

# TOURISM FOR SUSTAINABLE DEVELOPMENT OF THE NORTH EAST

## Status, Opportunities and Challenges

### TOURISM AND NORTH EAST

Tourism can be one of the key components of North East (NE) Economy. However, tourism as an industry is yet to take off in NE, despite campaigns like *Incredible India* and schemes like Swadesh Darshan and PRASAD. NE can get spending “injection” into the economy that will ultimately boost NE GDP and incomes. There is scope to attract foreign tourist arrivals (FTAs), making tourism a driver of sustainable and inclusive economic growth through growth of local SME

Travel and tourism is growing world-wide and outpacing GDP growth. North East Tourism can provide an edge to India over other source countries like China, India, Korea, US and Europe. However, a systematic and structured approach is required.



Buddha's hand Citrus fruit



### THE CSIR-NISTADS PROJECT: DESTINATION NORTH EAST



The CSIR NISTADS project is aimed at assessing the status and potential of tourism in north-east India based on primary and secondary surveys along with analysis; a first-level Business Model has been created from the analysis

**Goal:** Enabling four-fold increase in the Tourism of North-East through evidence-based analysis

Based on Secondary and Primary Surveys, Site Assessments, Interviews and Data Analytics, NISTADS has prepared a Report and a Bankable Business Model (endorsed by Bank/financial expert) for North East Tourism. Further information and terms are available with NISTADS.



### TOURISM FOR RAPID ECONOMIC TRANSFORMATION

Many countries have transformed their economies by utilizing their tourism assets,; like Maldives with its “one island one resort” policy for its chain of islands. Bhutan, in spite of its restrictions for “responsible tourism”, international visitors have increased more than ten times in the last decade. More recently, Myanmar implemented a master tourist plan focusing on six strategic programs, registering the highest growth in FTAs, about 73% over the last six years. Similarly, NE can achieve sustainable and inclusive economic growth through careful investments.

Rapid economic development usually has at least one engine of growth. The textiles industry was an engine of growth for many countries, spawning a supply chain and inducing a multiplier effect on demand for other goods and services. Today tourism is performing this role for many small countries. North-East, with abundant natural tourism resources, can adopt tourism as a driver of rapid, sustainable, inclusive and eco-friendly economic growth.



Satisfaction gap is assessed using a satisfaction index (SI) for each site where a tourist survey could be conducted.

## THE TOURISM ECOSYSTEM

Tourism is fragmented with many micro participants involved in delivering the tourism experience.

A tourist may transact with several service providers like airlines, tour operators, hotels, tourist site activities, recreation and shopping. Most service providers operate in usually one of these verticals. Both primary and secondary tiers create jobs. The earnings from these jobs are in turn spent on infrastructure, products and services.



## THE NISTADS SURVEY: HIGHLIGHTS

Existing secondary data on parameters critical for assessing status and potential for North East tourism was found to be inadequate or an accurate for comprehensive analysis. The NISTADS survey was carried out over three states: Assam, Meghalaya and Mizoram. The survey involved interactions with tourists, locals, service providers, experts and policy makers.

Of the three key segments of tourists, FTAs and Indian Non-NE spend more than regional (NE) tourists. Average spending per day per visitor, which is akin to a price of a tourist site or destination, is more for FTAs and Indian Non-NE, up to 50% more than regional (NE) visitors in some sites.

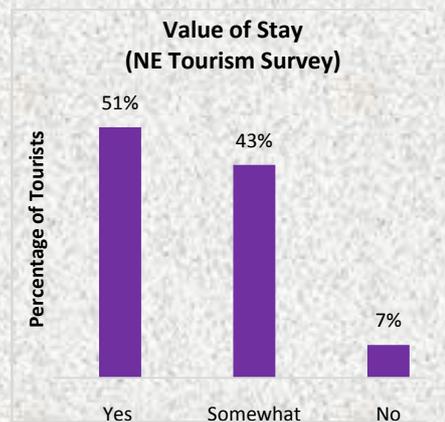
Only about half of the tourists find their stay to be very valuable to them.

Tourist Infrastructure (TI) index computed for each tourist site shows a wide variation across sites. Coefficient of variation is 52% in Assam, 32% in Meghalaya, and, 43% in Mizoram. Some tourist sites are likely to be performing below potential.

