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## **Mountain Tourism in the North West Frontier Province and the Northern Areas of Pakistan**

### **An Overview**

Development Research Group,  
Peshawar, Pakistan

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# **Mountain Tourism in the North West Frontier Province and the Northern Areas of Pakistan An Overview**

*MEI Series No. 95/8*

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**For the Development Research Group, Sayeda Zia Al-Jalaly  
and Mian M. Nazeer prepared this report**

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June 1995  
International Centre for Integrated Mountain Development  
Kathmandu, Nepal

# PREFACE Contents

This study presents an analysis of the state of tourism in Pakistan and brings out the major issues with respect to tourism and economic and environmental development of local communities.

The study is one of a series of reviews of the status of mountain tourism in the hills and mountains of Nepal; the U.P. hills and Himachal Pradesh of India; and in the North West Frontier Province and the Northern Areas of Pakistan. The studies are intended to provide a comparative perspective on the type, nature, problems, and issues of mountain tourism in the Hindu Kush-Himalayan Region. All of these studies and papers have resulted from a NORAD-funded Project entitled, "Mountain Tourism for Local Community Development," and are being published in the MEI Discussion Paper Series.

On behalf of ICIMOD, Dr. Pitamber Sharma is the Project Coordinator as well as the technical editor of these papers.

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# 1

## Introduction

The North West Frontier Province (NWFP) and the Northern Areas of Pakistan form the hub for mountain tourism in the country. Teeming with majestic mountains, snow-covered peaks, valleys, swift-flowing mountain streams, jewelled lakes, and the stupendous Karakoram glaciers, the attractions for adventure sports and recreation enthusiasts are many and varied. These attractions include mountaineering, trekking, skiing, sight-seeing, fishing, white water sports, and other thrills.

Pakistan possesses eight of the 15 highest peaks in the world. K-2, which is the second highest peak in the world, is located in Pakistan as are well-known peaks such as Nanga Parbat, Gasherbrum I, II, and III, Rakaposhi, Trichimir, and many others. Out of the 730 peaks in the NWFP and the Northern Areas, 43 peaks have been scaled. In 1992, 58 expedition groups from 16 different countries visited Pakistan. They included 426 mountaineers (the average annual number from 1985 to 1992 was 400). Between 1985 and 1992, K-2 alone was attempted 354 times and scaled 46 times.

Almost all the trekking zones in the country are located in the NWFP and the Northern Areas. In the last eight years, there were nearly 500 trekking parties (officially recorded parties only) with over 3,000 members. With the opening up of the Karakoram Highway, areas previously inaccessible and unknown were brought within the reach of hikers, resort tourists, and holiday-makers, both domestic and foreign.

For mountaineering and trekking, tourist destinations in the project region are the Northern Areas (Gilgit, Hunza, and Baltistan) and some areas of the NWFP (Chitral). Shandoor is famous for its polo tournaments which are held right on the Roof of the World. Besides **adventure and sports tourism**, the region also attracts other types of tourists. These include tourists to **resorts**, as in the Swat Valley (Kalam, Mingora, etc), the Galliat (Nathiagali), and the Kaghan Valley (Kaghan, Naran, etc), and **cultural tourists**, as in Chitral where the *Kalash* culture attracts large numbers.

The hot springs at Garam Chashma in Chitral, said to cure many diseases such as arthritis and which are popular for overall body toning, are another attraction. Tourists who come on account of religion also contribute towards tourism.

Although tourism is not reflected in the Survey Statistics of the Government of Pakistan as a separate sector, it plays an important role in providing foreign exchange earnings and contributes to the GNP and employment provision. It thus contributes to the overall growth of the economy. The growth of tourism has been accompanied by the creation of accommodation, transport and communication facilities; the development of the handicraft industry; tourist sites such as national parks etc; and employment creation in the related sectors.

The development of hotels and restaurants is a direct result of the growth in tourism. The Government of Pakistan had declared tourism an industry that would benefit from all the facilities and incentives that accompany such a status.

In 1992, 0.352 million foreign tourists visited Pakistan, and foreign exchange receipts from tourism stood at US dollars 119.9 million. Tourism was the ninth largest foreign exchange earner in 1991/92.

### **Scope of the Study**

The study is focussed on tourism activities in the mountain regions of the NWFP and the Northern Areas, specifically focussing on resort and adventure/sports' tourism. However, a macro-study of tourism facilities, its development, and its impact on the national economy is also necessary for the following reasons. First, tourism as a sector and, in the recent past, as an industry, has received recognition, though it is still in its infancy. Hence, the development of tourism activities and their impact on the local communities is not yet a major area of research and planning for the tourism authorities. There is, thus, an absence of information and of a data base. Second, the development policies of the government, such as policies on tourism, agriculture, industry, trade, environment, etc, are formulated at the national level, though their impact is felt at all levels, i.e., national, provincial, and local. The impact of these policies is, however, visible at the national and provincial levels but not yet at the local level. The present study tries to review these policies and identify the gaps and constraints in their relevance for mountain area development.

While tourism has recently been declared as an industry and is, as such, eligible to benefit from incentives and related policies, mountain tourism specifically needs flexible policies that help to create a conducive environment for attracting tourists. It also needs an awareness of needs, appropriate planning, management, community organisations to implement policies that benefit local communities, and training to manage and promote tourism on a sustainable basis.

As an industry, tourism is essentially viewed in an economic perspective. An increase in tourists is expected to lead to an increase in foreign exchange earnings; hopes and prospects of employment; income generation opportunities; and an increase in the production of food, fruit, and other daily needs, along with hotel accommodation and related wherewithals. These, in turn, are expected to boost government revenues and economic activities in the areas of tourist concentration, and to improve the living standards of the communities. This report will look into these aspects of tourism and highlight the role of tourism in meeting the economic needs of the community.

The role of the provincial government's development programme and that of donor-funded development projects and NGOs located in the mountain areas will be reviewed to determine their contribution to alleviating the problems of the local mountain community which are more backward and poorer than other sections of the country.

The impact and benefits that accrue to local communities (different segments of the community, including women) and their ability to utilise those benefits will also be looked into. Another important area to review is the income retained by the local mountain communities. There is a strong leakage of benefits and incomes to suppliers of goods and services outside the area.

The linkage effect that acts as an instrument of development does not obtain in the mountain areas. The linkages between the different sectors of the mountain economy are insignificant due to a lack of integration between these sectors locally as well as with the provincial and national economies. These will also be reviewed.

It has been further noted that there is no institutional framework for development of the mountain areas, mountain communities, and tourism activities in the mountains. The activities are planned and implemented in isolation with little effort undertaken to view them holistically, which is so necessary for integrated development.

There is also a lack of local private sector initiatives for the development of tourism activities. There is market failure as well as an absence of planning to protect the fragile environment. This leads to development that causes environmental stress and degradation, without much benefit for the local communities whose environment is being degraded. All these factors will be considered in the report. Also highlighted will be inconsistencies in government policies with regard to areas that are 'open' and 'closed' zones for trekking, which in turn creates problems for related activities.

The planning and analysis instruments used by the Tourism Division, such as the multiplier analysis, input-output tables, etc, do not account for the specific characteristics of the mountain areas. Hence, they do not reveal the expected impact of mountain tourism nor reflect the integration and linkages that are the normal expected outcome from the development of tourism. These will be focussed on when the subjects are discussed.

Despite the government's policies, the absence of private sector involvement (except for a few small groups) in tourism-related activities limits the scope for development of a tourism industry that has a widespread impact on the community. This aspect of tourism deserves attention.

While tourism does make certain positive contributions, a host of problems accompany it. Some threaten the sustainability of the mountain environment as a result of a concentration of tourists beyond the carrying capacity of the area, seasonality of tourist activities, and unplanned construction activities which are undertaken to meet the increasing demands of tourists. Problems related to management in such sectors as tourist accommodation, health, security, transport, guidance (to protect the fragile environment from litter, water, and other types of pollution) will be discussed.

In the use of mountain resources, sustainability has to be inbuilt as use intensity can lead to depletion, degradation, despoilation, and destabilisation of the resource base. Some of the problems already known are the deforestation of the mountains of Swat, Hazara, and the Northern Areas, increasing levels of pollution of the Swat, Kabul, and other rivers and streams; pollution due to litter and non-degradable wastes in the mountains and on the trekking routes; and unplanned growth of structures and buildings on unstable mountain sides that affect the environment. The report will look at the present status of these resources and the efforts made, if any, to conserve and manage the resource base of the region.



## **Objectives of the Study**

The objectives of the study are given here.

1. To undertake a review and highlight the status of mountain tourism in the NWFP and Northern Areas. This study will also identify the types of tourism prevailing in these areas and the development of tourism activities over time.
2. To assess the impact of tourism activities (resort, mountaineering, and trekking) on the local communities and the environment. The study will look at the available income and employment options and benefits from tourism and also at the extent of income leakages. It will also review the impact of tourism on the environment.
3. To identify the linkages and development of the mountain areas and communities through planning by different levels of government. Policies directly related to tourism, and those with a bearing on it, will be assessed and their implications discussed. Gaps therein will also be pointed out.
4. To identify the critical issues emerging from the overview and to examine the policy options.

## **Methodology**

There are two main components of the methodology adopted in the preparation of this overview: one, review of literature, including a review of relevant government policies; and two, meetings and interviews with officials of the concerned government departments and other relevant persons.

### ***Review of the Literature***

#### **Review of Publications**

There is very little literature or independent research output available. The only research and information available are the official publications of the Tourism Division.

The list of documents of the Tourism Division-reviewed and consulted-are provided in the reference list. Besides these ,some other publications reviewed include :

- \* Pakistan, Trekking Guide, by Isobel Shaw and Ben Shaw
- \* Trekkers' Guide to Chitral by Haqiqat Ali
- \* Trekkers Guide to Hunza, by Haqiqat Ali
- \* Publications of Development Projects
- \* NWFP Tourism Development Strategy Project, by John Yost
- \* Khunjerab National Park - Management Plan, by Ashiq Ahmad Khan.

### Review of Government policies

The following policies and policy documents have been reviewed.

National Tourism Policy  
Report of the Task Force on Agriculture  
Environment Plan  
Investment Guide  
Energy policy

### Meetings with Government Officials, NGOs, and Other Relevant Persons

Meetings and discussions were held with officials of the Ministry of Tourism, the Tourism Division, the Pakistan Tourism Development Corporation (PTDC), Pakistan Tours, and the Planning Commission. Discussions were also held with the major tour operators, NGOs involved in adventure tourism, and public limited companies involved in promoting tourism. Finally, meetings were held with the Director- General and the technical staff of the Environmental Protection Agency NWFP, the Sarhad Tourism Corporation, and owners of hotels. (See Annex 1)

The existing situation regarding the status and potential for tourism was discussed and views were elicited regarding the scope and constraints faced in developing tourism as a vehicle of development.

## Organisation of the Report

The first chapter provides a brief overview of mountain tourism in the NWFP and the Northern Areas of Pakistan. Chapter 2 focusses on historical trends in the types of tourism resources in this area; the flow and volume of tourists at the macro-level and in the mountain areas; the macro-implications of tourism as well as implications at the local level; and the growth in infrastructure and related services for tourism in the NWFP and the Northern Areas. Chapter 3 is devoted to a discussion of the role of tourism in sustainable mountain development. Chapter 4 reviews the impact of government policies, incentive structure, and institutional development for mountain tourism. The policy gaps are also pointed out. This chapter also looks at the organisations and activities that directly influence the tourist trade. Chapter 5 presents the emerging issues and policy options. This concluding chapter also covers the overall problems related to the mountain environment and their impact on the development of tourism.

## Historical Trends

### **Types of Tourism and Tourism Resources in the NWFP and the Northern Areas**

This section highlights the historical trends in tourism in different types/categories of tourism (cultural, resort, religious, and adventure/sports) and by motivation, spatial coverage, and the scale of activities. The coverage for cultural and religious tourism is for Pakistan as a whole, while the spatial coverage for resort and adventure tourism is specifically for the NWFP and the Northern Areas. The tourism resources available by different types/categories of tourism are also covered in this section.

#### *Cultural Tourism*

Pakistan has been called a cradle of civilisations and the melting pot of various races of people, each of which has left its mark through archaeological ruins, arts and crafts, and historical buildings. Museums and archives play an important role in preserving such an ancient heritage.

There are also ancient cultures that still exist, such as the Kalash tribe of Chitral, whose way of life is still untouched by the winds of change and who maintain their own identities.

Cultural tourism attracts both domestic and foreign tourists and, together with its contributions to the economy, plays a role in making people aware of their past and the need to preserve whatever remains of it.

Cultural tourism attracted the largest number of tourists in 1990 when the figure stood at 3.1 million persons, of which domestic visitors constituted 2.9 million; the rest were foreign visitors. In 1992 the figure stood at about 2.4 million persons (see Table 2.1).

The factors responsible for poor performance and a continual decrease in the number of visitors are inadequate promotional campaigns and price increases (for domestic visitors), leading to a sharp drop in purchasing power.

The data reflected in Table 2.1 are for Pakistan as a whole and not just the NWFP and the Northern Areas where, despite attractions, the number of tourists is a small fraction of these numbers. Chitral is one of the major destinations for cultural tourists, both domestic and international.

Chitral lies on the northwestern tip of the Pakistan-Afghanistan border and possesses a unique charm for cultural tourists. The origin of the tribes of the Kalash Valley is still a mystery, though various theories try to explain it. The area has remained isolated from the rest of the country over time, even though the silk route passed through upper Chitral, which was also the route taken by some conquerors.

Although the people of Chitral are predominantly Muslim, there are three valleys inhabited by the *Kafir Kalash* tribes who practice animism and have a distinct culture, with attire, dances, terms of entertainment, and lifestyles that are attractive, unchanged over time, and different from those of other groups in the area. They are a warm-hearted, friendly people, and their festivals attract large crowds of tourists. The week-long spring festival is called *Jyoshi*, which is held in May, while *Porh* and *Chowmas* fall in September and December, respectively.

The cultural tourists to Chitral play a major role in promoting the environmental sustainability of the area as Chitral is an underdeveloped area that lacks accommodation facilities, roads and infrastructure, water and electricity. Chitral is not self-sufficient in food all year round. It can hardly meet the needs of its own people, so that even a small influx of visitors stretches the resources to their outer limit. Moreover, tourism is highly seasonal in nature due to the geographic realities of the area, which is cut off from the rest of the country in winter as a result of heavy snowfall closing the Lowari Pass and because of the absence of all-weather roads. In 1994, rain and snow badly affected the roads, especially in the Runbur Valley where landslides washed away the road.

Although Kalash remains the major attraction, the cultural resources of the area are many and varied. So far, these resources have not been significant in attracting tourists but, according to one keen observer, "*they may get more attention in the future, especially from people interested in alien cultures. Such resources are, for example, traditional settlements ..... wooden houses are still common in Swat, parts of Chilas, Kaghan, or old mosques and castles with fine wood-carvings (Kalam, Hunza, Ghor, Khalpu in Baltistan); further more, folk art, music and dances; eventually, archaeological monuments as*

*in Swat, and inscriptions from Buddhist times as along the KKH."* (Groetzbach 1989; Jettmer 1982.

### **Religious Tourism**

Religious tourism centres around Muslim visitors who come to visit the shrines of saints and other holy figures. Thursdays and Fridays draw the largest number of people during the week, while the annual *Urs* festival draws a large crowd of pilgrims.

According to a survey conducted by the Tourism Division (Religious Tourism, 1987), out of the 75 'A' category shrines surveyed, 26 were located in the NWFP. The shrines provide various types of facilities such as *langar* (food), accommodation in some cases, medical facilities, etc. The money spent by these visitors tends to benefit those who supply the goods/services directly. They are usually those who belong to the area or go to the shrines to provide such goods/services during the festivals.

The non-Muslim tourists include Sikhs, Hindus, and Buddhists who come to visit their holy shrines. As this category of tourist does not amount to a very large number, their impact on the environments or the local communities is minimal.

### **Resort Tourism**

Resort tourism is quite common in the NWFP and has the potential to attract tourists in a number of areas of the province and the Northern Areas. The major destinations include:

- the Swat Valley,
- the Galliat, and
- the Karakoram Highway region.

During British rule, there were a number of cantonments on cool mountain tops, e.g., Cherat, Razmak, Wana, Miram Shah, and Parachinar. All these had fairly well-developed infrastructures but, apart from Cherat, were never really tourist resorts. Apart from Cherat, they were all situated in the Tribal Area, and are still used as cantonments only. Cherat is now closed to the public, however.



## The Swat Valley

Swat, originally called Udyana (Garden) has gentle summers, mellow autumns, cold winters with heavy snows, and a beautiful spring. The territory stretches from 991 metres (3,250 feet) above sea level at the capital town of Saidu Sharif to 5,918 metres (19,415 feet) at the top of Mount Falakser. There are a number of lower peaks covered with pines and forests. On the fringe of the forested slopes lies the summer resort of Malam Jabba (2,500m) which could be developed into a skiing resort. A number of other resort towns are heavily frequented, e.g., Mingora, Madyan, Kalam, Marghuzar, Ushu, Utrot, Miandam, Behrain, and Kalam up to Mahodand, where the Swat River gathers as a placid pool before plunging down the mountains and through the caverns as a swift-flowing river. In addition, there are an unlimited number of picnic spots dotting the valley. All have different attractions for tourists. The heavy influx creates problems regarding the trade off between tourism as a tool for development and the need to preserve the environment. This is particularly true of Kalam which, in the last few years, has developed into an important tourist destination, with a proliferation of hotels and other buildings.

