes. Investment in education with special focus on universal primary education would appear to be of crucial significance, as would investment in training, and research and development.

The process of liberalisation and globalisation has been practiced since ages but that it has actually derived any considerable benefit is difficult to gauge. There is still wide spread anomalies in the wealth distribution. Poor people have not benefited from the trade and investment but only marginal improvement is there in their lifestyle because of growth in infrastructure. The gap between the poor and the rich people has remained the same or in some cases widened. The advantage of globalisation is that it strives to integrates various economies and create a bigger market. However the inherent weakness of Sikkim vis-à-vis other states poses a Himalayan task. Sikkim lacks infrastructure, capital skilled workforce

and sophisticated technology to cope up with competition. Investment and government intervention can re-shape the future of Sikkim. As someone has rightly comprehended globalisation in the following words

“Globalisation, which benefits only multi-national companies and takes away all sense of local or national pride and identity, is the biggest threat facing all the third world countries”

3.2 THE SCOPE OF TOURISM

Indigenous people are the backbone of any economy. Tourism is labour intensive industry. Few of us know if one invests 10 lakhs in any industry it will create 12 jobs; but if one invest the same amount in tourism it will create 48 jobs – direct or indirect. None of us seems to realize this. They have the major role in sustainable regional development as it affects the region’s social, political cultural and economical in more ways than one. In India we have very little large scale indigenous entrepreneurship, in-fact it will not be wrong to state that tourism is in the stage of infancy. The tourism sector has multiple small-scale indigenous people and our country can leverage the development of small-scale tourism indigenous entrepreneurship. It can have a say in the sustainable regional development by reinforcing the local culture and identity, diversifying tourism activities and keeping population locally as well as by minimizing environmental changes due to the small-scale character of rural tourism enterprises. It has been established, enterprises can particularly contribute to sustainable regional development through a policy of Corporate Social Responsibility (CSR), a concept where companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Though in India, we stress on public-private partnership for all round development.

Moreover, indigenous people’s participation can play an important role in improving the quality of life of the local people in Sikkim. Tourism incidentally creates jobs that require less or no training at all, local population can thus be easily employed. Growth of regionalism and ‘son of soil’ concept implies that social capital is a prerequisite condition for

indigenous entrepreneurship. That social capital at the level of the individual (sense of community) is seen as a pre-requisite for sustainability as it helps to avoid conflicts of interests. Often perception of tourism of being not suitable towards the community's interests can be warded-off; if some of the community members are reaping the benefits of tourism.

In a state like Sikkim where potential tourism indigenous people, e.g. farmers, horticulturist, etc can be seen as important stakeholders for sustainable regional development as they represent critical mass of the region. Their participation in sustainable regional development will add social, economic and ecological value to the region and keep scarce resources within the community of the region.

3.2.1 Impediments for Sustainable Development of Tourism Industry

In small scale tourism indigenous people are mostly engaged in periphery activities like food and drinks, souvenirs and gifts, services etc. The indigenous people's motivation is found lacking among the local population to make it big. Even the lodging industries are being leased to the third parties. Among the problems associated with indigenous people development in Sikkim, low skill level, lack of financial resources, lacks of information, lack of motivation, unwillingness to work hard were identified. There is no organised syndicate which encourages the flow of information, ideas, goods and services.

The main problem facing indigenous people regarding the tourism industry in Sikkim region is related to the short season. This creates problems to indigenous people e.g. in terms of difficulties to justify loans to financial organizations. Tourism can never be a year long occupation and has to be combined with agriculture or any other profession in order to sustain one livelihood.

The positive change is yet to be understood by the indigenous people here. The economic aspect is given relatively limited attention, which can make significant contributions to the economy. Lack of understanding of tourism in general by authorities prevents the allocation

of resources for tourism development. Moreover, it is difficult for indigenous people to obtain finances from financial institutions for tourism

There is a lack of cooperation between existing small tourism enterprises as well as a lack of collaboration between adjoining district municipalities. Tourists are harassed on a regular basis as they are made to hire different vehicles for traveling and sight seeing and this too differs in each district. However, ideas about cooperation among the tourism departments of adjoining municipalities have been recently launched. Destinations in Sikkim in spite of its pristine beauty have not been marketed well. There is a lack of information about tourism attractions in the region and information about tourism is not well communicated to the visitors, which means lack of promotion and marketing of the region.

There are other reasons for the dissonance between knowledge and practice in this regard. The elected government tends to discard the policies adopted by the previous government. Even the promising and popular policies are discarded to accommodate the party's self interest. This approach has not been successful in terms of creativity and innovation. Political parties should synergise each other and work towards the well being of the community development based on local entrepreneurial initiatives. The economic theory ascertains that the development of Sikkim can be based on stimulating local entrepreneurial talent and growth of existing and new companies. To support such development, the state government must develop links among key institutions creating public-private partnership for successful local community development.

3.2.2 Prospects for Sustainable Development

Based on the research undertaken, which included interviews and conversations with members of municipalities and consultants and with some indigenous people, the following opportunities came to light:

Excellent opportunities exist for indigenous people in the accommodation sector developing and operating campgrounds, game parks, holiday camps, hotels, bed-and-breakfast establishments and guesthouses. There are a lot of untapped and virgin destinations that can be utilized for tourism attractions and activities. This can be seen as a new type of sustenance for the indigenous people. Opportunities in transport for potential indigenous people are mostly in terms of car hire, rafting, bus services. Rafting is done but on a very small scale and in an unorganized fashion. Car rental as a concept has not been explored at all.