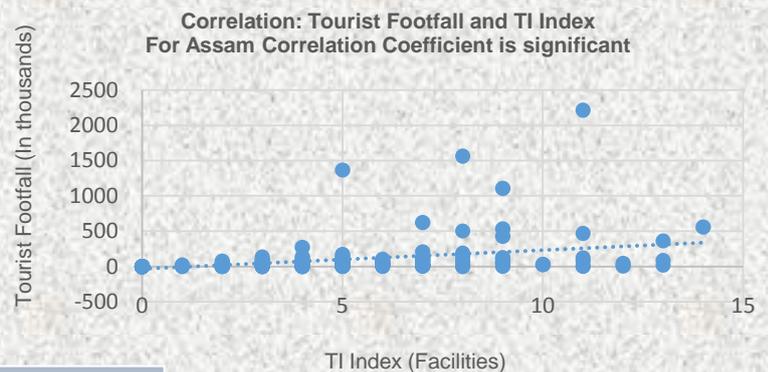
A typical service provider has an annual gross revenue of only about Rs. 2 lakhs. Most of the service providers have full time employees up to 9 workers.

### SAMPLE PARAMETERS FOR SURVEY

- Number of nights planned at a tourist destination
- Typical spending during a visit
- Satisfaction levels with different parameters like cuisine
- Value for money for a site
- Ease of tourism



Tourist footfalls and Tourism Infrastructure Index are significantly and positively correlated

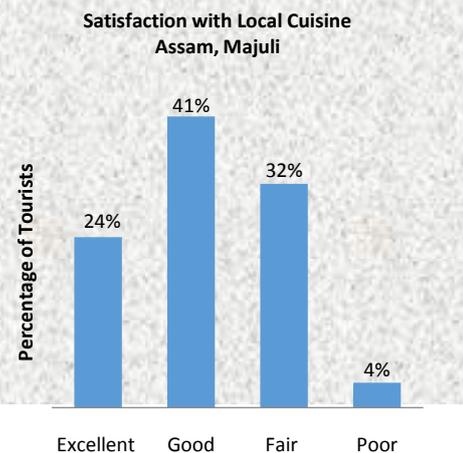


## POTENTIAL SOCIO-ECONOMIC IMPACTS OF TOURISM IN NE

### TOURISM AND SME IN NORTH EAST

Several tourist sites have potential for higher tourist footfall and revenue generation. With increase in tourist footfall, the scope for service providers will also rise, most of these with an annual turnover of less than Rupees 10 lakhs. The proportion of larger service providers may also increase from 7%. Some of the potential SMEs include:

- Skilled Tour Operators
- Emporia of local produce at sites with high footfall
- Homestays
- Ethnic cuisine at tourist sites with footfalls > 100/day



## RESPONSIBLE AND SUSTAINABLE TOURISM: NORTH-EAST

Tourism, especially nature tourism, cannot be a sustainable economic driver unless it is matched with the carrying capacity of the tourist sites. A careful policy for sustainable tourism is needed for each tourist location.

Sustainability can be ensured by estimating, and following carrying capacity in terms of the region's natural resources, consumption patterns, pollution and social systems.

Planning and management of Sustainable/responsible tourism is imperative for tourism to survive. Carefully designed policy and directives are needed.



### NORTH EAST TOURISM: OPPORTUNITIES AND GROWTH POTENTIAL

The following findings from the survey indicate opportunities and untapped potential for North East tourism:

Annual tourists, by initial estimates, are reported to be about 16 million in the three states and tourist expenditure is about Rs.60 billion. For this to grow four fold, there is both need and scope for growth in both in the number of tourists and per tourist expenditure.

**NE tourism must attract more** numbers of foreign nationals and of higher-spending domestic tourists, especially from the non-NE states. With their wildlife, natural beauty and cultural heritage, the scope of North East Tourism is high.

A **signature site** with a unique NE experience is missing. It can be developed and be a beacon for NE Tourism.

An **interactive e-portal** allowing sharing of users' experiences would build both interest in NE and credibility of NE tourism to deliver an "in paradise" experience.