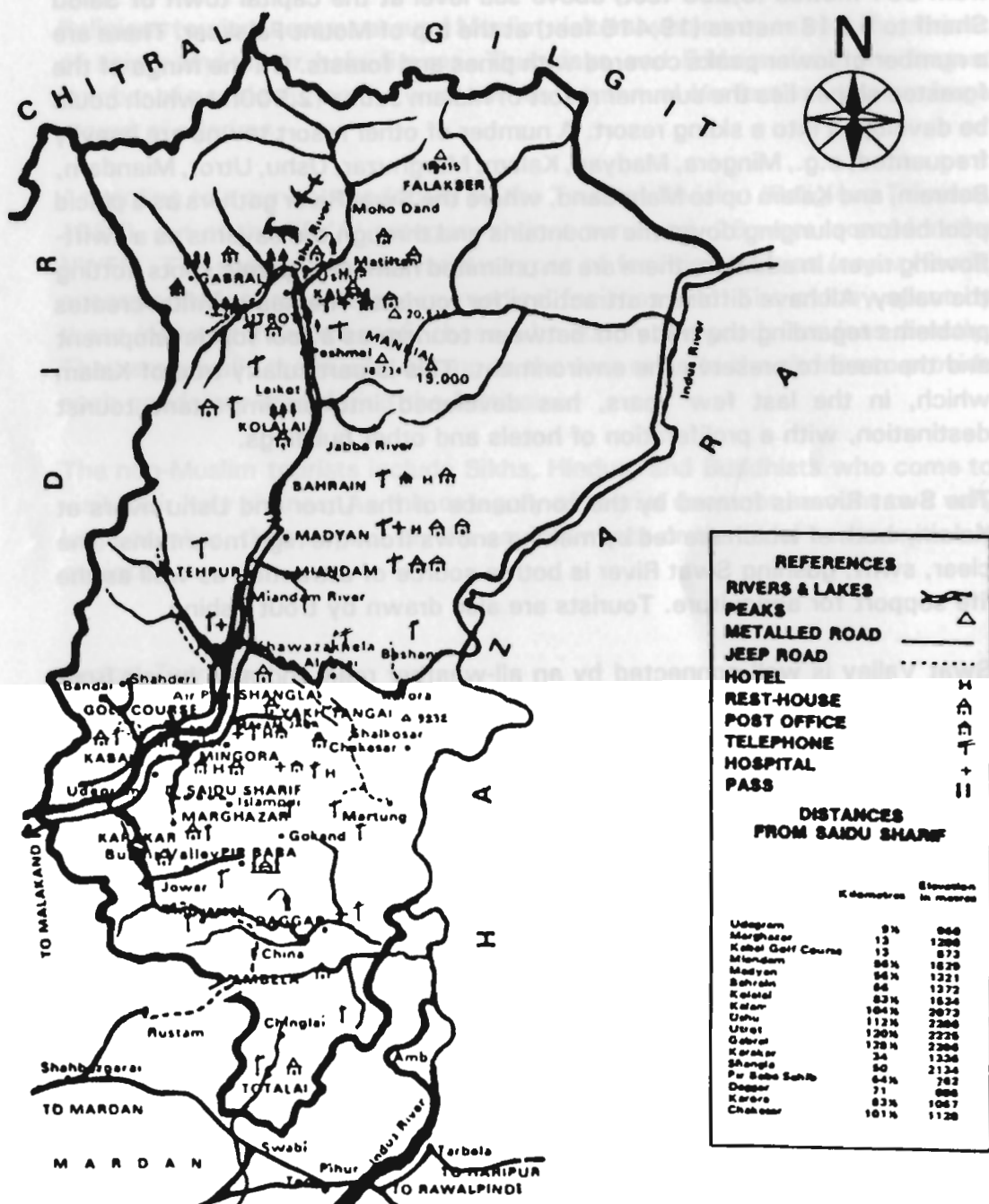
The Swat River is formed by the confluence of the Utror and Ushu rivers at Kalam, both of which are fed by melting snows from the high mountains. The clear, swift, gushing Swat River is both a source of attraction as well as the life support for agriculture. Tourists are also drawn by trout fishing.

Swat Valley is well connected by an all-weather road and also by air from Islamabad and Peshawar. The Swat-Malakand-Dargai Road carries the highest number of tourists.

According to one estimate, the overall tourist flow to Swat is over 0.5 million annually, which represents an annual average growth rate of 3.5 per cent. Other estimates (Malakand Division Development Authority) put the growth rate at 10 per cent per annum.

This is a key area for both domestic and international tourists. As a tourist destination, Swat is well established, with recreation being the main purpose of tourists. There is a marked seasonality in the flow of tourists to some of these areas due to the terrain and the climate. The peak season is from April to September. During the winter, tourist traffic falls drastically. As a result, many hotels are unable even to break-even and must reduce operations to the minimum or close down for the winter.

# Map 1: Swat





According to one survey (MOT 1985c), the duration of stay for tourists is between one to four days, which is relatively less than in the Karakoram Highway resorts or the Galliat. Most of the domestic tourists stay with friends/relatives, and about 38 per cent use commercial accommodation. Again, most tourists travel by road with the Swat-Malakand-Dargai road taking the highest load.

### The Galliat

The Galliat region is comprised of a string of lush green, beautiful mountain resorts. These resorts provide great respite from the heat of the plains in summer and offer a variety of recreational attractions. Of these, Nathiagali is the most important tourist attraction.

Nathiagali is located at 2,501 masl (8,200 feet). Like other Galliat sites, it is connected by road with Abbottabad, the summer capital of the NWFP Government, and with Islamabad. The entire area is covered with thick forests of pine and abounds with colourful flowers and fruits in the summer season. The area is ideal for nature lovers who enjoy a gentle walk. During the extreme heat of summer, the Galliat offers a cool respite. From June to November, the foliage resembles the colours of a painter's palette.

October to February is the winter season when life comes to a standstill and tourist traffic peters out. However, its proximity to the capital cities and all-weather roads means it has some tourists during these lean times also.

According to a survey of the Tourism Division (MOT 1985b), 99 per cent of the tourists were Pakistanis. About 50 per cent of them spent two to four nights and about 12 per cent spent five to seven nights. The bulk of the tourists, i.e., about 65 per cent, stayed at hotels. The motivation for travel was mainly recreation, accounting for 92.7 per cent of the tourists, followed by those visiting relatives or friends (3.9 per cent). The rest went for business, religious purposes, and for health reasons (3.4 per cent).

Recently (June 1994), the provincial Chief Minister ordered the further development of the roads leading to Nathiagali and inside it, as well as development of other tourist facilities. Thandiani is another beautiful spot, linked by a mountain ridge with the Galliat region; this will also be developed.

## The Karakoram Highway and the Kaghan Valley

The Karakoram Highway is the silk route of olden times which linked India with China and the Mediterranean countries. It is, today, a paved metalled road 955 kilometres (about 600 miles) long that stretches from Rawalpindi to the Khunjerab Pass, winding its way through some of the most awesome and exhilarating mountains of the region. The main towns en route are Abbottabad, Batagram, Besham, Pattan, Chilas, Gilgit, and Hunza.

Tourism here is a mix of resort tourism-as in Abbottabad and Hunza (to some extent)-and cultural tourism due to the existence of a wide range of archaeological findings, adventure tourism activities (this will be discussed further on in the chapter, and tourists who pass through on their way to and from China for trade, travel, and so on. In Gilgit and Hunza, according to one foreign observer, tourism shows a unique structure with regard to the nationality, activities, and expenditure of the visitors. "*There are single globe trotters or 'rucksack tourists' as well as groups of trekkers and participants on expensive package tours, Pakistanis as well as foreigners*" (Groetzbach 1989).

The Kaghan Valley is a centre for resort as well as adventure tourism. It lies at the northernmost tip of the NWFP and is an emerald green, lush valley that is heavily forested. It lies in the heart of snowcapped mountains that rise to 4,000-5,000 metres. Kaghan Valley itself is rather narrow, with its most attractive spots found at higher altitudes. The important village resorts here are Shogran, which provides a beautiful view of Malika Parbat (5,290 metres); Naran, which acts as a focal point for excursions into the less prominent valleys; Kawai; and Kaghan itself. These also serve as holiday resorts for tourists. Lake Saif-ul-Maluk lies at 3,212 metres at Naran and provides a picturesque view which is reflected in its crystal clear waters. There are many legends associated with this lake. The Kunhar River collects glacial melts and traverses through this valley. Lake Lulusar lies high up in the valley and is the source of the Kunhar River. This is a good camping site on the northern exit of the valley. Gittidas Meadow is the summer pasture ground for the herdsmen of Kaghan. The Babusar Pass (4,175 metres) provides a panoramic view of the entire valley. Trout fishing and long nature rambles are favourite pastimes for tourists. The valley receives, according to some estimates, 40,000 to 50,000 tourists during the summer season. Of these, foreign tourists number 7,000 to 8,000.

The Kaghan Valley is accessible by road from Islamabad and lies on the old route to Gilgit -Hunza. The PTDC has a rest-house at Naran, in the Kaghan

Valley. Naran is used as a resort for durations not exceeding a week. Tourism here is highly seasonal as the road is closed during the winter months when the valley becomes inaccessible. This is particularly so in the upper Kaghan Valley which is closed during winter and spring due to heavy snowfall and avalanches.

The scenic beauty of the Karakoram Highway is unmatched. From Abbottabad through Mansehra and on to Besham, the area is wooded, fertile, and gently undulating. From Pattan onwards the terrain is an awe-inspiring arena of rugged black mountains. In Gilgit, the mountains are sandy with green fields and orchards. The Hunza Valley, with its magnificent views of Rakaposhi, holds the most stupendous glaciers to be found outside the polar zones. At the Khunjerab Pass, the road rises to a majestic height of 4,877 masl with the rugged wild glory of the Karakoram mountains at its feet. Gilgit and Hunza hold particular attractions for foreign tourists who are often predominant in the tourist scene.

Ahead of Chilas, the perennial snow-clad peaks rise to over 6,096 masl. This area is ideal for short-visit tourists in search of a combination of scenic beauty, a touch of history (being a part of the history of 'the Great Game'), and adventure tourism.

There are various archaeological finds in the area dating back many centuries. Ahead of Batagram, near a spring lies the ruins of a Buddhist monastery. In the surroundings of Thakot is a fort that was besieged by Alexander the Great, while Dasu boasts broken boulders with carvings of Lord Buddha in the late Kushana style. At Shatial there are inscribed and carved boulders and beautiful drawings of a stupa in Central Asian style. A little ahead there are drawings of the Ibex in Scythian style. The entire area is dotted with drawings and inscriptions dating back many centuries. The prehistoric materials at Chilas provide a vivid picture of a life that dates back to the 5th millennium B.C. As one moves along, there are carvings of the Nestorian Cross reflecting the footprints of the Nestorian Christians. On entering Hunza, the Sacred Rock of Hunza is visible. It depicts carvings of animals, humans, and other representations reflecting the ritual life of the *Burushaski* people. These are just a few of the many archaeological finds and indication of the richness of the history of the region and its attraction for cultural tourists.

The road is the main tourist attraction. Abbottabad is less than two hours' drive from Islamabad by private car. The survey, entitled "Tourism on the Karakoram Highway" in 1983 (MOT 1983) divided the highway into three sections, namely:

Abbottabad -Thakot,  
Thakot -Gilgit, and  
Gilgit-Hunza.

According to this survey, the largest number of tourists travelled by road, and among them the majority were from Pakistan itself. The survey further estimated that nearly 1,500 tourists travel daily on this route. The majority of them travel by bus, followed by wagons, and motor cars. About 43 per cent of them spend two to four nights, 12 per cent spend five to seven nights, and 10 per cent spend 41-90 nights. Many of the last category included those who had travelled by air to Gilgit.

The motive for travel on the Karakoram Highway was primarily business, with a small number (according to the same survey, only 8 per cent of all passengers) for recreation, sightseeing, and religious purposes. The majority of these visitors stay with friends/relatives.

The major problems here are those of congestion, due to a shortage of proper accommodation; shortage of essentials, including food and daily needs and hence their inflated prices; and environmental degradation. These include the melting of the glacier en route to Lake Saif ul Maluk, due to misuse by tourists as well as by locals; large-scale deforestation by the former for energy and fuel; and the theft of timber which is sold at high prices in the plains.

### *Adventure and Sports' Tourism*

This section covers tourism related with adventure - mountaineering, trekking, and other sporting activities. The main geographic areas covered include Baltistan, Hunza, Gilgit, Chitral, and the Kaghan Valley.

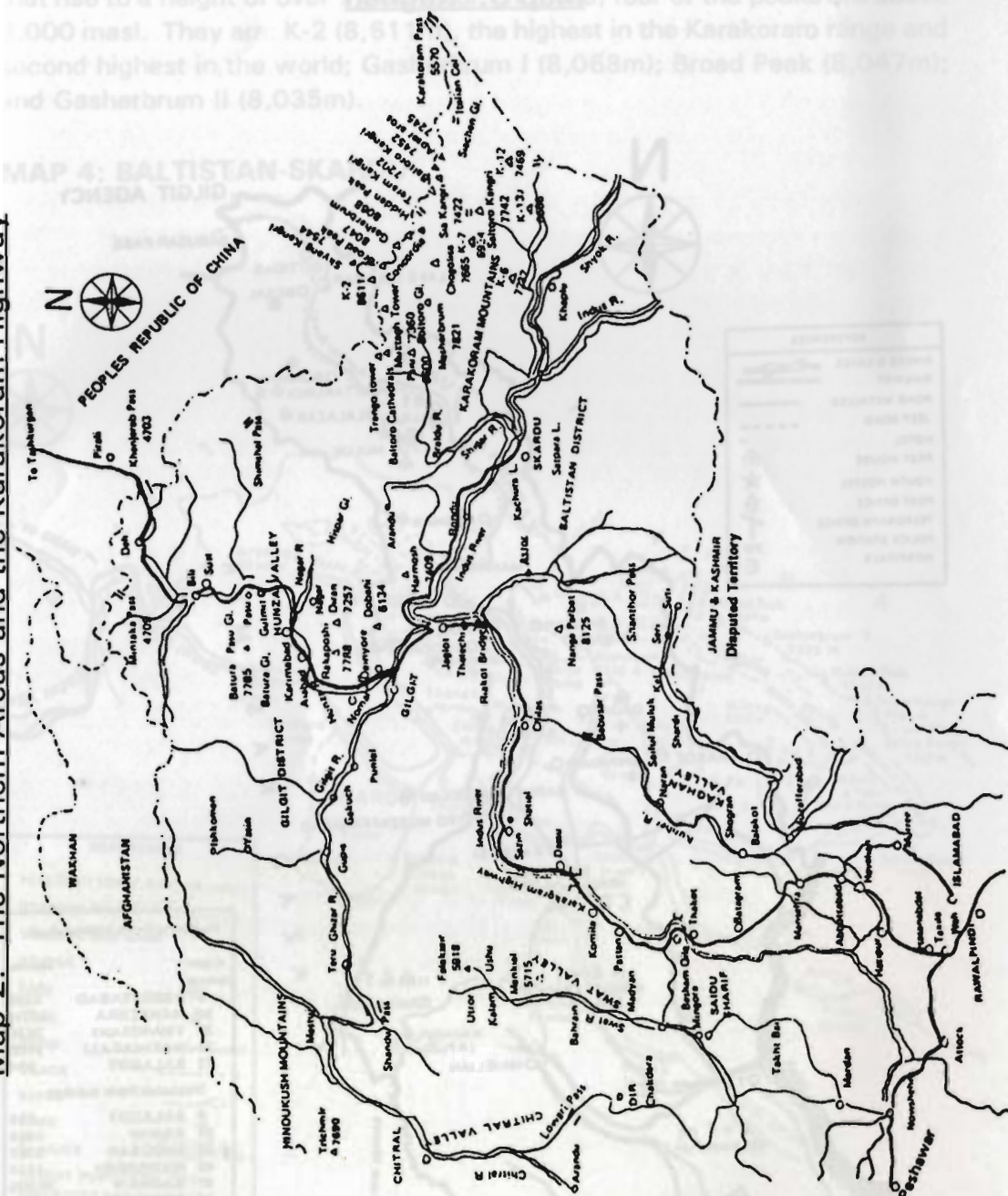
### Mountains and Mountaineering

Pakistan has a concentration of very high mountains squeezed into a small area. There are five peaks of over 8,000 masl and 108 peaks higher than 7,000 masl. The Karakoram Range, which is still wild and remote, has a vast number of peaks over 6,000 masl which have neither been named nor scaled.

The NWFP and the Northern Areas have the largest mass of glaciers outside the polar zones; there are seven which are over 40 kilometres long.