There is effort from the government to create indigenous entrepreneurship. Several tourism policies and incentives are offered. The government wants the local indigenous people to en-cash on the opportunities provided by opening of Nathula Pass/Border. The indigenous people are being issued permits and licenses for cross border trades and tourism.

There are also opportunities in the development of man-made attractions, e.g., theme parks, waterfront developments, zoos, parks, game reserves, arts and crafts galleries and cultural tourism, which includes cultural villages and festivals. Also, craftsmanship is a good opportunity for rural indigenous people, which is a connection with nature and a sense of place and culture. A good example is the world's tallest statue of Guru Padmasambhava Rimpoche built in Samdruptse hilltop near Namchi.

Support services, such as tour guides, marketing and training, could also offer good opportunities for indigeneous people. The fields of entertainment, restaurants, coffee shops, acting, traditional dancing and music represent some of the many opportunities.

Also, there is an opportunity to develop local gastronomy, which could play an important role not only because cuisine is important for a tourist experience but also because gastronomy can become an important source of local identity. This can also stimulate development and growth of small enterprises. Local people and tourists are showing a growing interest in locally produced products. Already Momo, Thupka, etc are having good

loyal following. For instance, initiatives like Sikkim Supreme, which is a brand name for locally produced food initiated by Government Fruit Preservation Factory located at Singtam East Sikkim, highlights the importance of locally produced food. Temi Tea and Alpine Cheese are also other good examples.

The following tourism models, which can also offer opportunities for enterprise development, can be proposed:

- Small and medium-sized tourism enterprises organized as cooperative at the village or community level. In this model, tourism is a way of increasing and diversifying sources of community income and employment.
- Small-sized tourism enterprises organized by individuals or families. As the only or key source of income for the self employed, these enterprises are a means of income for family subsistence. Examples can be found in individual taxi drivers & retail outlets.
- Small-sized tourism enterprises organized by individuals and families as a supplement to other rural livelihoods.

3.3 SWOT ANALYSIS

In the following table, the SWOT analysis for the indigenous people's development is shown. It gives an overview of the current situation of indigenous people socio-economic condition in Sikkim.

Strengths

- Rural characteristic of the region favourable for indigenous people's development
- Diversity of natural and cultural resources for start-ups
- Good tourism base and an increased demand for the product
- Safety and security (low rate of crime/ Most peaceful state of India)
- Development of women as an economic medium.

- Part of North Eastern region - gives opportunity to promote region for new business establishments

Weaknesses

- In equal distribution of wealth
- Poor entrepreneurial infrastructure
- Financing gaps for new and early stage firms
- Administrative obstacles
- Lack of promotion and stimulation
- Lack of competition
- Lack of collaboration among stakeholders within the tourism industry
- Lack of a common Sikkim identity
- Short season for tourism industry

Opportunities

- Economic growth and employment opportunities
- Development of networks among enterprises
- Strengthening and improving local identity
- Niche market opportunities
- Development of newer & untapped destination
- Opening of Nathula Pass/Border

Threats

- Migration of rural population to the adjacent urban areas
- Decline in agriculture
- Immigration from other parts of India wipes out the genuine culture of Sikkim
- Growth of Darjeeling, Kalimpong, Mirik as tourist destination

This analysis presented in the table above is based on interviews, on SWOT for Sikkim region and the tourism destination and on literature.

3.3.1 Strengths

Strengths relate to the key assets of the area that offer some basis upon which entrepreneurial development is dependent. An important asset of the region is diversity of natural and cultural resources together with rural characteristic of the region which provides a favourable environment for indigenous people development as well as for tourism development.

Tourism is the thrust area of the state government and the popularity of Sikkim as tourist destination is rising. These factors are also supported by the safety and security in the region, which are among the most important preconditions for entrepreneurial development. Thus, in order to maintain strengths, factors for active promotion of policies by local authorities and local tourism offices to increase the supply of indigenous people are necessary. Local farmers, tourism businesses and tourism organizations can initiate development of synergies of tourism and agriculture. Moreover, establishment of partnership among the stakeholders involved in entrepreneurial development will assure that promotional information about the region is accessible to all parties involved in entrepreneurial development process.

3.3.2 Weaknesses

Many of the weaknesses identified for Sikkim region reveal different signs of the same problem, which is a poor environment for indigenous people's development. The basic weaknesses are related to in-equal distribution of wealth, administrative obstacles as well as inadequate knowledge of government policy of indigenous people participation promotion scheme. This signifies to the need of promotion and stimulation of indigenous people through education and provision of awareness which are observed as weak point. The lack of collaboration among tourism stakeholders within the state leads to the lack of common Sikkim identity. There is also evidence of a short tourism season in the region, which limits

tourism indigenous people to operate. These factors constrain competitiveness of enterprises that limit general entrepreneurial development. Taken together, the identified weaknesses of Sikkim region highlight a need for actions to help enhance the environment in which indigenous people will succeed and to improve the competitiveness of existing businesses.

3.3.3 Opportunities

Opportunities identify potential sources of future benefits. In Sikkim, there are opportunities for economic growth and more jobs. These opportunities can be achieved after the weaknesses mentioned above are overcome. There is also a need for appropriate support to ensure that the area can build on the strengths identified earlier in order to take advantage of these opportunities.

