

# Tourism Potentials in Poverty Reduction in South Asia

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## Summary

Poverty is widespread and ubiquitous in South Asia, which could be reduced significantly with innovative tourism mechanisms, like ecotourism and pilgrimage tourism. Despite huge potentials, the contribution of tourism both in terms of its contribution to GDP and employment in the South Asian countries is much less in comparison to the world average. South Asia is actually getting very small proportion of the tourism cake within Asia. New coordinated efforts are ongoing towards promoting tourism for rural poverty reduction taking advantages of complementarities and synergies among some countries in South Asia. However, more efforts are needed to improve road, rail and air links and infrastructure; simplify visa and administrative procedures; encourage private sector; and coordinate tourism activities with poverty reduction plans and programmes.

## Introduction

Poverty is a multi-dimensional phenomenon that denotes lack of access to various basic necessities, such as nutrition, health, education, housing, security and opportunity for future improvement. It is widespread and ubiquitous in the South Asian countries and the world's largest number of poor lives in this region. The percentage of people living below US\$ 1 per day in many South Asian countries is higher compared to the world average (Table 1).

Among the selected countries, India – the largest in South Asia - with about 1,080 million population and a total area of 3,287 thousand sq. km. has registered significant economic growth in recent years. However, given its higher poverty rate (35.5%) over 380 million people in the country are left below the poverty rate.

**Table 1: Poverty Ratio in Selected South Asian Countries**

Country	Population in 2004 (million)	Poverty Rate (below \$1/day) in 2001 (%)	Area (thousand sq. km.)
Bangladesh	143.8	32.8	144.0
India	1,079.7	35.5	3,287.3
Nepal	24.8	27.3	147.2
Pakistan	149.7	12.0	880.9
Sri Lanka	19.5	1.8	65.6
<b>World</b>	<b>6,345.1</b>	<b>21.1</b>	<b>510,072.0</b>

*Source: SAARC Regional Poverty Profile 2005 and <http://en.wikipedia.org>*

Likewise, the poverty rates for Nepal (27.3%) and Bangladesh (32.8%) are also higher than the world average (21.1%). However, Sri Lanka with smaller size of population (19.5 million) as well as geographical area (65.6 thousand sq. km.) portrays rather positive image with only 1.8% of its population below the poverty rate. Pakistan also has the lower poverty rate (12%) compared to the world average.

Among several dimensions of poverty, economic and political dimensions are focused more in analyses and enormous challenges have been identified relating to poverty reduction. This requires concerted and integrated policy frameworks to ensure accelerated productive employment generation and enhanced quality of such employment. Again, most of the poor live in rural areas, thus focused attention is also needed for rural development.

In this context, tourism could be seen as one of the productive activities which can bring economic, social and cultural benefits. Tourism is not only a source of foreign exchange earning but it can also generate employment for the people in the region, thus critically important for all South Asian countries. While benefits of tourism to the people in general are evident, there are issues in bringing these benefits more to the local communities and the poor. Among several concepts of tourism, two promising concepts worth mention in the South Asian poverty context are the ecotourism and pilgrimage tourism.

Ecotourism is defined as “responsible travel to natural areas that conserves the environment and sustains the well-being of local people.” Many countries including Bhutan and Nepal have formulated and published national ecotourism strategies to ensure that their styles of tourism bring benefits to local people and preserve the environment.

It is interesting to note the growing trend in ecotourism market. In 1995, its size was estimated at between 7% and 15% of the total tourism market, or about US\$ 50 billion globally. It is now estimated that ecotourism is increasing by 20% per annum, or some six times the growth rate of standard tourism, prompting national tourism organisations and operators to consider it seriously in terms of promotion and planning.

South Asia is uniquely positioned for pilgrimage tourism as the “Buddhist Heartland,” containing many of the world’s major attractions. There are approximately 360 million Buddhists worldwide. Buddhist tourists range across a spectrum, from pilgrims visiting the religious sites to long-stay visitors pursuing academic and religious studies.

Traditional healing, Himalayan spas, yoga practices, and meditation appeal to broader, general interest visitors with an interest in “spiritual well being.” The history, iconography and art associated with Buddhism are found in numerous important archaeological sites in Bangladesh, India, and Nepal.

There is also growing recognition of domestic tourism as a means of keeping tourism revenue at home, upgrading living standards, and achieving national social objectives. With the recent decline in long-haul travel, many destinations have come to rely on the domestic market, especially for niche products such as ecotourism and soft adventure. A recent study in India found that the multiplier and poverty alleviation effects of domestic tourists are more significant than of foreign tourists, despite the higher spending of the latter. This was due to the greater number of domestic tourists and their length of stay, which more than made up for their much lower daily spending.

The centuries old civilization, rich and unique cultural and biological diversity, extremely diverse and vast array of geography, the great Himalayas, the Karakorum, the Hindu-Kush mountains, splendid archaeological monuments, historic sites of religious significance and above all, very hospitable people of South Asia can make the region a very attractive place for intra-regional as well as international tourists.

### **Tourism in South Asia**

The global travel and tourism industry has generally been on an upward growth trend since figures began to be collected and collated in the 1950s by the World Tourism Organization. It is estimated that the entire South Asia attracts about seven million tourists annually. The Pacific Asia Travel Association records 220 million international arrivals in Asia in 2004, but the share of South Asia was only 3% (6.6 million) compared to 23% of Southeast Asia and 74% of Northeast Asia.