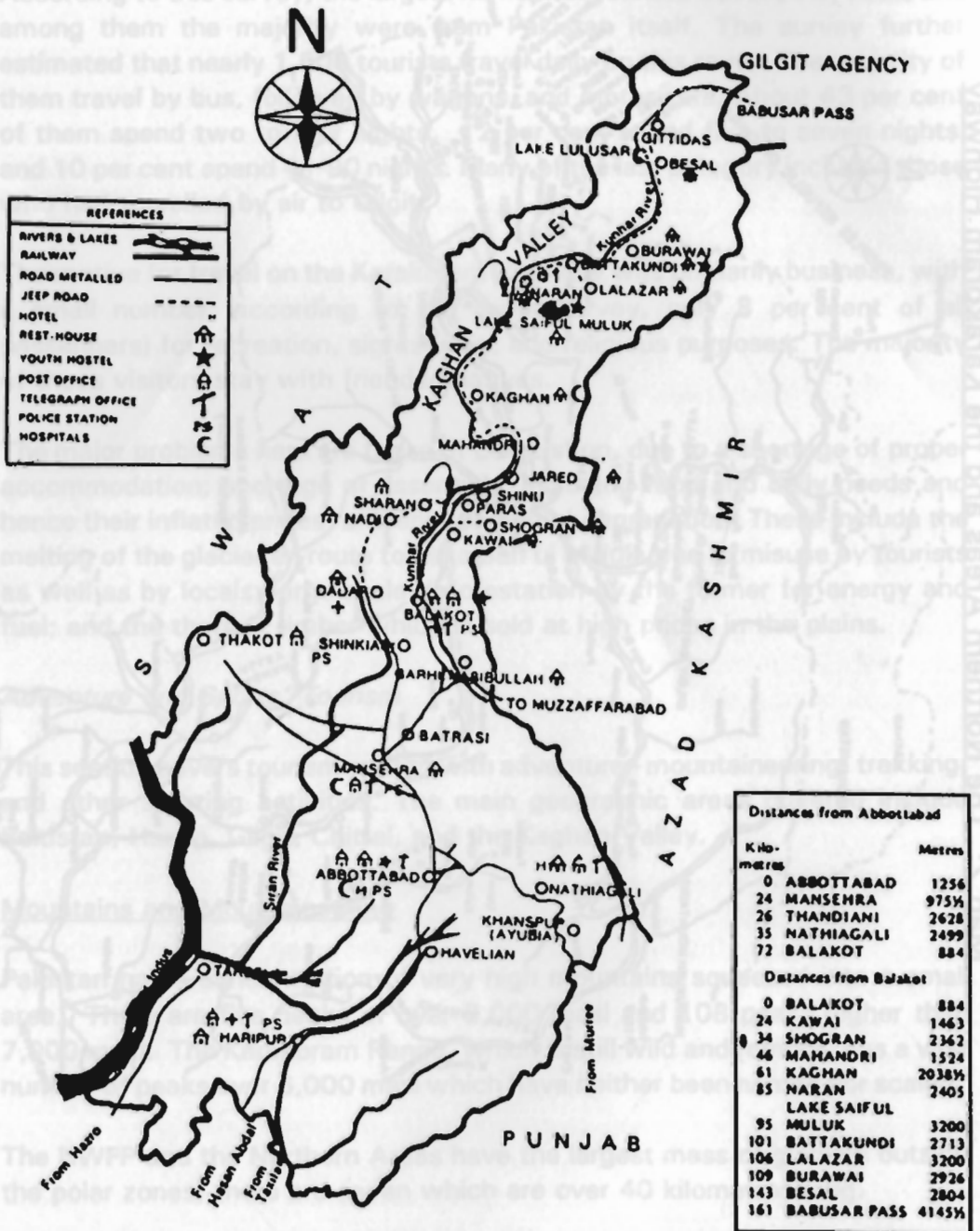
May to September is the regular mountaineering season in Pakistan. Expeditions during winter have not met with much success.

### Map 2: The Northern Areas and the Karakoram Highway

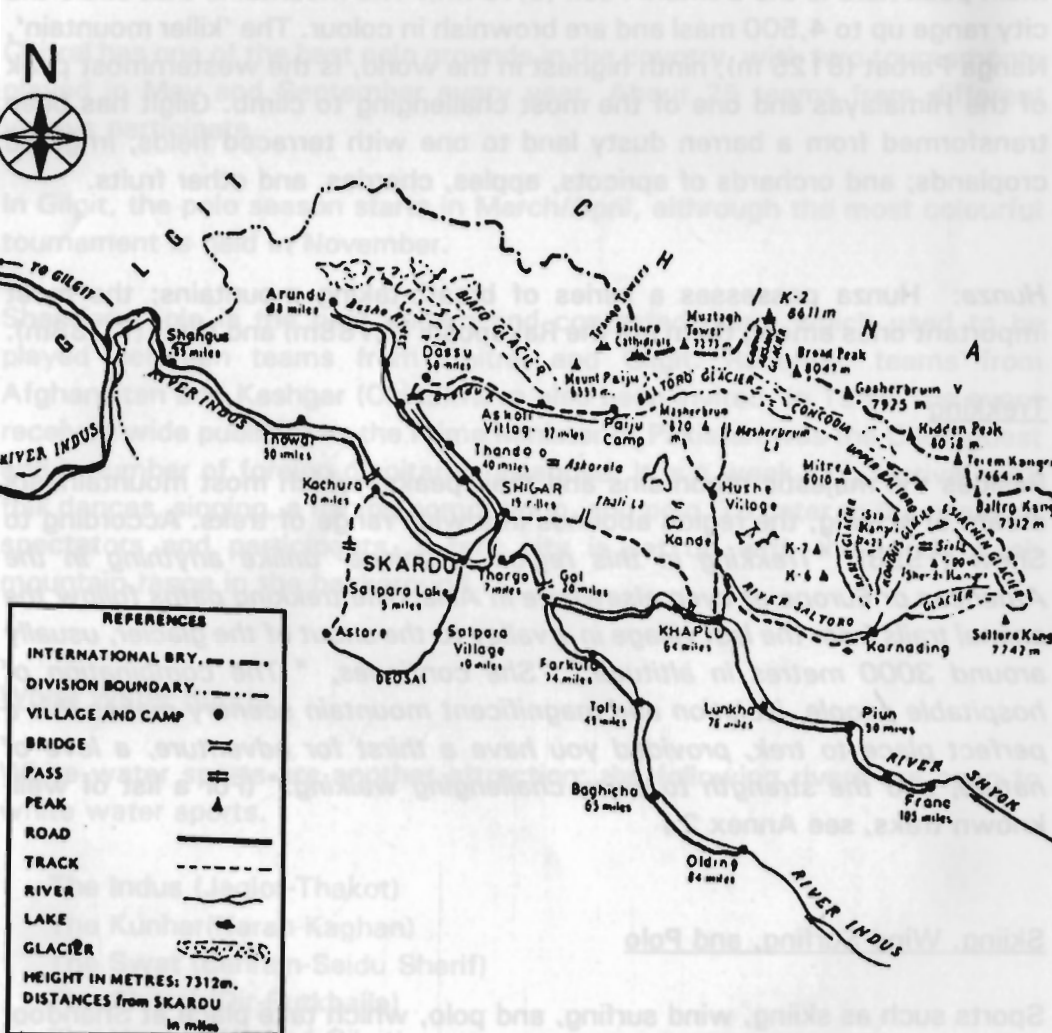




# Map 3: Kaghan



#### MAP 4: BALTISTAN-SKARDU



The capital of Baltistan is Skardu, located at the confluence of the Indus and Shigar rivers, at an altitude of 2,300 metres. Of late, it has emerged as the main starting point for expeditions and trekking tours to the central Karakoram region. Apart from some wheat and corn that is grown here, most of the region is desert or covered by rugged mountains. Efforts are now being made to grow fruits, such as cherries and strawberries, as well as vegetables.

**Gilgit:** The city of Gilgit is an ancient trading post. With the opening of the Karakoram Highway, the population of the city has increased manifold. The main peak here is the Domani Peak (6,134m). The mountains that circle the city range up to 4,500 masl and are brownish in colour. The 'killer mountain', Nanga Parbat (8125 m), ninth highest in the world, is the westernmost peak of the Himalayas and one of the most challenging to climb. Gilgit has been transformed from a barren dusty land to one with terraced fields; irrigated croplands; and orchards of apricots, apples, cherries, and other fruits.

**Hunza:** Hunza possesses a series of breath-taking mountains; the most important ones among them are the Rakaposhi (7,788m) and Ultar (7,388m).

### Trekking

Besides the majestic mountains and their peaks, which most mountaineers dream of scaling, the region abounds in a wide range of treks. According to Shaw (1993), *"Trekking in this region is unique- unlike anything in the Americas or Europe or even elsewhere in Asia. The trekking paths follow the animal trails from the last village in a valley to the snout of the glacier, usually around 3000 metres in altitude."* She continues, *"The combination of hospitable people, isolation and magnificent mountain scenery makes this a perfect place to trek, provided you have a thirst for adventure, a love of nature, and the strength to enjoy challenging walking."* (For a list of well-known treks, see Annex 2.)

### Skiing, Wind Surfing, and Polo

Sports such as skiing, wind surfing, and polo, which take place at Shandoor (3,700m), are some of the other attractions. Polo is played in Baltistan, Chitral, and Gilgit.

There are three skiing resorts in Pakistan. The resorts at Kalabagh (Murree hills ) and Naltar (Gilgit) are under the control of the army; the one at Malam



Jabba (Swat) is for public use and for tourists. This resort is located at 2,890 masl. A 52-room hotel has been constructed, but is not yet open to the public. Skiing was initiated at Nathiagali, though only for a short time.

Polo is played in Baltistan, Chitral, and Gilgit. Skardu and Khaplu are the traditional centres for polo in Baltistan. Matches are held in Spring and in September. Polo matches here are played to the accompaniment of traditional music.

Chitral has one of the best polo grounds in the country, with two tournaments played in May and September every year. About 25 teams from different valleys participate.

In Gilgit, the polo season starts in March/April, although the most colourful tournament is held in November.

Shandoor polo is the best known and contested game which used to be played between teams from Chitral and Gilgit. Recently, teams from Afghanistan and Kashgar (China) have also been invited. In 1994, the event received wide publicity as the Prime Minister of Pakistan was the Chief guest and a number of foreign dignitaries attended. It is a week-long festival with folk dances, singing, a fishing competition, and polo. To cater to the needs of spectators and participants, a tent city is set up with the Hindu Kush mountain range in the background.

### White Water Sports

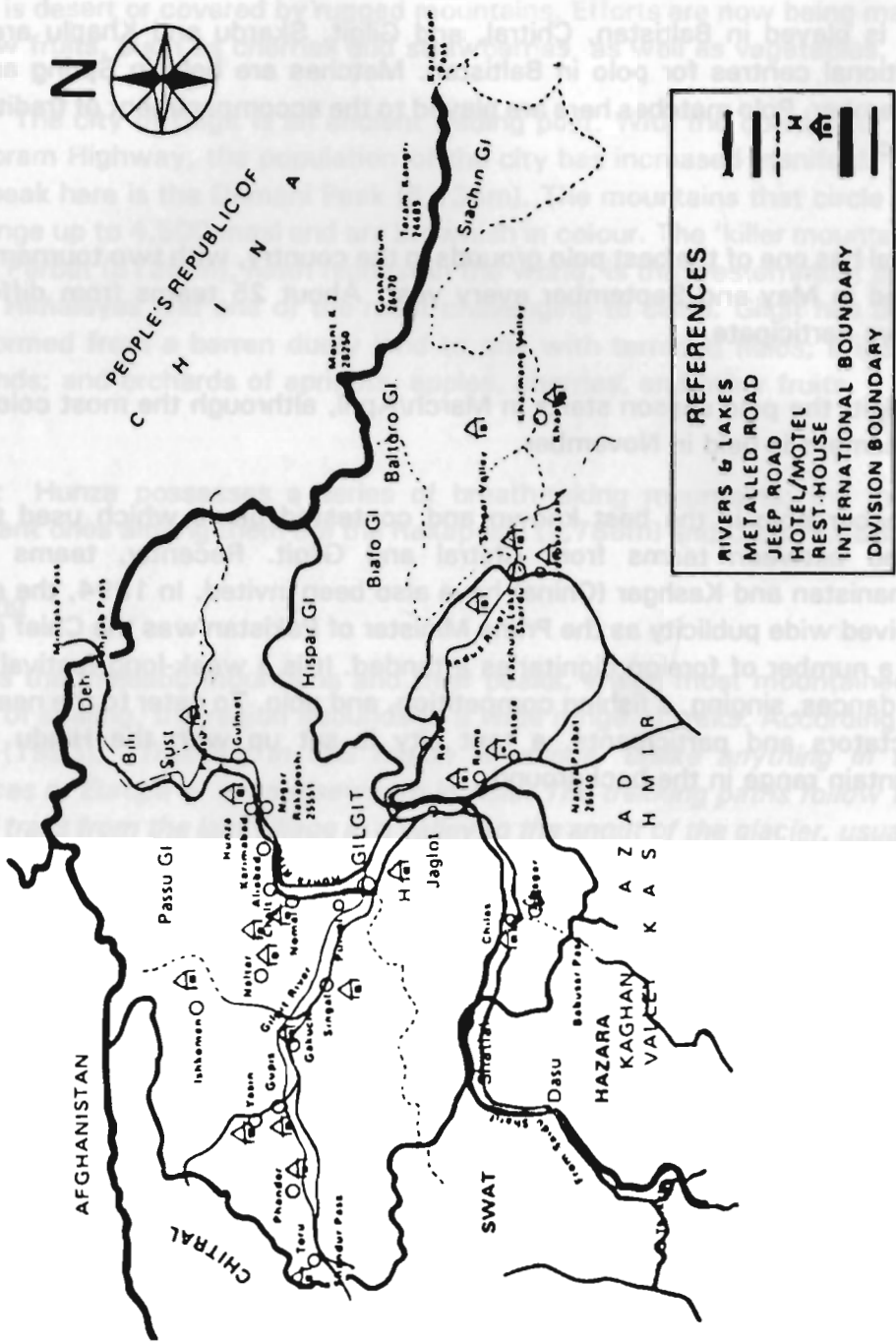
White water sports are another attraction; the following rivers are open to white water sports.

- The Indus (Jaglot-Thakot)
- The Kunhar (Naran-Kaghan)
- The Swat (Behrain-Saidu Sharif)
- The Chitral (Dir-Butkhaila)
- The Hunza (Aliabad-Gilgit)

### Angling and Fishing

Angling and fishing for Brown and Rainbow Trout is another tourist attraction.

MAP 5: GILGIT-HUNZA



**REFERENCES**

- RIVERS & LAKES
- JEEP ROAD
- HOTEL/MOTEL
- REST-HOUSE
- CLUB
- HOSPITAL
- POST OFFICE
- POLICE STATION
- INTERNATIONAL BOUNDARY
- DIVISION BOUNDARY
- DISTRICT BOUNDARY
- PEAK

## **Flow and Volume of Tourists - Macro - and Local Level**

### *Flow and Volume of Tourists: Macro - Level Trends*

Pakistan's tourist trade shows an increasing trend from 1980 to 1985, followed by a decline in 1986 and 1987, then a sharp rise in 1989 which reached an all-time high level with 0.495 million tourist arrivals.

This was followed by a gradual decline; in 1992, the figure stood at 0.352 million arrivals. Table 2.2 shows the total number of international tourists to Pakistan from 1983 to 1992, compared to tourist arrivals in the world as a whole; Table 2.3 provides a view of the macro-picture with 1980 as the base year. Table 2.4 provides information on indices of tourists by region of origin and Table 2.5 shows the projected increase in international tourists and foreign exchange earnings up to the year 2000.

The cyclical trend in the growth of tourists in Pakistan (see Tables 2.2 and 2.3 above) is partly due to the state of the world tourist trade. However, the backlash of the security situation at the frontier; the internal political, social, and economic situation in Pakistan; and the impact of the policies pursued have had a direct bearing on the number of tourists that visited (both domestic and foreign).

The trend from 1980 to 1992 shows an annual average growth rate of 1.4 per cent. The period between 1982 and 1985 shows a sustained increase in the number of tourists; from 1980 to 1985, the rate of increase was 47.3 per cent. This was demand driven and was a result of disposable income in the hands of tourists in the tourist-generating countries. In other words, Pakistan received its share of the overall expansion in the tourist trade. However, during 1986 and 1987, despite the increase in world tourists, there was a decline in the number of international tourists to Pakistan. This was due to the internal political turmoil in the country. By 1989, Pakistan had again received its share of the increase in world tourists, reaching the highest number of tourist arrivals for the decade with 0.495 million. Thereafter, a decline has set in, with a major decline in 1992 when the number came down to 0.352 million despite the increase in international travel.

To analyse the reasons for this decline, it would be necessary to look at the trends of foreign tourists country-wise.

Between 1991 and 1992, there was a negative trend in tourist arrivals from all countries except Europe and Africa. In the former case, a large portion of the tourists were ethnic Pakistanis, while the total number of tourists from Africa was only 10,000 persons (See Annex 3).

The major contributor is India, which declined by 56 per cent. Most tourists from India come to visit relatives and friends, a category highly susceptible to changes in the political and diplomatic relationship between the two countries. Besides, this period witnessed political instability, sectarian violence, and natural calamities such as floods and unprecedented rains, all of which contributed to a fall in tourists in 1992. This was compounded by a slump in tourists from the USA and Japan (two of the major tourist-generating countries) due to their internal economic conditions and Pakistan's image abroad. The fear of terrorism and instability in Afghanistan also raised concerns over security for tourists.

Moreover, the government's tourism and other policies were not able to reverse the negative flow of tourists. However, on the positive side, excluding tourists from India and the Afghans, data on the arrival of foreign tourists registered a marginal increase in 1992 from 0.254 million to 0.258 million. Available data show that about 22 per cent of the non-Indian tourists came for the purpose of holidays/recreation. Thus, for adventure tourism this group is relevant (see Annex 4.)

In 1988, the figure for non-Indian tourists was 0.277; it was estimated to grow at 15 per cent during 1994 and up to the year 2000.

#### *Growth in Domestic Tourism in Pakistan: Macro - level*

There seems to be a sustained increase in the number of domestic tourists over the years, as reflected in Table 2.6.

The increase in the growth in domestic tourism is attributed to a number of factors, the major ones being the natural growth in population, followed by a rise in disposable income (the per capita income for Pakistan is \$380 presently) and urbanisation. Another factor that needs to be kept in mind is the motive. The main motive for domestic tourists was social, followed by visits to religious places, business, and sightseeing. Thus, an increase in the number of tourists needs to be seen in this perspective when policies to generate demand are devised. It should be noted that only 14 per cent of these tourists used hotels. The majority stayed with relatives and friends.



## ***Characteristics of the Tourism Industry, Flow and Volume of Tourists: The NWFP and the Northern Areas***

The NWFP and the Northern Areas are rich in natural beauty - with their high mountains, bracing climate, and other factors that are conducive to adventure and resort tourism. The tourism industry in this region is geared towards these two categories of tourists.

### **Mountaineering**

Estimates of the flow and volume of tourists in this category are provided in Table 2.7. There has been an increase in the number of mountaineering expeditions visiting this region (see Table 2.7).

In 1992, of the 84 parties that applied to be allotted peaks of their own choice, 70 were issued permits and 58 of them were from 16 different countries. After a decline from 1987 to 1990, there was an increase in the number of expeditions, with the highest number recorded in 1992.

In 1994, out of 45 applications received, 42 had been given permission at the time of writing.

In 1992, there were 426 attempts to scale peaks, out of which 175 were successful. Between 1985 and 1992, out of 3,062 attempts, 649, or 21.2 per cent met with success.