There are opportunities to build an increased cooperation and linkages between enterprises. While a diversity of natural/cultural resources and a good tourism base were identified as strengths, the challenge is to improve linkages between communities, and strengthen and improve local identity which results in joint action to address common constraints. This could have tourism promotion benefits as well as helping to improve social unity within the area. The opening of Nathula pass/border beckons a wealth of opportunities. Market and product diversification are the most obvious sources of opportunity, especially for niche market - culture, heritage tourism, etc. Exploiting these opportunities will require that competitiveness issues are addressed, in terms of both operational efficiency and marketing. Encouraging innovation is important if success is to be achieved and sustained. This can be achieved through the supporting of potential indigenous people with innovative ideas, providing incentives and awards.

3.3.4 Threats

In case of Sikkim region, the main threats are related on the one hand to out migration of rural population to the urban areas and on the other hand immigration from other parts of

India, wiping out the genuine culture of Sikkim. Decline in agriculture is also a threat. This situation could be avoided by improving the bottom-up actions through a community-based approach and through appropriate combination of agriculture and tourism activities.

Therefore, there is a need to coordinate efforts to place Sikkim region on the map as a high quality area to do business or visit. In the tables below some possible policy implications are presented, more precisely, addressing each factor of the SWOT.

3.3.5 Policy Implications for SWOT Analysis

The following policy implications can influence the level of entrepreneurial activity in the region. They came to light through interviews and some suggestions are based on the literature about Sikkimis patterns and trends towards indigenous people policy and practice. Tables 1, 2, 3 and 4 provide policy implications for each factor of the SWOT analysis.

Table 3.3 - Policy implications for Strengths

Strengths Policy Implications for Sikkim

Rural characteristic of the region favorable for indigenous people development	For Sikkim active promotion policies on local level will increase the supply of indigenous people in the region
Diversity of natural and cultural resources for start-ups	Incentives or financial support which can help indigenous people in the early stage of creating unique tourism product
Good tourism base and an increased demand for the product	Development of synergies between tourism and a wide adding value on local cultural and natural resources with substantial help from tourism
Safety and security (low crime rate)	Strengthening and sustaining safety and security will encourage potential indigenous people in the region
Part of North Eastern region	Regional promotion policies will give opportunities for new business establishments

Table 3.4 - Policy implications for Weaknesses

Weaknesses Policy Implications for Sikkim

Poor entrepreneurial culture and climate	Create widespread awareness of the benefits towards sustainable indigenous people to the economy and to society; include indigenous people development as part of regional development policy; target development policy measures at
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	groups of the population representing business owners
Poor entrepreneurial infrastructure	Provide business support programmes and services oriented to potential indigenous people; advisory services; mentorship; identify and encourage regional growth companies
Financing gaps for new and early stage firms	Financing gaps has to be filled by new venture capital funds; produce information on types and sources of financing, build financing databases
Administrative obstacles	Reduce administrative and regulatory procedures associated with business entry; simplify registration process; simplify licensing and permit requirements
Lack of competition	Actively promoting the importance of indigenous people in the economy – use of media, conferences and community events, introduce awards programmes for successful indigenous people and entrepreneurial behaviour
Low investment in people (lack of education and information)	Integrate education for indigenous people at all level of the education system;
Lack of competition	Competition policy through various programmes e.g. competition for producing the best business plan where winner will get an award of free entrepreneurial education
Lack of collaboration among stakeholders within the tourism industry	Close interaction and collaboration among supporting indigenous people with tourism stakeholders
Lack of common Sikkim identity	Collaborative actions of member municipalities for promotion of common regional identity through effective marketing which will encourage potential indigenous people
Short seasonality for tourism indigeneous people	More interaction of tourism with agriculture, e.g. farm tourism; Orchid/Flower/Food festival extension of season by cultural and historical events e.g. festivals; business tourism etc

Table 3.5 - Policy implications for Opportunities

Opportunities Policy Implications for Sikkim

Economic growth and employment opportunities	Policies encouraging indigenous people to innovate & create 'entrepreneurial economy' which leads to economic growth and raises employment level
Development of networks among enterprises	Facilitate effective networking, which provides support and contributes to a better understanding of business - this has to be assisted by regional and national policies; the synergy of business cluster produces outcomes not possible of any provider
Strengthening and improving local identity	Collaboration and cooperation of member municipalities; effective marketing of an area in

	which public sector may need to take the lead in close cooperation with the private sector
Niche market opportunities	Identify the market 'niches' through the unique cultural and natural heritage of the area
Development of innovation	Support efforts of emerging indigenous people with innovative ideas; indigenous people and innovation are both critical elements for 'entrepreneurial economy'
Development of women indigenous entrepreneurship	Encourage women to become entrepreneurs through better training in basic business skills in enterprise centres through mentoring, networks and training, etc

Table 3.6 - Policy implications for Threats

Threats Policy Implications for Sikkim

Migration of rural population to the urban areas	Creation of more entrepreneurial culture by appropriate policies mentioned above, which creates more entrepreneurial economy (more jobs, services and economic growth) and involvement of locals in the tourism activities may avoid migration of rural population
Decline in agriculture	Interaction between tourism and agriculture; synergies of different agricultural and tourism activities which adds value on local resources
Immigration from other parts of India wipes out the genuine culture of Sikkim	Involvement of local community in regional development, and local identity

The importance of small-scale entrepreneurship seems to be insignificant in the era of industrialisation and economies of scale. In tourism sector however small scale entrepreneurship tends to fill in the gaps that large scale entrepreneurship overlooks or fail to cover. Tourists have different and specific needs or in other words they like to be pampered. It is like giving them a personal/humane touch. Small scale entrepreneurship should not only be encouraged but also need to be protected but not on the terms of economic efficiency.