So the question arises why South Asia, so rich in flora, fauna, culture and natural wonders, has such a small proportion of the tourism cake within Asia. It is observed that despite huge potential, the contribution of tourism both in terms of its contribution to GDP and employment in the South Asian countries is much less in comparison to the world average (Table 2).

**Table 2: Contribution of Tourism Industry in Selected South Asian Countries**

Country	% Contribution of Tourism Industry	
	In GDP	In Employment
Bangladesh	3.7	3.0
India	5.3	5.4
Nepal	8.2	6.4
Pakistan	6.3	5.1
Sri Lanka	9.6	7.9
<b>World</b>	<b>10.3</b>	<b>8.7</b>

*Sources: World Tourism and Travel Council; Country Reports (2006) in South Asian Yearbook of Trade & Development, 2006*

Sri Lanka is more close to the world average in terms of the contribution of its tourism industry in the GDP (9.6%) and in employment (7.9%). All other selected countries of South Asia are far behind in tapping tourism opportunities. Even a country like Nepal, where the global tourist attraction - the Mountain Everest is located, lags behind in tourism with only 8.2% contribution in GDP and 6.4% in employment. In India, contribution of tourism to its GDP (5.3%) is just half of the world average (10.3%) and in case of Bangladesh it is merely one-third (3.7%).

Realizing the enormous potential and importance of increased cooperation amongst the member countries in tourism, the leaders of the South Asian Association for Regional Cooperation (SAARC) have emphasized on the need to take measures for promoting tourism in the region. SAARC also designated 2005 as the "South Asia Tourism Year".

Despite recognition of importance of regional cooperation, in promoting intra-regional as well as international tourism, joint measures towards this end have not yet materialized in concrete terms. The region's diversity in offerings of tourism products is well known. However, due to indifferent policy initiatives, the real potential is not realised. Each country is still trying to carve out a niche without taking advantage of contiguity and synergies that may arise.

Tourism for rural poverty reduction through coordinated efforts of selected South Asian countries has recently been emphasized with the initiatives of the South Asia Sub-regional Economic Cooperation (SASEC). In order to take advantages of complementarities and synergies among the member countries, four countries (Bangladesh, Bhutan, India and Nepal) and later joined by Sri Lanka have come up with a tourism development plan in 2004 within the SASEC framework. It is envisaged that the plan would contribute to overall goal of achieving, through sub-regional cooperation, significant growth in tourism leading to overall economic growth and reduction of rural poverty in the SASEC sub-region.

The SASEC plan presents profiles of existing tourism patterns and the future tourism development agendas of the member countries. It proposes core strategic directions that include developing tourism that is sustainable and contributing to poverty reduction, initiation of joint marketing, repositioning the sub-region as tourist friendly destination, and improving tourism links with neighbouring countries.

As a framework for the initial activities, the plan also presents seven sub-regional programmes and 23 projects. The sub-regional programmes are concerned with long-term, generic issues of all member countries, agreed upon product themes, and aimed at private sector development.

### **Problems and Prospects**

The longer-term tourism potential for poverty reduction is very positive for South Asia as a generator and supplier of travelers with recent collaborative efforts like SASEC tourism development plan. There is also demand for international travel, the financial capability for such travel with ever growing middle-class, and scope of expansion of the air capacity to service the expected demand. However, there are still hindrances for the individual tourists as well as the travel trade sector.

The strong appetite of the potential tourists for international travel has been discouraged largely because they are unable to obtain easily passports, visas and other necessary permissions to travel beyond their country borders. The processes for obtaining passport and visas are seen by many as slow, cumbersome and unnecessarily bureaucratic (and often costly), which could be an artificial cap on the tourism growth potential.

There are evidences of dramatic increase in tourist flows where these administrative and documentation processes are streamlined and destinations are opened up to a wider population. Immediately after China liberalized the restrictions on travel to neighbouring Hong Kong in July 2003, China flows to Hong Kong which was growing previously by just 12% shoot up to 143%. This flow was also matched by double-digit growth from Hong Kong into China with significant economic impact, job creation, more investment, and business opportunities.

From the travel trade and investment perspective, the situation seems far from optimal. Frequent changes in policies, government intervention, complex regulatory provisions and licensing procedures, uncertainties concerning land title, corruption, security concerns, and other impediments bear most heavily on small and medium-sized businesses, which are the backbone of the tourism sector. More progressive steps are needed to reap the full benefits of more market-oriented, open economies.

Besides the problems stated above, poor connectivity (road, air, water) among the South Asian countries combined with weak infrastructure also hindered the promotion of tourism in the region. Even where the physical links exist, they are not optimally used. For example, the existing extensive railway networks in the region are very minimally used for cross-border movement say between Bangladesh, India and Pakistan (Rasul, in press).

To tap the economic potentials afforded by the global tourism industry as well as to encourage intra-regional tourism towards poverty reduction, there is still a need for coordinated efforts among the countries in South Asia to improve and use optimally the road, rail and air links and other tourism infrastructure. Likewise, visa and administrative procedures are to be simplified for tourists and pilgrims to allow them unrestricted cross-border movement. Moreover, private sector needs to be encouraged to promote regional tourism and their activities need to be well coordinated with the poverty reduction plans and programmes of the respective governments.

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