Between 1981 and 1990, the Karakoram mountain range had the largest number of expeditions overall and accounted for 81 per cent of the most frequently used peaks and routes. The Nanga Parbat in the Himalayas was the most frequented peak for the same period. Though there are several routes, the two most popular routes were the South-West Ridge and the Diamer Face. Between 1981 and 1990, the total number of mountaineers on both routes numbered 233 and 135 respectively. These routes were continuously used while the other routes were used intermittently (UN 1993b).

Over the period from 1985 to 1992, the popular peaks were Nanga Parbat, followed by Broad Peak, Gasherbrum II, K-2, and Gasherbrum I. In 1992, out of the 426 mountaineers, 284 attempted these peaks. About 25 per cent of the expeditions attempted the Nanga Parbat, followed by 20 per cent for Gasherbrum, 11.4 per cent for Broad Peak, and 10.3 per cent for K-2.

This high concentration on only a few peaks leads to sidelining of the other peaks, among which there are about 50 known peaks of over 6,000 metres in height. It also leads to adverse environmental effects in the absence of natural resource management.

This activity is highly seasonal with May, June, and July being the peak months for the expedition parties. Table 2.8 provides an overview of the seasonal variation of this sport.

### Trekking

Trekking areas in the region are divided into two zones, namely, the **open zone** and the **restricted zone**. The former consists of Abbottabad, Rawalpindi, Mansehra, Kohistan, Dir, Swat, and Diamer. The restricted zone includes Chitral, Gilgit, and Skardu. A permit is needed for this area. The **closed zone** is Siachin.

Unfortunately, data for the open zone are not available. Hence, only the restricted zone is discussed here. Table 2.9 provides information on the number of trekking parties and the number of members

IN 1992, 89 trekking parties with a total of 557 members were registered. There was an increase of 39 per cent in trekking parties and an increase of 62 per cent in the number of trekkers in 1992 over the 1991 figure for the restricted zone. In 1992, the highest number of trekkers came from the U.K., followed by Germany, France, Italy, and the USA. There is the potential to increase the activity with proper planning and promotion as trekking is less hazardous and is open to all age groups above 15 years.

The general pattern shows trekking to be highly concentrated in Skardu, with significantly higher numbers of trekking parties and members than other districts. Thus, of all the trekking areas, Skardu accounted for 82 per cent of the trekking parties and 78 per cent of all trekkers.

### *Growth in Domestic Tourism in the NWFP and Northern Areas*

Domestic tourism in the mountain region of the NWFP is restricted to resort tourism, some cultural tourism in Chitral, and sport tourism around polo festival time in the Shandoor Pass and other areas of the Northern Areas. Growth in domestic tourism in these areas has already been discussed.

## Implications of Tourism - Macro - and Local Level

### *Implications for the National Economy*

Due to the inflow of foreign exchange brought in by tourists, and the income and employment generation from this activity, there is a tendency to look at tourism purely from the economic perspective. As Linda Richter put it, *"For many governments, the explicit impetus for encouraging tourism is economic. It is elastic in demand as most agricultural products are not, and as a service industry ostensibly labour intensive ..... It is argued that the tourism dollar, through its multiplier effect, infuses the economy with several times the original dollar's value before its impact fades. Unlike other economic policies, tourism attracts foreign capital easily, requiring only the kind of inducements most developing nations are willing to accept, e.g., tax holidays"* (Richter 1984). See also the World Bank, Tourism, Sector Working Paper (1972).

This section will look at the economic aspects, including the impact of tourism on the national as well as the local economy. The former will cover receipts in terms of foreign exchange earned, which stood at Rs 3,744.2<sup>1</sup> million in 1991-92, representing the ninth largest foreign exchange earner. However, in terms of contribution towards the GNP, tourism accounted for only 0.69 per cent. Contributions from royalties (from mountaineering) stood at US\$ 152,700 and fees from trekkers at Rs 56,600 for 1992. The economic benefits from tourism accrue at the national level rather than at the local level in the mountain areas.

### *Receipts*

In terms of foreign exchange, the overall trend between 1980 and 1992 looks static, except for 1992 when there was a 26.5 per cent decrease from the 1991 figure, i.e., from US\$ 163.2 million in 1991 to US\$ 119.9 million in 1992 (see Table 2.10). The major cause for the decline is attributed to a significant fall in the number of tourists from America, Saudi Arabia, Bahrain, and other affluent countries. The official record was compounded by the depreciation of the Pakistani rupee along with a high free market conversion rate and relaxation of foreign exchange control, which encouraged tourists to convert their money through informal sources.

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<sup>1</sup> There are currently 31 Pakistani rupees to the U.S. dollar.



However, in rupee terms there was a 7.3 per cent rise in the foreign exchange earnings from tourism between 1990/91 and 1991/92, with the rupee value at Rs 3,489.7 million in 1990/91 and Rs 3,744.2 million in 1991/92.

This may be accounted for by the depreciation in the value of the Pakistani rupee. In 1992, foreign exchange earned from tourism stood at 2.2 per cent of exports. In the same period, receipts from tourism grew at a slower rate than foreign exchange from the merchandise trade (see Table 2.11). As a foreign exchange earner, tourism ranked ninth in 1992.

The contribution of tourism to the GNP is reflected in Table 2.12. Thus, even at best, tourists contributed only 0.77 per cent in 1982/83. Table 2.13 shows the place of tourism in the balance of payments. Except for 1982/83, travelling shows a negative figure all through. In 1991/92, the travel balance shows a very high negative figure of Rs 12,926.3 million. This is due to the outflow of money consumed by Pakistanis on foreign visits.

The average spending by tourists during 1992 decreased by 8.6 per cent from the 1991 figure when it stood at US\$ 372.6. It stood at US\$ 340.5 in 1992. The average per day spending per capita in 1992 was only US\$ 11.4. The major reason for this decline was the fall in the rupee value against the US Dollar.

### *Tourism and the Gross Domestic Product*

The impact of tourists' expenditure on the Gross Domestic Product shows the contribution to be Rs 6,975 million, which is less than half a per cent (0.44%). The percentage distribution shows that 22 per cent was spent on hotels, 18 per cent on air travel, 16 per cent on restaurants, and 11 per cent on rail transportation (UN 1993a). In terms of their contribution towards the Gross Domestic Product, these four sub-sectors accounted for almost two-thirds of the expenditure. Tourists' expenditures had an insignificant effect on the rest of the national economy.

### *Taxes*

Taxes on tourists do not play a major role in Pakistan where a mass tourism strategy is not pursued. However, royalties from mountaineering and fees from trekkers are a source of income for the Federal Government, and, in 1992, these stood at US\$ 152,700 and Rs 56,600.00, respectively.

### Royalties from Mountaineering

Between 1985 and 1992, the royalties earned from mountaineering followed an increasing trend, going up from US\$ 125,651.00 in 1985 to US\$ 152,700.00 in 1992. Details are provided in Table 2.14. The 1992 amount in Pakistani rupees stood at 2.8 million (see Annex 5 for details about the rates for royalties on mountain peaks).

The average expenditure per mountaineer was US\$ 1,971 in 1985 and rose to US\$ 2,127 in 1992 (see Annex 6).

### Fees from Trekking

There has been an increase in the amount of rupees earned from fees between 1991 and 1992. In 1992, the amount stood at Rs 56,600.00, which reveals a 58.5 per cent increase over that earned in 1991 (see Annex 5 for rules and mountaineering fees charged). The breakup is provided in Table 2.15.

### *Multiplier Analysis*

Using the multiplier analysis, the final demand can be used to explain the impact of the expenditure by international tourists.

The income multipliers are used to determine the impact of final demand on income. By definition ***the income multipliers express the change in relationship between direct and total income from additional tourist spending***. Two types of income multipliers have been derived. The Type I multiplier captures the direct change in total income from additional spending by foreign tourists, and the indirect effects are also accounted for in this multiplier. Direct effects are expenditure on hotels or food, while indirect effects are those on the agricultural or retail sectors that supply food, or on employment by hotels to cater to tourists. These effects are reflected at each stage of the expenditure, and the process is set in motion.

Type II income multipliers include the effects of the Type I multiplier and also include the induced effects when recipients of the expenditure of the Type I multiplier decide to spend the income on either consumption or investment goods. This then leads to additional rounds of purchases by the supplying industries and consumption of the output. A chain effect thus follows.

Table 2.16 shows these multipliers when Type I multiplier was 1.99 and the Type II multiplier was 3.51 for the economy as a whole.

Type I multipliers for hotels, agriculture and livestock, wholesale and retail trade, and a couple of other sub-sectors are higher than the average, whereas Type II multipliers show tourism-related sectors to be lower than average while those of the other sectors such as wood products, garments, leather products, etc are higher than average. *Thus, an increase in final demand due to tourists' expenditure has a low impact on income.*

It must be borne in mind that these multipliers are for tourism in Pakistan as a whole and not for the mountains of the NWFP and the Northern Areas only. In these areas the income multipliers may show different results due to lack of integration and linkage between the different sectors and due to differing levels of development of the sub-sectors. Income multipliers for these regions have not been separately worked out for this phase of the study.

### *The Input-Output Table for Pakistan*

The input-output table has been used to determine the economic impact of tourism and linkages between major tourism sectors.

It may be readily granted that employment creation in the service sector was an avowed objective of the tourism-based development strategy. Tables 2.17 and 2.18 provide information on the linkages between the tourism sectors and the impact on employment, commodity taxes, and foreign exchange obtained as a result of tourism activity.

The foregoing tables indicate the total employment creation through tourism to be about 81,000 persons, which is 0.3 per cent of the total employment in the economy. In terms of sectoral linkages, it is 42 per cent in hotels, 19 per cent in restaurants, 10 per cent in rail transport, and five per cent in air transportation. These four sectors together created only about one per cent of the jobs in the entire economy. For the mountain regions of the NWFP and the Northern Areas, although an input-output table is not available, the major sectors of employment in terms of linkages with tourism are restaurants, hotels, road transport, retail trade, and porter/guide services. Investments in these sectors will thus lead to an increase, in employment. Thus, the linkage between road, hotel, and restaurants' infrastructure, along with transport facilities, is clearly revealed. This implicitly reveals the linkage with essential utilities such as electricity, clean water, and so on.

In terms of commodity taxes collected from tourist expenditures, the bulk of these came from air transport (22 per cent), the hotel sector (17 per cent), restaurants (11 per cent), and wholesale and retail trade (10 per cent).

In terms of foreign exchange, the four tourism sectors accounted for about 73 per cent of the gross foreign exchange earned and about 68 per cent of the value of imports. Among the sectors, air transport showed a high leakage due to imports, which stood at 45 per cent (for 1989/90).

### *Sectoral Linkages at National Level*

Linkages have been seen between tourism and employment creation, development of infrastructure and trade, and the increase in public revenue at the national level. On this basis, projections have been made for the development of these areas with a growth of 15 per cent in tourism from 1994 onwards. Table 2.19 provides the data for these projections.

Employment generation through tourism has been estimated using the average GNP per job in the overall economy, on the basis of the actual data for 1988/89 for GNP at current factor cost and for the employed labour force. Again, where investments are for improvement of facilities, for example, the skiing facilities at Nathiagali, tourists will be attracted-as proven by the extent of the use of that facility though it was functional only for a short time. A discussion of the infrastructural facilities can be found later on in this chapter.

There is a strong linkage between tourism marketing and growth in tourism. This is a shortcoming in the case of Pakistan where marketing has not effectively projected the country's tourist potential. Tourism marketing, it should be noted, has become a highly competitive activity. It is a function of campaign effectiveness, of costs and prices, of the nature and quality of tourist products, of the tourist image of the country, and of a host of other "tourist catchers" vis-a-vis other tourist destinations.

### *Linkage between Tourism and Government Policies*

In linkages between the growth of tourism and government policies and incentives, the structure is clear. With deregulation and privatisation of the economy, this linkage is expected to have less impact. However, at this transitional stage, there is a direct relationship between the two. Therefore, government policies should be able to identify the major areas of weakness, act as a catalyst where required, be proactive in sectors where the private sector is not forthcoming, and, most importantly, be consistent.

The greater the level of integration of the economy the greater will be the linkages between tourism and the different sectors of the economy.

## Implications of Tourism at Local Level

### *Types of Economic Benefits*

#### Employment and Income Potential

The economic impact of tourism is most directly felt from the creation of employment and income generation. With the inflow of tourists, there has been a demand on the service sector leading to employment opportunities for local people. This is visible in the following sub-sectors, namely:

- i) service in hotels and restaurants,
- ii) drivers and support staff in the transport sector,
- iii) shop-keepers and other retail service personnel,
- iv) guides,
- v) liaison officers, and
- vi) porters.

Exact data for most of the categories identified are not available.

However, for porters, data are available. According to one estimate (DOT 1992), the following numbers of porters were employed.

Years	1988		1989		1990		1991		1992	
	La	Ha	La	Ha	La	Ha	La	Ha	La	Ha
No. of Porters Employed	5008	60	2033	9	3648	22	2704	12	2743	27

Note: La = Low altitude; Ha = High altitude

The government has established rules regarding the hiring of porters. The official wage per stage are available and differ between valleys.

According to the 1992 rates, they are: at low altitudes, Rs 90 in Baltistan (Skardu) and Diamer (Chilas and Nanga Parbat), Rs 100 in Chitral, and Rs 110 in Gilgit, Hunza, and Nagar; at high altitudes and in glacial areas, they are Rs 150.00 in Baltistan and Diamer, Rs 130.00 in Chitral, and Rs 180 in Gilgit, Hunza, and Nagar. In areas close to settlements, porters are given Rs 30.00 daily for food. The amount for food has been increased to Rs 50.00 per day for all altitudes. The amount of food to be carried by the parties for each porter is also specified by the government. Where the party employs more

than 25 porters, a *sirdar* (head porter) has to be employed. This provides a general idea of the employment and income generated for porters.

The wage for guides is not specified and depends on the bargaining powers of the parties and the employers, i.e., the tour operators. Some tour operators employ their own guides full-time, in which case their wages are included in the total tour package.

The Liaison Officers that accompany all mountaineering parties are detailed by the Government of Pakistan. The party must cover his food, accommodation, and transport during the time of the expedition. If he prefers to make his own arrangements, then the party has to pay him US\$ 20 per day when in Islamabad and US\$ 10 when in the mountains. Every expedition is also accompanied by a cook.

Besides the transport used to reach the starting points of the expeditions or treks, transportation is required to move further into the area and also for sightseeing. The normal mode of transport for the Northern Areas and Kaghan, as well as Kalam (into the remote areas), is by jeep, land cruiser, or even tractor trolley.

Drivers and vehicles are locally available and prices vary between regions. They are charged on a per mile rate (between Rs 10-15 per mile) along with an overnight charge (between Rs 150-250) per night. This is another source of income and employment.

The local craft industry provides employment on a small scale when the boost comes from tourist demand. This is mainly in cottage-type industries or mostly at the household level.

The hotel accommodation and food provides employment and income to a significant number of persons. The number employed depends on the type of hotel and the level and variety of services.

Besides the above-mentioned categories that benefit directly from employment and income generation as a result of the inflow of tourists, income also accrues to the large transport agencies in the private sector; the chain of hotels with head offices in the large urban centres, or owners of hotels who are not locals and reside outside the area; and the adventure and travel agencies that cater to the needs of tourists and expeditions.



### Resort Tourism

- Employment created at the local level in the service sectors (hotels and restaurants that employ cooks, bearers, sweepers, etc. Transport that employs cleaners and assistants; and, in some cases, drivers).
- Employment creation for local skilled workers through the handicraft and cottage industries.
- Local transport owners who provide their vehicles in local mountain areas.
- Retail suppliers of food and other related items.

### *Adventure and Sports' Tourism*

- Employment creation in the service sectors including hotels, restaurants, transport, etc.
- Employment to porters, guides, and liaison officers (some in local areas), entailing wages, daily allowances, and food (or allowances for food).
- Sellers of equipment and other items for mountaineering expeditions (not in local areas).

A precise estimate of the number of jobs created in the local areas cannot be worked out because of leakages and when incomes are transferred to urban areas, particularly as the labour force is neither a homogeneous group nor clearly identifiable by place of origin.

### Benefitting Regions and Beneficiary Groups

The specific areas in the mountains of the NWFP and the Northern Areas of tourist concentration have been identified already. In summing up, the following picture emerges.

**Resort Tourism:** The Swat and Kalam valleys, Kaghan Valley, and towns on the Karakoram Highway, the Galliat, and some areas of Hunza.



*Cultural Tourism:* Chitral and parts of the Swat Valley.

*Adventure Tourism:* The Northern Areas that comprise Gilgit, Baltistan, Hunza, Chilas, Chitral, and the Kaghan Valley.

The former two categories are essentially domestic tourists, while the latter group is made up of international tourists. This section aims at determining

the benefits (and levels of benefits) that accrue to these areas which are the focus of tourist concentration, and the impact and incidence of those benefits.

In terms of specific area, most economic benefits tend to go to the urban areas/towns located in the regions that have facilities such as accommodation, restaurants, shops, and other services.

The beneficiary groups are identified on the basis of the types of activities/interests that tourists are involved in and the groups/individuals who are involved in providing those goods/services to the tourists.

The groups who benefit can thus be categorised into:

- i) hoteliers,
- ii) transport service,
- iii) food suppliers,
- iv) local craft
- v) porters for mountaineers,
- vi) liaison officers, and
- vii) guides.

The last three categories are relevant only for mountaineering and trekking (tourists). One approach is to look at the cost and the expenditure in these different categories.

Table 2.22 provides information on the item-wise average expenditure per mountaineer over the period from 1985-92.

In 1992, the average expenditure per mountaineer stood at US\$ 2,127. However, only a portion was spent in the local areas. These include the following items: local transport, accommodation, food, shopping, and sight-seeing. These add up to US\$ 788 spent in the mountain areas per mountaineer.