Basically every one will agree that there are three key elements to be successful indigenous people; innovations, ability to perceive profit opportunities and ability to take on risks.

Tourism & indigenous people is also akin to spread of awareness of a destination and is effective, when there is word of mouth publicity. Therefore a firm should try to develop the capacity for publicity and spread the good word around. An increase in entrepreneurship

among the region will foster competition. Competition is more conducive to better facilities and services which indirectly benefit the destination's promotion. Another important contribution of indigenous people entrepreneurship is that competitions foster diversity among the firms. Thus value chain builds up to the benefit of the community. The diversity of firms will lead to growth potential of a destination. The uniformity and variety of the different enterprises in one location will lead to increase in economic activity and better life.

SECTION 2

THE PROSPECTS

The objective of the previous section was to suggest the scope of socio-economic activities that can be used to develop Sikkim. It charts the process to be followed by government of Sikkim and stakeholders when developing an integrated tourism management plan. In terms of the vital importance of tourism as an economic activity the task of developing a management plan is no longer an exclusive preserve of the “expert” alone but a collaborative process that involves various stakeholders from within and outside Sikkim. One can only suggest a guide, a framework or a roadmap to be followed. The development of a management plan is a public participatory process that must be underpinned by the principles of transparency, consultation and honesty. However, Government of Sikkim has an indisputable primary obligation of developing a business plan that will be based on the management plan. The objective should be to produce benefits beyond their boundaries for the socio-economic benefit of communities that live in Sikkim and the intention to this effect should be reflected in the development of a management plan.

In this segment, tourism management and socio – economic changes that underpin tourism activities in Sikkim were identified. They have been evaluated and found to be in varied conditions, subject to various pressures. This tourism represents attributes that attracts tourists to Sikkim and should be used as indicators for measuring management effectiveness. The success of Sikkim tourism product and services will depend heavily on the active and competent management of the potential resources. This can be achieved through an adaptive management approach that focuses on:

- Sustainable use of resources;
- Limits of tourist use management;
- Environmental performance audit (with attributes);
- Sound financial, human resources, marketing and corporate governance practices;
- Proper grading of products and services;

- Setting of hospitality and quality assurance standards;
- Applying business management principles to conservation;
- Designing practical monitoring and evaluation plans to assess tourism performance;
- Active involvement of communities in protected area management; and
- Continuous tourism-research activities.

There is an urgent need for the professional management of tourism in Sikkim through a balanced and integrated tourism management framework as suggested in this study. Such a move will contribute to the effective management of Sikkim by generating sufficient revenue to implement all activities associated with its mandate. In an almost infinitely diverse world there can never be just one standard methodology or type of management plan. The challenge is to develop a systematically researched “toolbox” of approaches that are derived from a single broad conceptual framework over an extended period of time. This study alone is but a small step towards the establishment of a solid research baseline. An integrated approach that goes beyond the traditional focus on socio – economic change, as suggested in this framework, is but one of the many potential solutions to the lack of effective management of the tourism function in Sikkim.

The long-term sustainability of tourism rests on the ability of community leaders and tourism professionals to maximize its benefits and minimize its costs. The source of tourism changes into tourist-based causes and destination-based causes. This information, which was distilled from the tourism research, provides a framework for discussions, directions, and development regarding tourism. Formally addressing the changes of tourism facilitates planning that helps the local community create a sustainable tourism industry.

The changes of tourism can be brought about by three general categories and subcategories:

1. Economic

Taxes

Services

2. Social and cultural

Crowding and congestion

Community attitude

3. Environmental

Each category includes positive and negative changes. Not all changes are applicable to every community because conditions or resources differ. Community and tourism leaders must balance an array of changes that may either improve or negatively affect communities and their residents (Matraiye Chowdhury Journal of Tourism Volume V No.2 -2003) Leaders must be sensitive and visionary, and must avoid the temptation of glossing over certain difficulties, tourism development creates. Tourism leaders must also balance the opportunities and concerns of all community sectors by working against conditions where positive changes benefit one part of the community (geographic or social) and negative changes hurt another.

Conversely, community sensitivity to tourism means avoiding undue burdens on the industry that could thwart its success. Local leaders should not expect tourism to solve all community problems. Tourism is just one element of a community. While creative strategic development of tourism amenities and services can enhance the community or correct local deficiencies, tourism, like all business development, must assure that its products (attractions and services) attract customers. Overbearing rules and restrictions, and overburdening taxes can make tourism businesses less attractive or competitive.

3.4 UNDERSTANDING TOURISM CONFLICTS

Different groups are often concerned about different tourism changes. To generalize, where one group embraces the economic changes of tourism, and the other group experiences social and cultural changes, while another is affected by tourism's environmental changes. In theory, the interests of each group could be completely separate, for example, Group A could include the business community and people who are in need of the jobs offered by tourism.

Group B might include residents who feel displaced by an influx of visitors. Group C could be local outdoor enthusiasts concerned about changes in natural resources. In such a case, each group would have completely different outlooks on tourism. Ideally, all groups could be positively affected and would support the community's tourism efforts. However, when group interests are divergent, differing perspectives can make consensus on tourism development difficult.

In most cases, groups with interests in one area of tourism will also have interests or concerns about other tourism changes. In these situations, there are common areas of interest and a greater likelihood that each group will show more appreciation for the concerns of the other groups. Finding commonality provides a starting point for resolving tourism issues.