Of the two models – low pricing with higher volumes and high pricing with low volumes – NE tourism is entrenched in the former. However, for **sustainability of their culture and their environment**, transitioning to the latter model is needed. Higher pricing will also raise the profitability and return on investment for tourism investors.

**Improving Tourist Infrastructure** (TI) in sites is likely to boost tourism revenue. Given the intrinsic attraction factor of a site, if its TI were to improve to that of the top site in its category, more revenue could be generated.

**Improving connectivity** by mode of air transport to multiple gateway cities and tourist hubs is important.

With public investment in tourism infrastructure, private investment is also likely to flow in, and, a four-fold increase in revenues can be expected in the next 5 years along with employment of about another one lakh workers.

State	No. >100	No. >150
Assam	37	30
Meghalaya	44	36
Mizoram	3	0

Number of tourist sites with annual footfall

### NE TOURISM: MAJOR GAPS CHALLENGES

**Quality of Service:** Ensuring satisfaction is a critical and dynamic requirement that needs periodic monitoring by both government and private sectors.

**Information Quality and Access:** Providing credible, quality and useful information.

**Efficient Connectivity:** To promote growth of FTAs and non-NE Indians, connectivity by mode of air transport to multiple gateway cities and important tourism hubs is required. Connectivity and tourist infrastructure is found to be adequate only in a few important sites.

**Marketing of North East tourism** as a preferred destination is episodic despite attractive state tourism websites and multiple campaigns.

**Energy Solution:** In spite of continuous efforts by the Govt, most tourist sites suffer from brown and black hours; this is a major deterrent to tourism.



THE POTENTIAL OF INNOVATIVE TOURISM LIKE TEA TOURISM IS YET TO BE REALIZED IN NORTH EAST

## THE LEISURE, EXPERIENCE, KNOWLEDGE, HERITAGE, ADVENTURE (LEKHA) MODEL

Tourists, while eager to know the north-east, expects a value-added experience. Travel is fragmented across many individual or micro experiences but it is the totality of the trip experience that creates loyalty and word-of-mouth recommendation, and so repeat and new visitors. A combination and options of leisure, experience, knowledge, heritage and adventure (LEKHA) can make North East a prime destination for private vacation.

### ACHIEVING 4-FOLD INCREASE IN NE TOURISM: RECOMMENDATIONS AND ROADMAP

**NE Tourism Brand Development:** A signature theme and site should be developed to create a pull factor and a perception of a not-to-be-missed destination about North East.

**Improved Informatics:** The information regarding choices of tourist sites and experiences generated is not adequately available either from the government or from the tourism websites. Pro-active marketing and outreach keeping abreast of dynamic customer expectations is needed. This information gap needs to be filled in a credible way to attract more tourists to North East. An e-portal with credibility is required to plug this gap.

**Quality Policy:** A quality policy for tourist sites should be adopted. A periodic ranking and recognition to top performers will maintain enthusiasm for service excellence. This will mitigate negative impact due to a few low-quality firms and service providers.

**Financial Enabling:** Smaller hospitality firms may be offered tied funding to promote provision of NE tourism related services and to grow beyond 9 employees. SMEs catering to tourism sector may be extended softer loans. Enabling Tourism Site Infrastructure Development and improving weak links such as tour guides etc. will help.

**S&T and Knowledge Edge:** Improved and interactive informatics can be of great help. Informatics need to go beyond passive data and provide decision support to tourists for customization of their tourism package.

“ In Meghalaya a Waterfall Trail can be created along the many rarely visited but magnificent Waterfalls.



“ Creation of Heritage/Nature Tourism Corridors (like Kamakhya-Hajo-Barpeta) can provide significant boost to North East Tourism

“ Many countries have transformed their economies by utilizing their tourism assets, NE, with its abundant natural resources, can achieve sustainable and inclusive economic growth through careful investments in tourism.”

#### For further information

Director, CSIR NISTADS

Dr. K.S. Krishnan Marg, PUSA, N.Delhi-110012

Phone no: (+91)-011-25843227; (+91)-011-25846064 (Direct)

Fax: (+91)-011-25846064, Email: [director@nistads.res.in](mailto:director@nistads.res.in)