Local transport is a major item after international travel. The group that benefits is that of transport suppliers. This includes the Pakistan International Airlines (PIA) and the road transport used by mountaineering expeditions. The next major item is food, with hotels and restaurants (all kinds from accredited ones to roadside ones) as the main beneficiaries. The money spent on accommodation goes to the hoteliers/motels and other suppliers of space (including the PTDC). Shopping benefits the local handicraft industry as well as shops supplying other requisite provisions. Sight-seeing again benefits the transport providers, and, in some cases, local guides. Porters who accompany the mountain expeditions are major beneficiaries, although they have not been shown in the table. Other beneficiaries are the Liaison Officers, as it is mandatory for every expedition to have one.

Although Table 2.22 is for mountaineers only, the pattern is the same for resort and cultural tourism, except when tourists stay with friends and relatives instead of using commercial accommodation.

### Retail Trade

The influx of tourists has led to the need for various items of daily use that were not commonly used and hence not previously available in these areas. Presently, there is a brisk business in daily provisions such as powdered milk, beverages, canned foods, biscuits, mineral water, and other foodstuff, and cigarettes, as well as handicrafts, antiques, and precious or semi-precious stones for shops dealing in all these items. These are available in the main towns. The villages and settlements also stock up on items that tourists may need. These are normally those villages that are on the routes toward treks or resort towns. This has led to income and employment generation.

### Markets and Competition

Along with the development of retail trade, tourism has led to the development of markets in these areas. Gilgit and the Northern Areas boast of a market that benefits from trade with Chinak and attracts tourists (both domestic and international).

The valley of Swat has developed markets for precious stones that are locally exploited and sold in uncut form. The market for all types of local handicrafts and antiques is also well developed. The fusion of different people and developed tastes has led to competition and the development of better quality local products that obtain better prices.

## Poverty Alleviation

Among the economic benefits identified is that of poverty alleviation in the mountain regions. Incidentally, these are both the most backward and the poorest regions in the country. They not only show lower levels of development and per capita income but also lack income and employment creation facilities. The income that goes directly to the local population helps towards poverty alleviation by helping to meet their daily requirements. This is even more critical due to the seasonal nature of tourism and hence the income they earn in the season has to be spread over the 'income dry' periods.

It is generally argued that tourism benefits the local communities indirectly through the 'trickle down' effects, and directly through employment and the improvement of the local infrastructure. Regarding the 'trickle down' assumption, much depends on how the tourism industry is structured and how it interacts with the people of the region. There is sufficient evidence from the Third World countries to show that lower-income families of mountain communities may, in fact, be bearing the economic cost of tourism with little economic benefits reaching them.

## Retention of Income

Subsequent to an analysis of the income and employment generation impact of tourism for the local people, it would be relevant to determine the income that is *retained* by the local communities and that which flows out from the employment of non-locals in the service sectors, the role of non-local middlemen, income from fees and taxes that accrues to the federal/provincial government and not to the local government, and the income accruing to agencies and organisations located in other parts of the country that are involved in tourist activities in the mountains.

In terms of employment, most of the major hotels employ locals only for low-level unskilled jobs. The better paid jobs all go to skilled non-locals. Only the small non-graded (family-run) hotels use local staff. The restaurant sub-sector is also heavily biased in favour of trained staff from outside. This is particularly so for the Swat and Kalam valleys. Some of the better hotels/motels contract the restaurant service out to contractors from the city, to which the profits from these activities also flow.

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In the retail trade and marketing of goods in all the major towns/small towns, the middlemen are usually from out of town (though they may belong to the

region) and generally have the entrepreneurial skills. In the handicraft trade, they benefit from the market margins at the cost of the local producers (who are mostly women or other vulnerable groups which do not have access to market information and markets).

The shops that have sprung up to meet the needs for food and provisions benefit the locals who run them, but tour operators, such as Waljis, Sitara, etc, prefer to buy food items from Islamabad or other major cities for the expeditions/tour groups which they organise, so as to be assured of quality.

Except for some locally-owned jeeps and horses/donkeys, most of the transport is owned by people who either live in the large towns or cities located away from the mountains. The profits from these operations also flow out.

The royalties from mountaineering and fees from treks all go to the federal government and not to the local government, which does not benefit from the use made of the natural resources and cannot raise money for the betterment of the environment.

The tour operators, travel agents, and airlines all profit significantly from these activities, and the benefits flow out as all these agencies are located and function from outside the mountain regions.

The only benefits that cannot flow out are those from the employment of porters who, because of the type of job they perform, have to be locals from the area.

#### Linkages at Local Level

The development of the area providing tourist attractions depends on the benefits that accrue and can be retained. Government and private sector investment in infrastructure and services are essential prerequisites for providing the facilities to increase tourist visits. To the extent that such investment is not forthcoming, benefits will flow out of the area to the owners of such services.

However, the degree of benefits that go to the local communities will depend on the level of integration of the communities within the local economy and the linkages (forward and backward) between the different sectors which impact on and are impacted upon by tourism. Much will therefore depend



upon the extent to which the sub-sectors of the tourism industry use goods and services available locally. The greater the number and value of locally produced goods and services used by the tourist industry, the higher the level of its linkages with the local economy and the lower the level of leakages -- both first and second round leakages.

The impact of tourism in the mountain areas reveals leakages of benefits to the more developed and urban areas of the country. There are insignificant linkages between expenditure made by tourists and the resultant development of the local area and community. The mountain economy is not integrated, neither in terms of sectors nor with the national economy. An increase in the number of tourists to the mountain areas provides greater economic benefits to the national economy than to the mountain economy. But it is the latter that bears the brunt of the additional numbers that stretch the fragile environment, leading to a deterioration in the quality of services, accommodation, facilities, and so on.

There is also an absence of linkages for planning at the provincial and local levels (in the tourist destination areas). As a result, provincial development plans and programmes have relatively less impact on the development of the mountain areas.

The linkages that are visible between tourism and employment creation, and the development of infrastructure and trade at the national level, are not clearly visible at local levels where the leakages are greater and the benefits insignificant.

### *Sociocultural Implications*

#### Social Changes

Social changes that are visible are the combined result of the impact of inflow of tourists (where domestic tourists have had a stronger influence), increase in economic activity and, more importantly, the opening up of roads which, as in the case of the Northern Areas, e.g., the Karakoram Highway, has had a significant impact.

The activities of development projects located in these areas have also contributed positively towards social changes in terms of improving the literacy levels, providing water and health facilities, and educating the communities in the use of these facilities.



Another change visible is that, with the opening of the Highway and feeder jeep roads, the Naltar (locally known as the Phakora) and Diantar passes are seldom used by the locals except when roads are blocked due to landslides.

Trade continues between the different valleys in the Northern Areas where barter trade still persists. There is also increasing trade with China. When Gilgit is cut off from Pakistan during the winter months, due to natural factors, commodities/goods flow in from China to cover the shortage.

In the Swat and Kaghan valleys, the social changes are visible in the lifestyles of the people. They no longer live as isolated communities but show a level of integration with the rest of the province, although they are still at a lower stage of economic development. The spread of television and radio was the first step in this direction, and the inflow of tourists has strengthened these changes.

In Chitral, social development is still at a lower level than in the Northern Areas or in the resorts. This is attributed to its initial low level of economic development and the terrain of the area, which have given the people a siege-like mentality. The social indices are much lower for the *Kalash* tribes. Another social change among the *Kalash* tribes is their wariness in dealing with tourists. Previously, they were much more trusting in their simple and open ways and their women did not observe purdah or wear the veil.

Other visible social changes in the isolated communities are the ethnic riots and problems that seem to be a carry-over from other parts of Pakistan.

### Cultural Changes

Tourism affects values and value systems and often causes social adjustments. What is more, these adjustments are essentially made by the recipient communities. In the area under study, cultural changes have resulted due to the fusion of different cultures and people. Here again, domestic tourists seem to have had a stronger impact.

The major change noticeable is an increase in the age of marriage for girls (according to the locals) from 12 to 17 years for some parts of the Northern Areas and semi-urban Swat.

A negative impact of the intermixing of cultures is the activities of some people to change the ways of the animistic *Kalash* tribes on the plea of bringing them on to the right path in terms of religion.

The *Kalash* people are said to have changed the way they bury their dead due to the mass influx of tourists during their festivals and mainly on account of the tourists' attitude to a culture very different from their own.

In the last two decades, another change in the mountain areas is the spread of languages other than the regional dialects, and this has made communications easier.

### **Growth in Infrastructure and Related Services for Tourism in the NWFP and the Northern Areas**

The development of infrastructure is an important prerequisite for the development of tourism as an industry. There are three essential components, namely, accommodation, transport, and food.

#### ***Accommodation***

Accommodation is the most important infrastructure and is the backbone of tourism. It is a multi-million rupee industry that, with investment, also provides employment and other linkages.

According to estimates, almost one-third of the tourist budget is spent on accommodation. The hotel industry in Pakistan is rather a small one compared to other industries. There has been a rapid expansion in this sector during the last decade or so. According to the survey of the Tourism Division (GOP 1992b), hotel availability and density improved from 58.2 thousand persons per hotel in 1979 to 82.4 thousand persons per hotel in 1986.

The hotel industry is not a homogeneous one and varies in the number of rooms, quality of services provided, and so on. In the survey conducted in 1986 by the Tourism Division (GOP 1987), the criterion was to take all establishments with 10 or more rentable rooms. In the survey of the lodging industry (GOP 1992b), the criterion was amended to include establishments with five or more rentable rooms in a few designated areas. These were Abbottabad, Murree, and the Galliat, Gilgit, Hunza, Chilas, Skardu, Chitral, Balakot, Naran, Kaghan, Swat, and Ziarat. Apart from Murree and Ziarat, all these areas are located in the mountain regions of the NWFP and the Northern Areas. The survey thus, essentially, covers hotels, motels, and all establishments offering rentable rooms in the NWFP and the Northern Areas.

According to the survey, the size of the hotel industry increased from 762 to 1,003 units with the number of rentable rooms going up from 21,046 to 27,668, thus recording an increase of 31.5 per cent in the number of rentable rooms between 1987 and 1992 (see Table 2.23), with a similar percentage change in the number of hotels in the same period.

According to the same survey, the number of guests and the number of nights spent showed an increase in 1992 over 1991 for the resorts. For the Northern Areas though, there was a 2.5 per cent increase in the average number of guests who stayed in the hotels, there was a significant decrease in the length of stay.

Despite the increase in the total number of rentable rooms, there is still a shortage of (more so of quality) accommodation, especially in the NWFP where the infrastructure is still very limited. The star-wise hotel establishments in 1993 for the NWFP and the Northern Areas are shown in Table 2.24, while the different categories of hotels in the NWFP are shown in Table 2.25; accommodation capacity per night in the NWFP and the Northern Areas is provided in Table 2.26. According to this table, in 1991 the accommodation capacity per night in the tourist concentration areas of the NWFP and Northern Areas was 7,906 units/rooms.

Hotels (Table 2.25) in the NWFP, however, refer to any accommodation that provides a bed for the night. Rest-houses are essentially meant for government officers but may be available to tourists in the remote areas in the mountains.

Table 2.27 provides data on room occupancy for the hotels surveyed in the lodging survey of 1992. According to this table, room occupancy for single rooms in the surveyed units in the Northern Areas fell from 57 per cent to 45 per cent between 1991 and 1992 and for double rooms from 49 to 44 per cent. For tourist resorts, there is a rise from 45 to 54 per cent for single rooms and 39 to 40 per cent for double rooms.

It should be noted that the data represent averages for the whole year, concealing the monthly total and hence the seasonal nature of tourism in the region (where during winter occupancy rates fall below those economically feasible for hotel/accommodations to remain open).

The occupancy rate in the Karakoram Highway region, including the Kaghan Valley and the Northern Areas, was even lower than 45 per cent. The accommodations offered better heating facilities, but other facilities, such as

fans, telephones, and so on, were less available than in other parts of the NWFP. Even the linen was changed less frequently.

According to a later estimate (Shaw 1993) there are about 11 hotel/rest-house types of accommodation available at Skardu (Baltistan), and the prices range from Rs 150-500 for single rooms to Rs 250-625 for double rooms—apart from at the Shangrila Tourist Resort which has 96 bungalow-type rooms, with a single room going for about Rs 1,100 and a double for Rs

1,500.00 per night. The accommodation available ranges from luxurious to very basic. Facilities for camping are also available.

In Gilgit city, there are about 12 hotels that charge from Rs 150-300 for single rooms to Rs 250-400 for double rooms, apart from Serena Hotel which charges is about Rs 850 for a single and Rs 1,100 for a double room per night. There are also about seven cheaper hotels with a single room costing between Rs 80-120 and a double up to Rs 200.00 per night. Government rest-houses charge about Rs 60 for double rooms. These are meant for government officials and there are about 14 of them in this region (Shaw 1993).

In Chitral, there are about 12 hotels, most of them are very basic, offering poor services and almost no facilities.

In the Galliat, accommodation is a major problem. A majority of the hotels are of very small size. Houses rented for the summer can be another source of accommodation, but such houses are few and hard to come by. However, even those houses that exist are located at Nathiagali only. Despite the opening up of Ayubia over two decades ago, there has been no significant development in infrastructure in the Galliat. The tourist season is from May to August.

The seasonal nature of tourism has an impact on the development of facilities when even a lower tariff in the off-season does not attract numbers that can lead to a higher demand and, eventually, to greater investments to meet that demand.

There is a marked seasonality in the flow of tourists, with November to February being the lean months. As tourist numbers peter out, the hotels suffer, and many close down for the season or reduce operations to a minimum. On average, the facilities offered, such as fans, telephones, and

heating, and so on, are better than in the other mountain areas. Clean linen is also available.

In the Swat Valley, there has been a mushrooming of small hotels which, not heeding the environmental implication of their locations, are situated all along the mountain slopes, the river, and the main highway. This is the case mostly in the region from Mingora to Kalam and in Kalam proper. Most of the accommodation is found at Mingora, Madhyan, Miandam, Bahrain, and Kalam.

*Tariff Structure*

Over the years, the tariffs have been increasing rapidly. Table 2.28 shows the data as given in the Lodging Industry Survey in 1992, providing an overview of the tariff structure for the hotels surveyed.

As may be seen from this table, the highest rate of increase in tariffs in the tourist resorts has been for single rooms. There was an increase of 42 per cent over the 1991 prices and 21 per cent in the case of double rooms. The Northern Areas show the lowest rate of increase in tariffs (these are the only two hotel regions categorised in the survey that are relevant for this study).

This, however, does not include all the hotels in the study area. As discussed, the price of hotel rooms and the rate of tariffs vary widely; the tariff rate generally has a direct relationship to the number of rooms in the hotel.

*Food and Restaurants*

Despite the improvements in the number of rentable rooms available in the NWFP, the number and quality of restaurants leave a lot to be desired. The seating facilities in some areas, as provided in Table 2.29, total 1,528.

Besides the restaurants included in the table above, a large number of roadside stalls offer food, though they do not possess seating facilities. In addition, the hotels also serve food on payment. There has been an increase in the variety of food available, though the quality is not up to standard. Some of the smaller hotels in the Northern Areas and in the Swat Valley offer good food at very reasonable prices, but this is the case only in the capital towns and only when there is no shortage of supplies and communication lines remain open.



## Transport

Transport and communications play a major role in the development of tourism. Most tourists travel by road, although an air service connects all the vital towns/cities in the mountain regions of the NWFP and the Northern Areas.

The Karakoram Highway is about 600 miles long and connects Pakistan with China and the Central Asian Republics. This has opened a route for tourists and for trade between the Northern Areas, the Kaghan Valley, other remote mountain areas of the NWFP, and the rest of the country.

There are all-weather roads connecting the Swat Valley with the rest of the country. Chitral is accessible by road except when the Lowari Top Pass is closed due to heavy snowfall. Skardu in Baltistan is connected with Gilgit by a metalled road. Unmetalled roads connect it with the valleys of Shigar, Kharmang, and Khaplu.

There are 5,284 kilometres of high types of roads and 3,647 kilometres of low types of roads in the NWFP (GONWFP 1989/90). The breakdown of roads in the area of tourist concentration is given below.

(In km)

	Low type	High type	Total
Hazara and Kaghan Valleys	927.68	967.38	1895.06
Swat	422.20	603.65	1025.85
Chitral	1008.10	82.03	1090.13

Source: NWFP Development Statistics, 1990.

The Provincial Government has set up a Road Transport Corporation with ordinary and luxury buses and air-conditioned coaches connecting different parts of the province.

The Northern Area Transport Company runs buses and jeeps on the Karakoram Highway and to the side valleys. There are many private minibus companies running luxury coaches. However, in the Northern Areas and ahead of Naran (in the Kaghan Valley), jeeps are used as public transport because the roads are too steep and narrow for other types of transport. They are expensive, often overloaded, and they do not ply in the remoter valleys nor have a timetable.



Although the areas are connected by road, the state of the roads are a danger to the traffic. Frequent landslides on the Karakoram Highway affect the Northern areas, the Kaghan Valley, and some areas of Swat. Flash floods also play havoc with road transport. The closing of the Lowari Top has a siege-like affect on the people as they remain cut off for long durations.

Public buses are inexpensive for foreigners but uncomfortable. They travel long distances and make scheduled stops for food. The Northern Area Transport Company (NATCO) runs buses and jeeps on the Karakoram

Highway. Minibuses are more expensive than ordinary buses and seats can be booked in advance.

Pakistan International Airlines offers three flights weekly to Chitral and Gilgit and a daily flight to Swat from Islamabad and Peshawar. Skardu is also connected by air with Islamabad. However, the air service uses Fokker-27 planes that fly by visibility (not electronic landing). Thus, landing requires very careful calculation between steep mountain clearings. As a result, flights are erratic and, when there is heavy rain or poor visibility, flights are cancelled and only operate when the weather clears. With the granting of permission to Aero Asia to handle tourism, private sector airlines have also been inducted into the trade.

There is no railway service to any of these areas.