3.4.1 The Role of Planning

Specific plans and actions can increase tourism's benefits or decrease the gravity of a negative effect. It is important for local communities to understand the wide scope of changes and endeavour to agree on what positive changes to emphasize. It is wise to acknowledge and identify possible negative changes so actions can be taken to minimize or prevent them. A clear statement of the community's vision of tourism should be an integral part of a community's comprehensive plan. Active planning directs tourism toward the goals of the community, clarifying tourism's role and uniting multiple interests.

Planning is not enough. Active implementation and management of plans and prompt attention to emerging tourism issues will maximize positive and minimize negative changes. Monitoring and addressing community attitudes should be an ongoing part of the management effort. Good monitoring efforts can identify trouble areas and give leaders and government an opportunity to defuse community reactions and make timely changes before a crisis occurs. Unfortunately, few communities are so proactive.

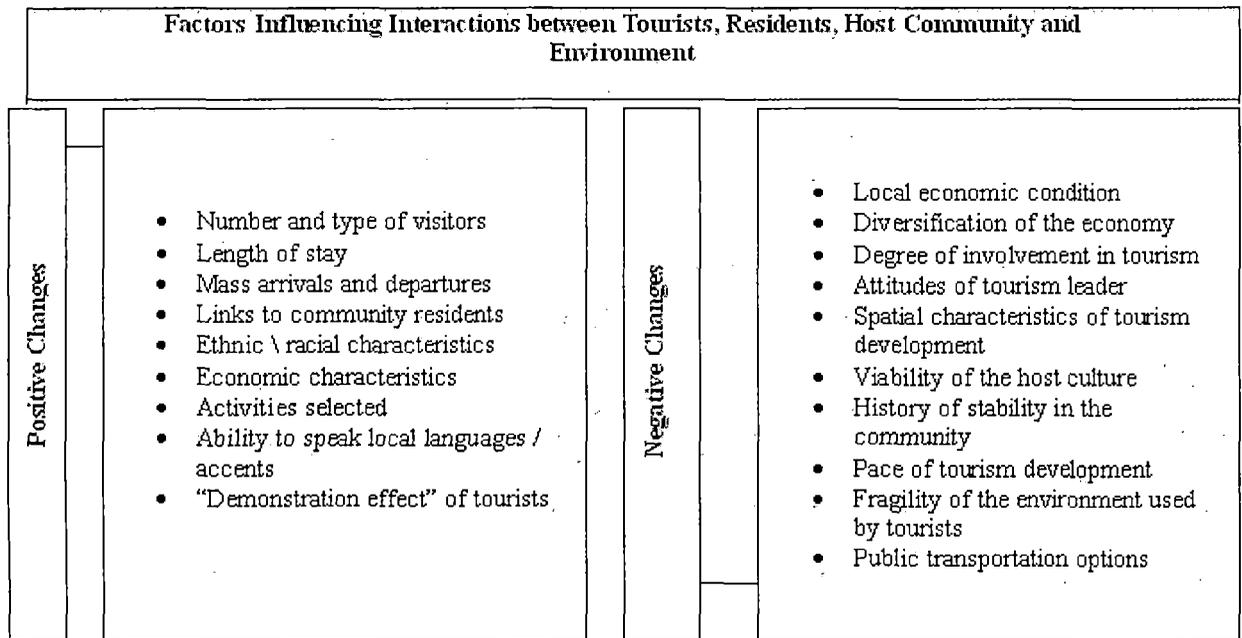


Diagram 10 - Factors Influencing Interactions Between Tourists, Residents, Host Communities and Environment

3.5 TOURISM CHANGES

A goal of developing the tourism industry in a community is maximizing selected positive changes while minimizing potential negative changes. First, it is essential to identify the possible changes. Tourism researchers have identified a large number of changes. Grouping the changes into categories shows the types of changes that could result from developing tourism in a community. In Sikkim, people in the tourism industry are conversant in English in spite of little or no education.

A community will not experience every change. Some are dependent on particular natural resource features (mountains, monastery) or development and spatial patterns (special "tourist zones"). The natural view of Kanchendzonga and the hanging garden at Namchi is a good example. Others relate to the social condition of the community, particularly the ability to culturally or socially connect with tourists. Still others relate to types and intensity of

tourism developments, i.e., approval or hostility toward tourist activities. (<http://www.thecornerhouse.org.uk> - 1993)

3.5.1 Elaboration of Tourism Changes

Understanding that tourism development may result in many and complex changes suggests that local elected officials, the tourism industry, and community residents need to work cooperatively and carefully to plan for its growth and development. Planning can help create an industry that enhances a community with minimal costs and disruptions in other aspects of community life. Having broad community involvement and embracing different perspectives during planning helps identify and resolve concerns that would otherwise create problems later.

3.5.1 Economic

Tourism increases employment opportunities. Additional jobs, ranging from low-wage entry-level to high-paying professional positions in management and technical fields, generate income and raise standards of living. Particularly in rural areas, the diversification created by tourism helps communities that are possibly dependent on only one industry. As tourism grows, additional opportunities are created for investment, development, and infrastructure spending. Tourism often induces improvements in public utilities such as water, sewer, sidewalks, lighting, parking, public restrooms, litter control, and landscaping. Such improvements benefit tourists and residents alike. Likewise, tourism encourages improvements in transport infrastructure resulting in upgraded roads, helicopter service, public transportation, and non-traditional transportation (e.g., trails). Tourism encourages new elements to join the retail mix, increasing opportunities for shopping and adding healthy competitiveness. It often increases a community's tax revenues. Lodging and sales taxes most notably increase but additional tax revenues include air travel and other transportation taxes, business taxes, and fuel taxes. New jobs generate more income tax revenues.