### *Electricity*

The NWFP is a major producer of hydro-electricity. The nearly 11,432 million kWh of electricity generated here account for 33 per cent of the total electricity generated in the country, while the per capita consumption in the NWFP is only 179 kWh compared to the national average of 250 (GONWFP 1990). Table 2.30 provides information regarding the number of electricity connections.

In the Northern Areas and in the mountain regions of the NWFP, electricity is not readily available and, where it is available, maintenance is difficult because of frequent breakdowns and load-shedding. There is a heavy dependence on forests for fuel and energy. In the urban areas/towns of the mountain region, nine per cent of the population use electricity, while in the rural areas less than four per cent use electricity for lighting purposes (Source: expert opinion).

There is also a shortage of electricity in Gilgit. Small-scale, hydro-electric schemes have not proven viable (The World Bank 1990)

### *Water*

Lack of potable water is a major constraint in mountain areas where water from springs, streams, and rivers is used for drinking purposes. Well water is another source of drinking water, while piped water is available in the main towns in the Swat and Kaghan valleys, but to less than eight per cent of the population. In the Northern Areas, more than 80 per cent of the households depend on springs, rivers, and streams for their water supplies. For irrigation purposes, the Northern Areas depend on water from glacial melt and springs. Here irrigation is also carried out by border strip method or by means of furrows. The village irrigation layout is traditional, without improved control structures, and with frequent losses from leaks, leading to soil erosion from the slopes. The Kaghan Valley depends on snow melt, but it receives heavy rainfall as well. The Swat Valley depends on rainfall for irrigation and ground wells are also used.

### Issues Emanating from Mountain Tourism

- i) There is a lack of tourism information for mountain-specific tourism in the country. All data collected and research undertaken deal with the macro-perspective. Thus, information on trekking in the 'open zone', for example, is not available, nor are there any data available on tourist expenditure in the mountain areas or on the local community.
- ii) Concentration of tourists in a few areas for trekking and mountaineering is visible, e.g., the concentration for trekking is on Skardu and Hunza; for mountaineering, on the Nanga Parbat and the South-West Ridge and Diamer Face. The Karakoram mountain range has the largest concentration of expeditions but only on a few peaks, whereas there are 108 peaks above 7,000m. Similarly, for resort tourism, the concentration is on a few large and small towns to the exclusion of other places that can be developed as resorts.
- iii) Economic benefits from tourism have a higher visibility at the national level than at the local level in the mountain areas. The royalties and fees from mountaineering and trekking activities all go to the national exchequer. The average expenditure per mountaineer in 1992 was US\$ 2,127, whereas only US\$ 788 was spent in the local mountain areas.

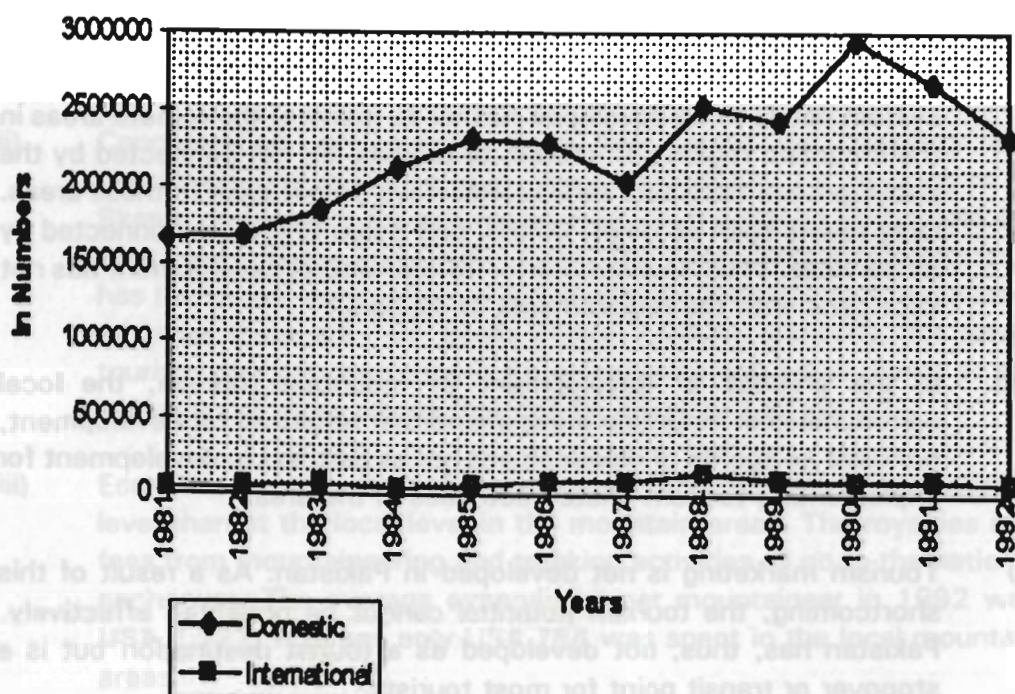
- iv) Sectoral linkages between tourism and employment creation and the development of infrastructure and trade are visible at the national level. These are captured by the Income and Employment Multipliers and the Input-Output tables for Pakistan. These linkages at the local level are not visible (where the sectors are not integrated) nor are the techniques used able to account for the particulars of the mountain economy and capture whatever impact may be visible.
- v) Tourism has not led to large employment and income generation in the mountain areas. However, some jobs have been created for particular categories of individual, e.g., porters and guides who by their type of job description need to belong to the local community. Some income also accrues to locals involved in the service sectors of hotels/restaurants, in transport, and in the retail trade.
- vi) Tourism has not led to the development of the mountain community as such. Community-level activities with community participation are not visible.
- vii) The development of infrastructure to correspond with tourism development is a slow process in the mountain areas. There has been some increase in the number of accommodation facilities available. However, their quality cannot be guaranteed. The tariff structure shows the highest increase in tariff rates for tourist resorts in the NWFP. The number and quality of restaurants are still not up to standard and improvements have not taken place. The public transport system needs to be developed further as many of the remote areas in the mountain regions of interest to tourists are not connected by the public/private transport service. Railways do not exist in these areas. Only towns such as Gilgit, Chitral, and Saidu Sharif are connected by air services. Thus, investment for infrastructural development has not kept pace with the requirements of tourism.
- viii) In the process of development of mountain tourism, the local communities in mountain areas are neither targetted for development, nor used as agents of development nor as partners in development for implementing tourism-related activities in the area.
- ix) Tourism marketing is not developed in Pakistan. As a result of this shortcoming, the tourism potential cannot be projected effectively. Pakistan has, thus, not developed as a tourist destination but is a stopover or transit point for most tourists.

**Table 2.1**  
**Trends in Cultural Tourism in Pakistan**

Year	Domestic Visitors ('000)	International Visitors ('000)	Total ('000)
1981	1650.9	36.3	1687.2
1982	1684.3	43.9	1728.2
1983	1841.4	67.5	1908.9
1984	2117.4	37.7	2155.1
1985	2307.8	61.4	2369.2
1986	2288.8	88.8	2377.6
1987	2038.3	80.8	2119.1
1988	2527.7	142.7	2670.4
1989	2425.8	95.6	2521.4
1990	2939.5	80.6	3120.1
1991	2666.6	98.2	2764.8
1992	2324.6	75.7	2400.3

Source: Cultural Tourism in Pakistan, DOT 1992b

**Trends in Cultural Tourism in Pakistan**



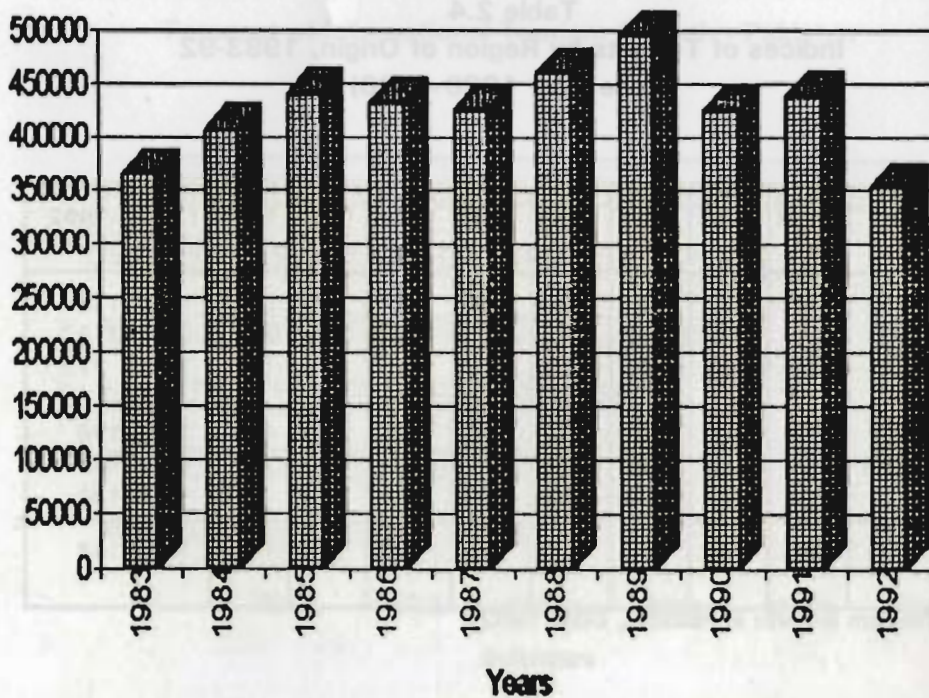


**Table 2.2**  
**Number of International Tourists**

Year	Pakistan		World	
	Arrivals (in millions)	Percentage Change	Arrivals (in millions)	Percentage Change
1983	0.365	16.4	284.2	(-) 0.9
1984	0.407	11.6	312.4	9.9
1985	0.441	8.2	321.2	2.8
1986	0.432	(-)1.9	330.9	3.0
1987	0.425	(-)1.7	356.9	7.9
1988	0.460	8.3	382.1	7.1
1989	0.495	7.5	415.7	8.8
1990	0.424	(-)14.3	443.9	6.8
1991	0.438	3.5	448.6	1.1
1992	0.352	(-)19.6	475.6	6.0

Source: Tourism Growth in Pakistan, DOT, 1992c

**Number of International Tourists**



**Table 2.3**  
**Indices of Foreign Tourist Arrivals and Earnings Therefrom, 1983-92**  
**(Base Year 1980 = 100)**

Year	Arrivals	Earnings
1983	122	131
1984	136	116
1985	147	121
1986	145	117
1987	142	112
1988	154	88
1989	165	104
1990	142	101
1991	146	106
1992	118	78

Source: Tourism Growth in Pakistan, DOT, 1992c

**Table 2.4**  
**Indices of Tourists by Region of Origin, 1983-92**  
**(Base Year 1980 = 100)**

Regions	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Europe	117	123	145	125	129	157	167	172	149	156
America	156	167	185	193	199	223	258	234	231	219
South Asia	120	143	158	165	153	151	166	123	139	77
Pacific and East Asia	26	113	138	134	137	169	179	185	199	196
Middle East	38	134	139	115	129	143	132	100	126	81
Africa	223	284	159	114	145	162	133	71	122	137
Total	122	136	147	145	142	154	165	142	146	118

Source: Tourism Growth in Pakistan, DOT, 1992c

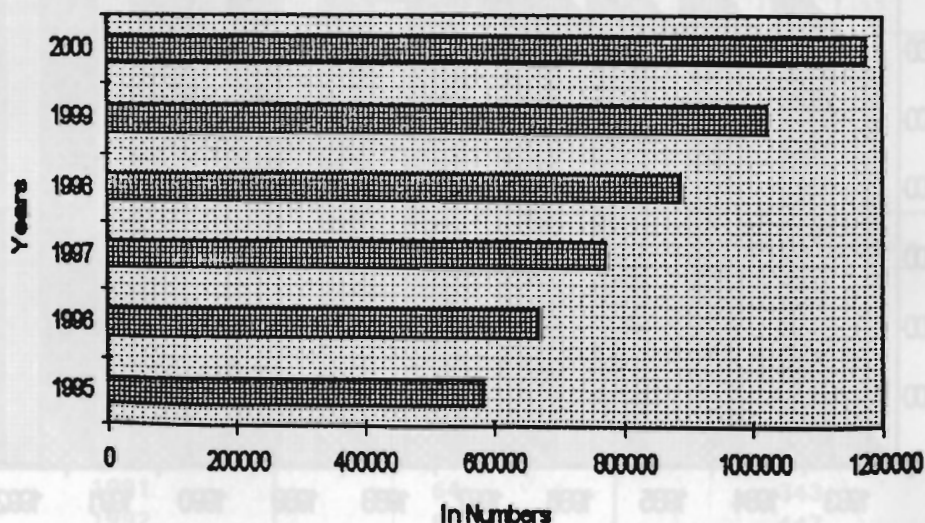


**Table 2.5**  
**Forecast of International Tourism - Growth and Earnings**  
**(1995-2000)**

Years	Arrivals Excluding Indians and Afghan Nationals (in millions)	Foreign Exchange Earnings (Million US\$)
1995	0.584	497.568
1996	0.672	572.544
1997	0.773	658.596
1998	0.889	757.428
1999	1.022	870.744
2000	1.175	1001.100

Source: National Tourism Policy, Ministry of Tourism, GOP 1993.

**Forecast of International Tourism Growth - Pakistan**

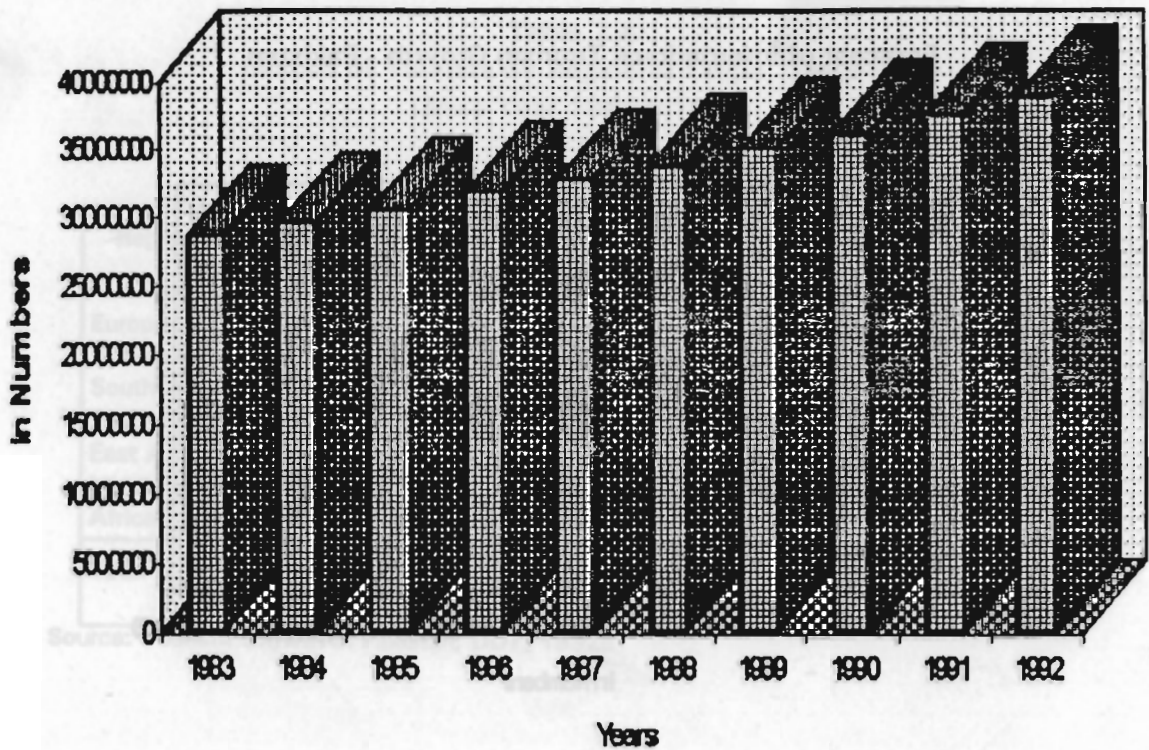


**Table 2.6**  
**Number of Domestic Tourists**

Years	Nos. (in '000)
1983-84	28670
1984-85	29601
1985-86	30636
1986-87	31774
1987-88	32809
1988-89	33859
1989-90	35044
1990-91	36270
1991-92	37540
1992-93	38854

Source: Extracted from Table 3.1 in Tourism Growth in Pakistan, DOT 1992c

**Number of Domestic Tourists-Pakistan**



**Table 2.7**  
**Number of Mountaineering Expeditions and Number of Members**

Year	Number of Expeditions	Number of Members
1985	53	409
1986	52	422
1987	47	325
1988	54	400
1989	41	299
1990	48	397
1991	52	393
1992	58	426

Source: Extracted from Table 2, Adventure and Sports Tourism in Pakistan, DOT, 1992a.

**Table 2.8**  
**Seasonal Nature of Mountaineering, 1988-92**

Months	No. of Expeditions	No. of Members
April	5	48
May	60	470
June	98	671
July	66	530
August	16	132
September	4	21
November	3	37

Source: Derived from Table A-1, Adventure and Sport Tourism in Pakistan, DOT, 1992a.

**Table 2.9**  
**Number of Trekking Parties and Members**

Year	Number of Parties	Number of Members
1985	32	174
1986	37	274
1987	38	212
1988	49	299
1989	54	272
1990	69	400
1991	64	343
1992	89	447

Source: Extracted from Table 11, Adventure and Sports Tourism in Pakistan, DOT, 1992a.

**Table 2.10**  
**Receipts from International Tourism**

Year	Receipts (in million US\$)	% Change
1983	201	7.8
1984	178.1	(-)11.7
1985	186.0	4.6
1986	180.2	(-)3.1
1987	172.8	(-)4.1
1988	142.7	(-)11.6
1989	159.3	17.7
1990	156.2	(-)2.0
1991	163.2	4.5
1992	119.9	(-)26.5

Source: Extracted from Table 1.1 of Tourism Growth in Pakistan, GOT, 1992c.

**Table 2.11**  
**Export Earnings from Tourism in Rs Million**

Years	Commodity Exports	% Change	Tourism Receipts	% Change	Position of Tourism	Tourism as % of Exports
1982-83	34442	31.1	2687.3	36.2	VI	7.8
1983-84	37339	8.4	2503.7	(-)6.8	VI	6.7
1984-85	37979	1.7	2669.2	6.6	V	7.0
1985-86	49592	30.6	3026.5	13.4	VI	6.1
1986-87	63355	27.8	2128.3	3.4	VII	4.9
1987-88	78445	23.8	2684.8	(-)14.2	IX	3.4
1988-89	90183	15.0	2755.4	2.6	VIII	3.1
1989-90	106469	18.1	3356.1	21.8	IX	3.2
1990-91	138280	29.9	3489.7	4.0	IX	2.5
1991-92	171728	24.2	3744.2	7.3	IX	2.2

Source: Extracted from Table 4.2, Tourism Growth in Pakistan, DOT, 1992c.

**Table 2.12**  
**Tourism Receipts as Percentage of GNP in Rupees**  
**(in millions)**

Years	GNP at Current Prices	Tourism Receipts	Tourism Receipts as % of GNP
1982-83	340473	2687	0.77
1983-84	364133	2504	0.69
1984-85	386561	2669	0.69
1985-86	408711	3027	0.74
1986-87	428357	3128	0.73
1987-88	449519	2685	0.60
1988-89	468799	2755	0.59
1989-90	491265	3356	0.68
1990-91	509417	3490	0.68
1991-92	543900	3744	0.69

Source: Table 4.6, Tourism Growth in Pakistan, GOT, 1992c

**Table 2.13**  
**Tourism and Balance of Payments in Rupees**  
**(in millions)**

Years	Credits	Debits	Net Credits (+) Debits (-)
1982-83	2687.3	1771.6	915.7
1983-84	2503.7	2588.0	(-) 84.3
1984-85	2669.2	3379.3	(-) 710.1
1985-86	3026.5	3684.6	(-) 658.1
1986-87	3128.3	4213.3	(-) 1085.0
1987-88	2684.8	5627.7	(-) 2942.9
1988-89	2755.4	6444.7	(-) 3689.3
1989-90	3356.1	8775.3	(-) 5419.2
1990-91	3489.7	10487.7	(-) 6998.0
1991-92	3744.2	16670.5	(-) 12926.3

Source: Table 4.4, Tourism Growth in Pakistan, GOT, 1992c

**Table 2.14**  
**Royalties Paid by Expedition Parties between 1985-92**

Years	Amount in US\$	% Change	Average per Expedition
1985	125651	-	2370
1986	65018	(-) 48.3	1250
1987	69367	6.7	1475
1988	103896	49.8	1924
1989	80389	(-) 22.6	1960
1990	101492	26.3	2114
1991	113816	12.1	2188
1992	152700	34.2	2632

Source: Adventure and Sport Tourism in Pakistan, GOT, 1992a

**Table 2.15**  
**Fees Paid by Trekkers**

Years	Amounts in Pak. Rupees	% Change	Av. Amount per Trekker
1985	74100	-	2315
1986	24700	(-) 66.7	667
1987	21200	(-) 14.2	558
1988	29900	41.1	610
1989	27200	(-) 6.7	503
1990	40000	43.4	579
1991	35700	(-) 10.8	558
1992	56600	58.5	636

Source: Adventure and Sports Tourism in Pakistan, GOT, 1992a



**Table 2.16**  
**Income Multipliers**

Sectors	Type I Income Multipliers	Type II Income Multipliers
Hotels	2.3244	3.1996
Restaurants	1.4576	2.2118
Agriculture and Livestock	4.8688	5.7238
Other Agriculture	1.9192	3.3923
Bakeries and Confectionery	1.6556	2.7574
Tobacco Products	1.0147	1.9111
Garments	1.8005	6.7564
Woollen and Cotton Products	1.7576	2.0561
Carpets and Rugs	2.1741	4.8416
Wood Products	1.9455	8.3910
Leather Products	2.9031	4.4153
Rubber Products	2.1805	3.8230
Metal Products	1.7973	2.1132
Non-metal Products	1.2973	4.2315
Other Manufacturers Products	1.5286	3.1084
Electricity and Gas	1.6575	2.4152
Wholesale and Retail Trade	1.9941	3.3307
Road Transport	1.3824	1.4863
Rail Transport	1.4688	1.4885
Air Transport	1.9962	2.2456
Communications	1.1331	1.6372
Business	1.8222	3.3514
Government Service	2.1845	2.7666
Other sectors not specified elsewhere	3.4476	5.6008
Average	1.9879	3.5152

Source: Table 26 of the Economic Impact of Tourism in Pakistan, UN 1993a

**Table 2.17**  
**Contribution of International Tourist Expenditure to**  
**Employment 1989/90**

Sectors	Total Employment No. of Jobs	Employment due to Foreign Tourists' Expenditure (No. of Jobs)	Foreign Tourists' Contribution to Jobs in the Sector
Hotels	26,090	10,910	41.80
Restaurants	68,470	12,900	18.80
Agriculture and Livestock	11,477,310	6,310	0.05
Other Agriculture	4,287,120	2,860	0.07
Bakeries, etc	6,730	30	0.50
Tobacco Products	72,630	70	0.10
Garments	232,670	1,090	0.50
Woollen and Cotton Products	546,040	2,320	0.40
Carpets and Rugs	108,940	1,120	1.00
Wood Products	36,310	720	2.00
Leather Products	126,420	860	0.70
Rubber Products	21,520	110	0.50
Metal Products	95,490	3,710	3.90
Non-metal Products	246,120	1,450	0.60
Other Manufactured Products	2,418,190	920	0.04
Electricity and Gas	290,720	420	0.10
Wholesale and Retail Trade	2,999,210	4,080	0.10
Road Transport	845,890	2,280	0.30
Rail Transport	1,51,110	14,340	10.00
Air Transport	141,260	6,730	4.80
Communications	136,330	790	0.60
Business	532,170	1,720	0.30
Government Service	1,634,290	570	0.04
Other sectors not specified			
Elsewhere	4,318,970	5,020	0.10
<b>Total:</b>	<b>30,820,000</b>	<b>81,330</b>	<b>0.30</b>

Source: Table 20 of the Economic Impact of Tourism in Pakistan, UN 1993a

**Table 2.18**  
**Distribution of Commodity Taxes due to Foreign Tourist**  
**Expenditure by Sector, 1989-90 (in millions of rupees)**

Sectors	Commodity Taxes from Tourist Expenditure	Sectoral Distribution of Commodity Taxes from Tourist Expenditure (Percentage)
Hotels	27.6	17.00
Restaurants	17.9	11.00
Agriculture and Livestock	3.6	2.00
Other Agriculture	0.4	0.20
Bakeries, etc.	0.02	0.01
Tobacco Products	12.90	8.00
Garments	2.40	2.00
Woollen and Cotton Products	4.70	3.00
Carpets and Rugs	2.30	1.00
Wood Products	0.05	0.03
Leather Products	1.70	1.00
Rubber Products	0.08	0.05
Metal Products	1.00	1.00
Non-metal Products	0.09	0.06
Other Manufactured Products	8.60	5.00
Electricity and Gas	0.08	0.05
Wholesale and Retail Trade	15.90	10.00
Road Transport	14.10	9.00
Rail Transport	6.60	4.00
Air Transport	36.10	22.00
Communications	0.06	0.04
Business	0.50	0.30
Government Service	0.50	0.30
Sectors not specified elsewhere	5.10	2.00
<b>Total:</b>	<b>162.70</b>	<b>100.00</b>

Source: Table 23 of the Economic Impact of Tourism in Pakistan, UN 1993a

Area	H	R	H	R	H	R	H	R	H	R	H	R
NWFP	1	005	5	155	11	455	65	1555	185	555	255	57
Northern Areas	1	155	-	-	5	155	37	555	25	555	55	155
Total	2	160	5	155	16	610	102	2110	210	1110	310	172

Source: Compiled from the Hotel Management and Tourism Directory of Pakistan, 1993

Note: H = Hotel, R = Restaurants

**Table 2.19**  
**Projected Contribution to the GNP and Public Revenue**  
**(In Millions of Rupees)**

Years	From Foreign Tourism	From Domestic Tourism	Overall GNP from Tourism	Tax Revenue
1995	10448.928	8324.200	18773.128	2252.775
1996	12023.424	8615.600	20639.024	2476.583
1997	13830.516	8917.000	22747.516	2729.702
1998	15905.988	9229.200	25135.188	3016.223
1999	18285.624	9552.200	27837.828	3340.539
2000	21023.100	9886.600	30909.700	3709.164

Source: National Tourism Policy, Ministry of Tourism, GOP 1993

**Table 2.20 Projected Impact of Tourism on Employment Generation**  
**(In '000 Rupees)**

Years	Projected jobs
1995	704
1996	774
1997	853
1998	943
1999	1044
2000	1160

Source: National Tourism Policy, Ministry of Tourism, GOP 1993

**Table 2.21 Projected Addition to Hotel Rooms and Restaurant Seats (New)**  
**(In '000 Rupees)**

Year	Hotel Rooms	Restaurant Seats
1995	9	76
1996	11	86
1997	12	100
1998	14	114
1999	16	132
2000	19	152

Source: National Tourism Policy, Ministry of Tourism, GOP 1993

**Table 2.22**  
**Average Expenditure on Different Items per Mountaineer 1985-92**  
**(In US Dollar)**

Items	1985	1986	1987	1988	1989	1990	1991	1992	% Change in '92 over '91
International Fare	819	1125	1061	1131	1125	1520	1334	1098	(-)17.7
Luggage Freight	285	356	398	378	362	276	388	190	(-)51.0
Local Transport	194	214	218	154	118	159	204	268	31.4
Accommodation	104	160	122	164	172	196	201	177	(-)11.9
Food	380	202	98	180	112	147	148	195	31.8
Shopping	91	163	167	164	124	107	159	116	(-)27.0
Sight-seeing	53	74	80	52	5	21	23	32	39.1
Others	45	100	75	95	45	14	34	51	50.0
<b>Total</b>	<b>1971</b>	<b>2394</b>	<b>2219</b>	<b>2318</b>	<b>2063</b>	<b>2440</b>	<b>2491</b>	<b>2127</b>	<b>(-)14.6</b>

Source: Adventure and Sports Tourism in Pakistan, DOT 1992a

**Table 2.23**  
**Size and Growth of Lodging Industry in Pakistan**  
**From 1987 -1992**

Years	Number of Hotels	Rooms Available
1987	762	21046
1988	811	22271
1989	857	23599
1990	897	24364
1991	952	26329
1992	1003	27668

Source: Lodging Industry in Pakistan, DOT 1992b,

**Table 2.24**  
**Star-wise Hotel Establishments, 1993**  
**(In Numbers)**

Area	4-Star		3-Star		2-Star		1-Star		Non-star		Total	
	H	R	H	R	H	R	H	R	H	R	H	R
NWFP	1	150	5	186	11	462	68	1958	195	2981	280	5737
Northern Areas	1	140	-	-	5	169	37	996	28	646	85	1392
<b>Total</b>	<b>2</b>	<b>290</b>	<b>5</b>	<b>186</b>	<b>16</b>	<b>631</b>	<b>105</b>	<b>2954</b>	<b>223</b>	<b>3627</b>	<b>365</b>	<b>7129</b>

Source: Compiled from the Hotel Restaurant and Tourism Directory of Pakistan, 1993

Note: H = Hotel; R = Restaurant

**Table 2.25**  
**Different Categories of Accommodation Available in the NWFP**

Hotels	295*
YMCA	7
Rest Houses	85
PTDC motels	9
<b>Total</b>	<b>396</b>

Source: Pakistan Hotel and Restaurant Guide, 1991

**\*Note:** The difference in the number of hotels in NWFP in the two foregoing tables is possibly due to a difference in definitions/criteria adopted for inclusion/exclusion.

**Table 2.26**  
**Accommodation Capacity Per Night in Areas of Tourist Concentration in the NWFP and Northern Areas**

Place	Nos.
Peshawar	3208
Swat	2366
Mansehra	281
Abbottabad	781
Nathiagali	327
Northern Areas	943
<b>Total</b>	<b>7606</b>

Source: Pakistan Hotel and Restaurant Guide, 1991.



**Table 2.27**  
**Room Occupancy by Hotel Regions, 1987-92**  
**(In Percentages)**

Year	Overall	Main Cities				
		5-4 Star	Other Lodging	Tourist Resorts	Northern Areas	Other Areas
1987						
Single	81	108	74	51	44	62
Double	62	69	69	53	57	51
1988						
Single	65	74	66	45	46	52
Double	55	51	63	38	63	46
1989						
Single	71	87	72	44	54	52
Double	57	45	66	40	60	49
1990						
Single	68	88	70	45	53	48
Double	55	50	62	40	46	47
1991						
Single	69	84	69	45	57	47
Double	53	47	60	40	49	46
1992						
Single	71	82	72	54	45	57
Double	52	48	58	40	44	51

Source: Lodging Industry in Pakistan, 1992, DOT, 1992b

**Table 2.28: Average Tariff by Hotel Regions, 1987-92**  
(In Rupees)

Year	Overall	Main Cities				
		5-4 Star	Other Lodging	Tourist Resorts	Northern Areas	Other Areas
1987						
Single	100	1178	81	40	75	53
Double	150	1421	129	135	145	76
1988						
Single	106	1531	85	43	148	55
Double	155	1780	131	137	170	87
1989						
Single	122	1893	97	49	177	61
Double	177	2115	151	151	179	95
1990						
Single	165	2000	127	97	265	86
Double	212	2404	175	173	350	130
1991						
Single	193	2564	135	107	258	127
Double	260	2961	202	196	386	176
1992						
Single	200	2966	147	152	270	128
Double	302	3275	262	237	393	218
<b>% Age Change Over 1991</b>						
Single	3.6	15.7	8.9	42.1	0.7	0.8
Double	16.2	10.6	29.7	20.9	1.8	23.0

Source: Lodging Industry in Pakistan, DOT, 1992b

**Table 2.29: Seating Facilities Available in Restaurants**

Number of seats available	
Peshawar	610
Swat	250
Abbottabad	284
Others	384
Total	1528

**Table 2.30: Number of Electricity Connections, 1988/89 (In Numbers)**

Area	Domestic/Commercial	Industrial	Irrigation	Total
Abbottabad	92013	1293	430	93736
Mansehra	45855	622	69	46546
Malakand	23767	659	1126	25552
Swat	64860	1345	868	67073
Chitral	2515	28	1	2544

Source: GONWFP Development Statistics, 1989/90.

## Role of Tourism in Sustainable Mountain Development

### Introduction

There are various factors that impinge on and constrain the development of the tourism industry and the ability to utilise it to develop other sectors and local communities through direct benefits and linkages, both forward and backward. The concern for sustainable development arises from the fragility of the mountain environment and the need to safeguard its sustainability and protect the natural biodiversity while pursuing the development of tourism.

The process of development is fraught with certain trade-offs, such as those between economic gains and social/cultural and environmental losses. These implications have to be clearly assessed and a policy towards loss minimisation evolved.

### Demographic Implications

#### *Population Growth*

The population of the NWFP was 4.6 million in 1951. It rose to 5.7 million in 1961, 8.4 million in 1972, and 11.1 million in 1981. The 1991 population census was postponed and a new census is yet to take place. However, the estimated population for 1991 is 14.9 million, and this is projected to rise to 16.9 million by 1995. This province accounts for 13 per cent of the total population of Pakistan. The annual compound growth rate, which was 2.34 per cent during the intercensal period from 1951-61, increased to 3.32 per cent from 1961-72 and maintained the tempo from 1972-81. However, the population is not evenly distributed over the province, with pockets of high concentration, in, for example, Peshawar, which has a density of 570 per sq. km. against the province's average of 148 per sq. km.

Table 3.1 provides a comparative statement of the population indices for the mountain areas. The male-female ratio for the mountain areas of the NWFP is

lower than the Province's average, which stands at 109-100. The population below 15 years ranges from 42 per cent (Chitral) to 48 per cent (Swat) of the total population. The infant mortality rate is also higher than that of the provincial average. These indices have negative implications for development.

In 1992, the total population of the Northern Areas was estimated at about 1.1 million, mostly living at altitudes below 3,500 metres. The population growth rate was estimated at 3.8 per cent annually and the density at about 12 persons per square kilometre. Gilgit, the largest urban centre in the Northern Areas, has a population of 32,000. Skardu, the main town in Baltistan, has a population of 13,000. Forty-five per cent of the population of the Northern Areas is under 15 years of age, and, despite the outmigration of males, there is a high male-female ratio. The female mortality rate is also high and the infant mortality rate is between 150 and 200 per thousand births. The concentration of population is, thus, visible in Swat where Resort tourism is prevalent.

### *Labour Force and Migration*

The percentage of the total population in the labour force and the percentage of the labour force in agriculture is shown in Table 3.2.

The bulk of the labour force is employed in a agriculture, apart from in the Galliat where agriculture does not offer scope for employment due to the nature of the terrain and the lack of development interventions. Such interventions are visible in the Northern Areas where the Aga Khan Rural Support Project (AKRSP) is very active and in Swat and Chitral where the Kalam Integrated Development Project (KIDP), the Chitral Area Development Project (CADP), and other development projects are engaged in development work. The Kaghan Valley shows a very high level of labour in agriculture. In most of the mountain areas (especially at higher altitudes), agriculture is only a seasonal activity and, despite the heavy involvement in this sector, there is a constant need to supplement it with non-and off-farm activity.

Seasonal migration, or transhumance, is a common feature of the mountain regions. Long-term migration within and outside the country is strongly visible in the NWFP as a whole. Table 3.3 shows inter-provincial migrants' settlement.

There were 1.79 million migrants across the country. Out of this the NWFP and the Federally Administered Tribal Areas (FATA) had the second highest

number of inter-provincial migrants(39%). Of those settled in Sindh, 35 per cent came from the NWFP. In the Punjab, 57 per cent of the migrants came from the NWFP, while, in Balochistan, 31 per cent came from the NWFP. Thus, between the provinces the highest rate of migration was among the people of the NWFP.