When considering the economic changes of tourism, it is essential to understand that tourism businesses often include a significant number of low-paying jobs, often at minimum wage or less. These jobs are often seasonal, causing under-employment or unemployment during off-seasons. Labor may be imported, rather than hired locally, especially if particular skills or expertise is required, or if local labor is unavailable. Some tourism-related businesses are volatile and high-risk ventures that are unsustainable.

Greater demand for goods, services, land, and housing may increase prices that in turn will increase the cost of living. Tourism businesses may claim land that could have higher-value or other uses. Additionally, non-local owners and corporations may export profits out of the community. The community may have to generate funds (possibly through increased taxes) to maintain roads and transportation systems that have become more heavily used. Similarly, if additional infrastructure (water, sewer, power, fuel, medical, etc.) is required, additional taxes may also be needed to pay for them.

3.5.2 Social and Cultural

The social and cultural ramifications of tourism warrant careful consideration, as changes can either become assets or detriments to communities. According to Chi Nakane (1966) the influxes of tourists bring diverse values to the community and influence behaviours and family life. Individuals and the collective community might try to please tourists or adopt tourist behaviours. Interactions between residents and tourists can change creative expression by providing new opportunities (positive) or by stifling individuality with new restrictions (negative). Increased tourism can push a community to adopt a different moral conduct such as improved understanding between sexes (positive) or increased illicit drug use (negative). Safety and health facilities and staffing tend to increase at the same time safety problems such as crime and accidents increase. Traditional ceremonies may be renewed and revived by tourist interest or lost in alternative activities.

Community organizations can be invigorated by facing the opportunities of tourism or overwhelmed by its associated problems. Calamities such as natural disasters, energy

shortages, terrorism, political upheaval, disease outbreak, a chemical spill, or even widespread negative publicity could shut down tourism abruptly but sometimes can attract curious visitors.

According to World Tourism Organisation, tourism can improve the quality of life in an area by increasing the number of attractions, recreational opportunities, and services. Tourism offers resident's opportunities to meet interesting people, make friendships, learn about the world, and expose themselves to new perspectives. Experiencing different cultural practices enriches experiences, broadens horizons, and increases insight and appreciation for different approaches to living. Often, dwindling interest in host cultures is revived by reawakening cultural heritage as part of tourism development, which increases demand for historical and cultural exhibits. This interest by tourists in local culture and history provides opportunities to support preservation of historical artifacts and architecture. By learning more about others, their differences become less threatening and more interesting. At the same time, tourism often promotes higher levels of psychological satisfaction from opportunities created by tourism development and through interactions with travellers.

Tourism also comes with a dark social and cultural side. Illegal activities tend to increase in the relaxed atmosphere of tourist areas. Increased underage drinking has become a problem. It is easier to be anonymous where strangers are taken for granted; bustling tourist traffic can increase the presence of smugglers and buyers of smuggled products. Lifestyle changes such as alterations in local travel patterns to avoid tourist congestion and the avoidance of downtown shopping can damage a community socially and culturally. Hotels, restaurants, and shops can push tourism development into residential areas, forcing changes in the physical structure of a community. Development of tourist facilities in prime locations may cause locals to be or feel excluded from those resources. As local ethnic culture alters to fit the needs of tourism, language and cultural practices may change.

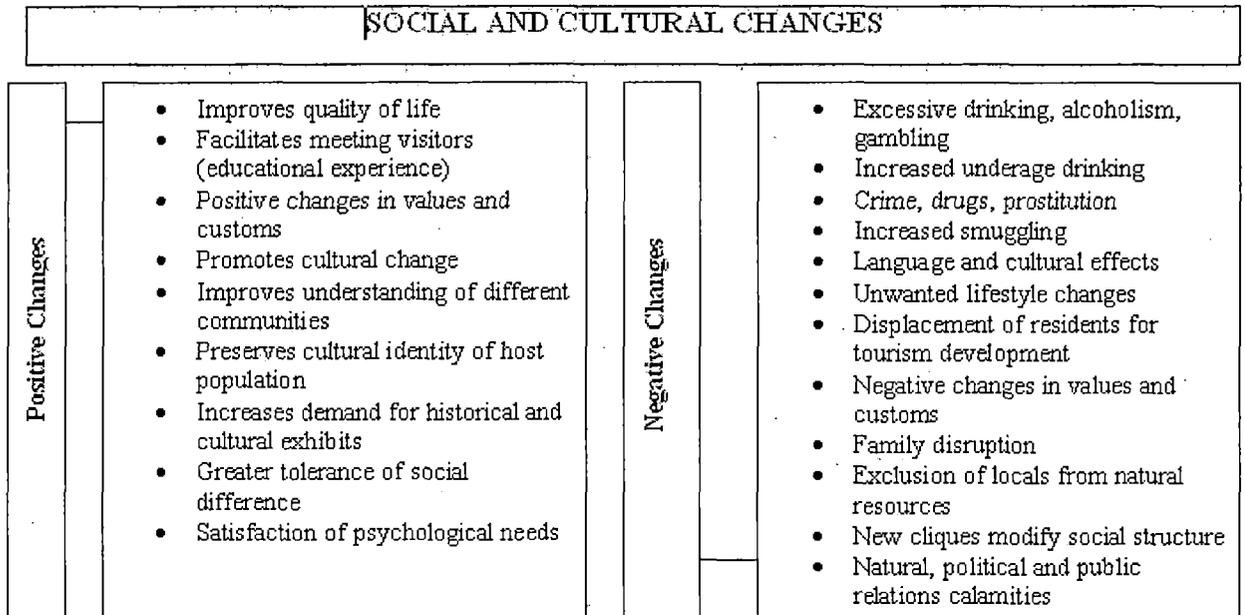


Diagram 11 - Social and Cultural Changes

3.6 SOURCES OF CHANGES

Knowing the nature of tourism changes won't automatically lead to solutions. It is equally important to identify the sources of these changes (see table below) and how they influence interactions between tourists and residents, the host community, and the environment. These change sources can be divided into two groups:

3.6.1 Tourist Factors and Destination Factors

Tourist factors are those which tourists bring to the destination and include such elements as demographic characteristics, social differences, and numbers of visitors. Destination factors are those that are part of the destination itself, such as travel linkage and circulation, local acceptance of tourism, and local vitality and leadership.

3.7 TOURIST FACTORS

3.7.1 Number and Type of Visitors

- **Numbers:** small numbers of tourists are often relatively unobtrusive and may be a curiosity or an interesting diversion for community residents. As visitor numbers increase and they become commonplace, locals may ignore them. When the number of visitors reaches a point that residents feel a sense of displacement, obstruction, loss of community, or safety threat, resentment and resistance may result. Even in Sikkim the inflow of international tourist has not reached a high number and there is a sense of prying when they reach here but with the passage of time this will dwindle.
- **Demographics:** family status, age, education, profession, etc., influence the actions and activities of tourists and their local visibility.
- **Transportation:** private vehicle or rental car, bus, train, air, or passenger ship dictates tourists' movements, influences whether choices are pre-selected, and affects the ease of reaching attractions and services.

3.7.2 Length of Stay

- Day trips have less economic change. Actually people do not utilize the lodging facilities at Gangtok and prefer staying in Siliguri.
- Short (2-5 day) stays in a place maximize per-day economic change for regional driving destinations, i.e., tourist spending is maximized and the pace can be hectic.
- Tourists who stay longer have wider range of needs and may spread the direct economic change more broadly in the community. Seasonal visitors (Employees 1-6 months) may take more interest in non-tourism community matters.
- Annual events can create a large economic change in a short period. The flower festival in Gangtok has loyal following and it is getting famous every year.

3.7.3 Mass Arrivals and Departures

- How and when people arrive (trains, airoplanes, opening of festival) and depart influences traffic congestion and the availability of attractions and services to tourists.
- Smaller lodgings and restaurants can't accommodate large groups. In Sikkim adjoining hotels are utilized to accommodate bigger groups.
- Transportation options and availability may limit the choice of attractions and services. Tourist often obliterates visiting North Sikkim citing improper transportations.

3.7.4 Links to Community Residents

- Reduced economic impact when staying with friends or relatives.
- Better understanding of community values.
- High potential for repeat visitation. There are more repeat visits to places like Gangtok, Pelling etc if one has some one known staying there.

3.7.5 Ethnic/Racial Characteristics

- When the tourist population differs greatly in ethnic or racial origin or economic status from the local population, more consideration of resident concerns is needed to reduce the potential for resentment, social conflict, and crime. Careful planning and ongoing education can reduce points of conflict.

3.7.6 Economic Characteristics

- Influences spending choices.
- Higher incomes may give tourists greater access to environment and have higher negative impact on the environment.

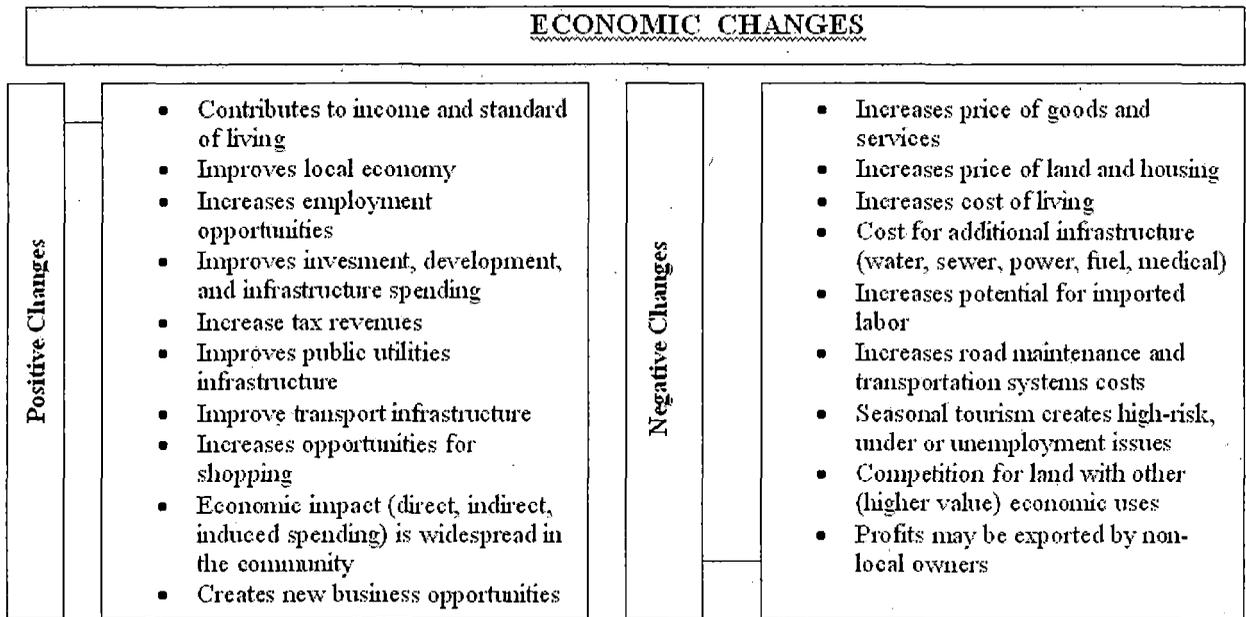


Diagram 12 - Economic Changes

3.7.7 Activities Selected

- Educational, cultural, and historical tourism often has lower social and environmental impact. Tourist visiting the monasteries and the holy lake maintains more tranquility than when they are near Teesta or a Mountain View point.
- Recreational activities may have a greater impact on the environment.
- Entertainment activities may conflict with the social values of local residents.

3.7.8 Ability to Speak Local Language/Accents

- Perceived as making more meaningful connections with local people and culture. The state language is Nepali and when one speaks in Nepali, it effuses an elaborate answer.

3.7.9 "Demonstration Effect" of Tourists

- Local residents copying behaviours of tourists can add new dimensions to local culture but sometimes the behaviour is not appropriate to local values.

- Locals copying negative behaviour of vacationers (excessive drinking, inappropriate dress, casual attitude, etc.) create social problems. Despite the fact that there are only two cinema halls in Sikkim, Hindi movies in general and Hindi songs in particular are a rage out here.

3.8 DESTINATION FACTORS

3.8.1 Local Economic State

- Economies do benefit from tourism. However, government officials should plan so that new tourism developments are sustainable.
- Towns with strong economies can look for tourism that complements other community goals such as preservation of historic buildings, creation of recreational amenities, and expansion of food/lodging options.

3.8.2 Diversification of the Economy

- Economic diversity helps reduce the influence of negative impacts to the host community. If tourism has a poor year / season, other economic activities may offset the impact and vice versa.

3.8.3 Degree of Local Involvement in Tourism and Attitudes of Tourism Leaders

- Local involvement helps align tourism with the attitudes of the rest of the community. Local ownership and management of tourism businesses keep profits from leaving the community. In most cases, if tourism businesses are cooperative in responding to residents' concerns, the industry will have strong local support. There is mushrooming of small enterprise happening all over Sikkim due to the growth in tourism.

3.9 SPATIAL CHARACTERISTICS OF TOURISM DEVELOPMENT

- Separation of active tourist areas from residential areas reduces conflict.

- Shared commercial areas. A mix of resident-oriented and tourist-oriented businesses adds to the vibrancy of the retail area. Domination of tourist-oriented businesses pushes locals elsewhere and may create resentment.
- Shared cultural or recreational amenities (parks, museums, plazas, beaches, gardens) can be more successful with tourism. In-fact tourism improves the quality of living standard as the facilities meant of tourist are also enjoyed by the locals.
- Tourist strips can clog streets and may restrict resident access to public resources, especially beaches and shorelines.
- Exclusive tourist developments can create a class structure and local resentment.

3.9.1 Viability of the Host Culture

- A strong and active local culture combats tourism's tendency to change a community. The learning centre of Buddhism at Rumtek Dharma Chakra is second most important place after Dharamshala at Himachal Pradesh outside Tibet.
- Active programmes to educate tourists in local cultural practices (especially public taboos) help reduce conflicts.
- Pride in culture influences tourists to honor local customs and adhere to cultural restrictions.

3.9.2 History of Stability in the Community

- Strong local economies give leaders more options in influencing tourism development to fit the community. Sikkim enjoys political stability of sorts as the ruling political party is in power for consecutive terms giving the government the opportunity to execute their policies.
- Strong community leaders and active planning can place tourism more appropriately within the community's geography and can support suitable tourism projects while resisting inappropriate ones. Alternate route to tourist destinations should be developed to reach Gangtok from Siliguri.

3.9.3 Pace of Tourism Development

- Slower development provides time for residents and leaders to reassess tourism growth and make changes that better serve the community. Rapid development can strain a community's infrastructure and lead to serious resident dissatisfaction. Negative environmental impacts are also more likely.

3.9.4 Fragility of the Environment Used by Tourists

- Many of the most sought-after environments for tourism are also the most fragile. Extra effort to plan appropriate access and use of fragile environments helps insure their long-term viability and continued attractiveness for tourism. Landslide in Sikkim has a crippling effect in the economy.

3.9.5 Public Transportation Options

- Availability of local public transportation (bus, trolley, cab, shuttle, trains) and alternative transportation corridors (bicycle, pedestrian) can reduce auto congestion. Poor access can make facilities inaccessible for motor coach or public transit. High altitude weather often make transportation from a place to another in Sikkim unattainable.

REVIEW

We have begun this chapter with a discussion about the general facts regarding the status of industries in Sikkim- the benefits the state is getting from the central government and the constraints in general faced by the state. In this context we have also discussed the problems and prospects of growth of sustainable tourism in Sikkim. In the SWOT analysis we have highlighted the strengths, weaknesses, opportunities and threats experienced and faced by the economic scenario in general and tourism industry in particular. Taking all the aspects into account, we have attempted to highlight the policy implications of all the four factors. The third section is an in depth analysis of the changes that result from different types of

tourist activities – long as well as short term. Sikkim is a small mountainous state with fragile environment and delicate demographic balance. The scope of industrial development is limited and even in this era of globalization it has failed to benefit from the opening up of Indian economy. Tourism is the only option that has a scope of expansion but a careless policy may lead to destruction of the environment and fail to maintain the cultural specialities. Hence these factors have to be kept in mind while formulating a viable and long term tourism policy for Sikkim.

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