Out of the 1.7 million people residing abroad at the time of the census, 83 per cent were from the rural areas, with the share of the NWFP at 39 per cent. In terms of overall emigration, 35 per cent were from the NWFP, but in terms of the percentage of the total population of the province, NWFP has the highest of the total number of emigrants.

The trend of migration in the mountainous areas of the NWFP follows a similar pattern with some distinct characteristics. First, besides the migration to other provinces and within the province in search of permanent and temporary employment, there is a large outflow of the labour force that is seasonal in nature, occurring during the severe winters when life comes to a temporary standstill.

Secondly, the activities of the development projects have generated economic benefits and employment in some areas such as the Northern Areas and the Swat Valley. This has held back a fraction of the temporary migrants from these areas. Third, adventure tourism also creates employment opportunities during winter that help ease the income/employment problems of the area. The data on domestic and international migration are provided in Table 3.5.

These data, however, do not include those who migrate during winter or at harvest time to Peshawar and the Mardan Divisions.

Thus, the low level of the development indices, as reflected by the population indices and the high migration from mountain areas lacking regular employment opportunities, adversely affect the overall development of the region. As such, a pool of skilled human resources can be developed.

### *Land Settlement and Land Use*

The mountain ecosystem in the Northern Areas tends to be somewhat unstable, non-resilient, and with low productivity. In this scenario, there are many ecological sub-zones that people use for subsistence production. These include old river terraces and fans of valley floors where sparse inorganic soil may have accumulated; unstable scree slopes on valley sides; and high elevation forests and alpine meadows. Scarcity of flat land and water supplies



are the major constraints. Due to low inorganic matter, very free drainage, and very low clay content, the soil has low natural fertility.

The Agricultural Census for Gilgit District reveals that 20,400 ha were under cultivation in 1985, and 80 per cent of this was under annual crops. An additional 6,500 ha were cultivable but remained uncultivated mainly due to the lack of water and difficulty of access (see Table 3.6). In the Northern Areas, few villagers are landless, whereas, in Gilgit District, only about five per cent of the farms (about 6% of the cultivated area) have any form of tenancy. Farm holdings are relatively equitably distributed, with about 84 per cent of all holdings being less than two hectares (see Table 3.7). On average, farms are fragmented into five parcels.

Cultivated land is privately owned by households and irrigated by farmer-managed irrigation systems. Households have rights to water (irrigation channels are cooperatively built and managed by village members). They also have rights to Alpine meadows and forests that are common property.

The land use for the mountain regions of the NWFP shows a similar pattern where the ecosystem is similar to that of the Northern Areas. However, there are some areas in the Swat Valley that have fertile land, greater precipitation, and are conducive to agricultural production. Separate land utilisation data are not available for the mountain areas.

The data on land utilisation for the NWFP are provided in Table 3.8. They show the total cropped area to be 32 per cent of the reported area, while the uncultivated area is 69 per cent of the reported area. Forests cover about 23 per cent of the reported area.

Most of the forests are located in the mountains, whereas the major portion of the cultivated area is located in the plains, the fertile Peshawar and Hazara Valleys, and in the Mardan Division.

The farm sizes for the NWFP (including the mountain areas where resort tourism is prevalent) are shown in Table 3.9. It is seen that most farms in the NWFP are relatively small in size with the majority being up to five acres. This is a constraint to introducing mechanisation in agriculture and does not bode well for increasing productivity. Agriculture, as the only source of livelihood, is not feasible. Hence, the large outflow of people to other provinces and abroad in search of employment. The farm sizes in the mountaineering and trekking areas are also small. As such, agriculture cannot be the only means of livelihood.

## **Environmental Implications**

### ***Geology, Natural Resources, and the Nature of the Terrain***

The mountain areas of the NWFP and the Northern Areas are bounded by three mountain ranges, namely, the Himalayas, the Hindu Kush, and the Karakoram. This region is characterised by rugged, hilly terrain, with heavily dissected slopes and very little level land. The irregular landscape is due to the secondary and tertiary incisions, landslides, and erosions. The geology is a mixture of igneous and metamorphic sedimentary rock, constituted of slate, mica rich gneiss, and crystalline schist. The soil is very low in clay and organic matter and mainly made up of stones and boulders (UN 1993b).

The mountains lie outside the monsoon zone. The inhabited areas up to 3,100 metres receive 100-500 mm of precipitation, mainly snow in winter, with an arid continental, mediterranean type of climate, and varying precipitation depending on altitude and topography.

Gilgit and Baltistan receive about 160 mm of rainfall, while the Swat, Kaghan, and Kalam valleys receive about 1,520-2,030 mm of precipitation. These valleys are fertile with a climate that is conducive to resort tourism.

Apart from some areas in the Swat Valley, most of the agricultural fields are small, fragmented fields on uneven lands. As a result, mechanisation of agriculture and use of an improved variety of inputs on a large scale are neither feasible nor possible. As a result, the agricultural yield of the main crops in the area is lower than average. With the increase in population growth, more areas need to be brought under agriculture; however, the land available is on mountain slopes. This is a cause of slope instability.

This entire area is deficit in food. Thus, tourist inflow leads to shortages and higher prices for foodstuff. During winter, parts of the Kalam Valley, the Northern Areas (some parts), the Kaghan Valley, and Chitral become snow-bound and inaccessible due to the closing of roads and other transport/communication problems. As a result, the population needs to save for winter months when food is scarce even for the locals. This effect is visible in all the mountain tourism areas, but its impact is less for trekkers and mountaineers (due to their smaller numbers) and more for resort tourists whose numbers are large.

The entire region (the study area ) used to be covered with forests. In fact, the NWFP possesses 44.5 per cent of the total forest area in the country.

The Northern Areas were also heavily forested. Blue pine, birch, deodar, poplar, and so on are all found here. However, with growth in the natural rate of population, need for agricultural land, and demand for housing and fuel, there has been an accelerating rate of deforestation, leading to serious environmental problems.

The demand for accommodation for tourists is another factor that negatively impacts on the fragile environment. In the Swat Valley and, even more so, the Kalam Valley, buildings have sprung up all along the main road on the mountain slopes. This not only harms the unstable mountainsides but is a hazard and an eyesore. There was no planning in the last decade since the increase in the tourist trade, nor is any planning visible presently.

The mountain regions are rich in wildlife, flowers, and plants with medicinal value. These include the snow leopard, *Ovis poli*, *Markhor* (a wild goat), *Bharal* (a species of goat), Ibex, and *Zhou* (a mountain goat), and beautiful pheasants like the *Murgh Zarin* and other birds. Alpine and other mountain plants, such as *Ranunculus brotherussii*, *Aquilegia*, Geranium, dwarf Asters, several *Primulaceae*, Iris, wild chicory, *Cichorium intybus*, *Arasaema wallachiana*, and Rhododendron shrubs are visible. Many of these are used as medicinal plants. At lower altitudes, another important plant is *Calitropis procera*, the bark of which is used to make gunpowder.

The Swat Valley is rich in fruits and vegetables, which are sold in the plains at high prices.

### ***Types of Environmental Impact and Contributory Factors***

As a result of the population increase, inflow of a large number of tourists over a short time (due to the seasonal nature of tourism), and the fragility of the mountain terrain, the environmental impact is a serious concern. Tourism has been a contributory factor to environmental degradation of the mountains. There has been a rapid rise in the level of pollution.

The different environmental problems and their causes will be listed under different categories.

**Pollution:** This includes the following types of pollution in the mountains and in mountain resorts.

**Water/river**

**Soil/glaciers**

## **Deforestation and impact on wildlife**

## **Noise and congestion**

### **Water/Rivers**

#### **Resort Tourism Areas**

Degradation of water and rivers has reached alarming levels. In the upper parts of the Swat and Kalam valleys increased tourist activities have led to the construction of hotels and homes that discharge untreated solid and liquid wastes directly into the river, including human and animal wastes. Pollution is also caused by the discharge of municipal wastes from towns such as Mingora and Khawazakhela that are located on the river banks. In lower Swat, the quality of the water is also affected by agricultural drainage and commercial agriculture. The Kunhar River in the Kaghan Valley and the springs in the Galliat also show signs of contamination due to tourists' activities.

#### **Trekking Mountaineering Tourism Areas**

Groundwater is polluted on the trekking sites and campsites as a result of the discharge of wastes close to groundwater, which in turn contaminates water in the entire area.

### **Soil/Glaciers/Mountains**

#### **Resort Tourism Areas**

In the resort areas, a major risk to the glaciers is from the heavy traffic that cross the glaciers. In the Kaghan Valley, especially in Naran and on the way to Lake Saif ul Maluk, this is all too obvious. The glaciers have shrunk in size. The situation is so critical that, at one time, all vehicular traffic was banned on the glacier lying en route to Lake Saif ul Maluk. The commercialisation of tourism has led to some unsafe activities such as digging holes in the glaciers to make a natural deep freezer for cold drinks and other foodstuffs at Naran.

In Nathiagali (in the Galliat), houses and hotels are being built on a similar pattern as those in the plains, subjecting the hills to pressure and damaging the soil. Furthermore, the tree plantation drive of the Forest Department has led to littering the slopes with black plastic bags (which are used to show the planting of a sapling), for example, that have not been removed. This has an adverse effect on the environment, especially when thousands of them are scattered around.

## Trekking and Mountaineering Tourism Areas

The pollution of the soil and glaciers arises due to the irresponsible disposal of degradable and non-biodegradable rubbish at campsites, too much traffic crossing the glaciers over a concentrated span of time, and the misuse of glaciers.

The former situation is relevant to mountaineering and trekking groups. In terms of environmental impact, the most significant pattern was in the peaks and routes most frequented. Ecological disturbances with greater degradation in the future cannot be ruled out, due to the large number of people frequenting these routes, and the trends show no change in the selection of these peaks and treks. As the President of Pakistan Alpine Club put it, *"Most of the climbers prefer to go to higher and well-known peaks for obvious reasons. They prefer the well-trodden routes than to reach base camps over strange virgin routes to lesser known peaks which may be no less challenging"* (Mirza 1992/93).

The garbage encountered on the trails can be divided into the following categories.

Non-degradable: This mainly includes tins that are left at various camping sites and on the way up (thick plastics, glass, aluminium, and tin.)

Bio-degradable: These include paper cartons, biscuit packets, and cigarette packets; human and animal wastes; and used clothes, shoes, etc.

Semi-degradable: This category includes wrappings of biscuits, chocolate, and sweets made from thin plastic and wax paper; polythene bags and rubber; iron-based tins/cans; and tin boxes and dry batteries.

These occur in spite of written instructions issued by the Government of Pakistan on the proper disposal of garbage: *"its need is emphasised at the time of briefing before the onset of the journey, each expedition leader is required to render a certificate that necessary instructions have been complied with, and liaison officers with each expedition also certify to this effect"* (Mirza, op. cit.)

Another serious problem on the glaciers in the Northern Areas is the introduction of mules, donkeys, and horses as beasts of burden by the army. Between March-August 1993, the mortality rate here was 33 per cent for mules. Their bodies were thrown into the crevasses of glaciers.

Besides spreading dirt and filth, pollution is depleting the natural screen that protects the glacier from the sunlight; hence, the glaciers are melting. Moreover, the trails carved by horse shoes have created water channels, leading to erosion and affecting the ecology of the region.

According to the Environmental Impact Report (1993), there was a very high level of pollution in Gasherbrum I, with the degradation on the North Ridge Route, of which there were the following types:

- i) deforestation due to cutting and destruction of vegetation,
- ii) human waste and animal litter,
- iii) leftover gear, and
- iv) discarded containers, packing and plastic items.

The two routes of the Broad Peak scored the second highest in terms of pollution. The West Ridge suffered from cutting and destroying of vegetation and forests.

The four routes of K-2 were placed third in terms of overall pollution but showed very high pollution on the South Face Route, followed by the Abruzzi Route.

Pollution was caused by:

- i) leftover mountaineering gear,
- ii) discarded containers, packing, etc,
- iii) congestion, and
- iv) human waste and animal litter.

The three routes on Gasherbrum II showed a high rate of pollution, whereas the East Ridge showed a very high rate of pollution. Pollution was due to:

- i) discarded containers and packing; and
- ii) stone-cutting, rockfalls, landslides, etc.

The two routes on Trango Tower peak showed a moderate level of pollution, mainly from:

- i) human waste and animal litter, and
- ii) damage to the forest environment.



Diran in the Karakoram range had fairly low levels of pollution, most of it due to discarded containers, packing and plastics.

According to the same report, there is a complex relationship between the number of tourists and the level of pollution in the mountains. In the Karakoram range that had the largest traffic in international mountaineers and porters, a relationship between large numbers of tourists and a high level of pollution was established. However, this was not the case for the very high levels of pollution on four of the peaks and routes. The Himalayan Range had the second largest number of mountaineers who were active on three peaks and routes with high and very high levels of pollution. However, fewer mountaineers and porters were active on a peak with a very high level of pollution. Finally, in the Hindu Kush Range, of the two peaks and routes, the one with the larger number of mountaineers and porters showed lower levels of pollution. Thus, although an increase in number leads to higher levels of pollution, absolute numbers are not the only reason for pollution. Practices, attitudes, habits, and the way resources are used also play a major role.

### ***Deforestation and Wildlife***

#### **Mountaineering/Trekking Tourism Areas**

Deforestation is a major cause of environmental degradation. Some of the reasons for degradation are population pressures and the need for land for cultivation( especially in the mountain areas of the NWFP) and construction, the need for fuel and grazing for animals, and there are other reasons that are nothing to do with man's intervention. In the Northern Areas, there is a shortage of fuel and forage. Thus, there is a significant increase in the quantity of wood fuel, forage, and minor forest products drawn from forests and alpine pastures. At an elevation of above 2,300 metres, only one crop a year is possible due to the shorter growing season. Here, livestock are important in the farming system, and they create a heavy demand for forage from trees, shrubs, and grasses that are highly seasonal in nature.

This pressure on forests is felt at an increasing rate both at the upper and lower tree lines rate as the mountains become more accessible and farming more intensive, with crops planted on the steep slopes too. There are also extensive erosive forces at work in the mountains due to natural reasons (as a result of rock- falls, mudslides, etc).

As a result of these pressures, the local communities need to travel far for fuel and forage and to spend time for building soils and infrastructure. The

practice of terrace farming and planting alfalfa on unstable slopes help to hold the soil, but the silt load from the mountains is harmful downstream, especially to the irrigation system in the plains. Damage normally happens during spring when the melting snow and ice at higher altitudes fill streams and rivers with water carrying sediments, silt, and large boulders. Thus, mass wasting occurs due to avalanches, mudslides, and rockfalls that sweep away sections of roads, irrigation channels, and fields. They also cause temporary damming of rivers, and this is exacerbated where pastures and forests have been degraded and steep slopes are used for cultivating food crops. Erosion in the alpine forests has been accelerated by grazing of a large number of sheep, goats, and large-hooved cattle. Besides the deforestation at higher elevations, loss in forest cover is also visible at lower altitudes in the mountains of the NWFP for similar reasons.

The populations of Ibex, Marco Polo sheep, and the Tibetan Wild Ass, or *Kulan*, are all rare and endangered. The numbers of snow leopards, *bharal* (blue sheep), wolf, bear species, and exotic pheasants have been falling until they too have become endangered species.

### **Resort Tourism Areas**

The Miranjani Ridge in Nathiagali (the Galliat) used to be thickly forested with conifers and other broad-leaved trees, but the increasing pressure of livestock grazing and felling for firewood by neighbouring settlements have depleted the forest wealth. In Hazara Division, 30 million cubic feet of forests have been cut illegally.

The permits provided by the Government of Pakistan for the cutting of timber are often misused. The number of trees cut far exceed the number permitted. The activities of *Shikari* (hunters) also destroy precious wildlife. Thus, hunting, forestry-based activities, and extension of agriculture have adversely affected the numbers of wildlife and their habitat.

### **Congestion/Noise**

#### **Resort Tourism Areas**

Noise is a pollution factor in the small towns and hill resorts and in the Northern Areas where, because of the availability of accommodation and other facilities, there is a concentration of tourists. As a result, the infrastructure is overburdened leading to congestion, noise, and pollution.

## ***Groups that Affect the Environment***

The groups of people that impact on the mountain environment and the Northern Areas include, first, the permanent population living below 3,500 metres and some nomadic groups living at higher elevations. These settled people, through their daily activities of collecting fuelwood, cutting trees to build houses, grazing cattle in the forests, and clearing forests for the cultivation of crops, have an adverse effect on the forest resources. With an increase in population, the trees at higher altitudes are felled and mountainous slopes brought under cultivation. Population pressure thus leads to a reduction of natural mountain areas and instability in the soil.

The second group includes resort tourists, mountaineers, trekkers, liaison officers, and porters whose activities contribute to the increasing pollution.

The third group that contributes to this environmental degradation is the army.

The above three groups affect the mountaineering and trekking tourism areas.

Finally, entrepreneurs contribute to degradation when they increase their activities to benefit from tourism in the fields of accommodation, transport, etc, and there is a direct impact on the resort tourism areas.

## **Development Implications**

### ***Local Level Economic Activities***

Economic activities in the mountain areas of the NWFP and the Northern Areas revolve around agriculture, livestock, agro-and social forestry. Forest-related resources are a significant source of income. The area controlled by the forest department is shown in Table 3.10.

The forests are categorised into Reserved Forests and Protected Forests. The community has the right to use the forest for grazing, collection of firewood, and also to benefit from the exploitation of forest wealth according to given ratios vis a vis the government. In 1988/89, the production of timber stood at 0.18 million cubic metres, valued at Rs 881.86 million; production of firewood was 0.04 million cubic metres, valued at Rs 14.83 million; and resin production was 0.002 million metric tons, valued at Rs 15.72 million. The Forest Department also provides employment to the local community in the protection, planting, and harvesting of plants.

There is an insignificant number of industries in these areas-not counting the urban areas of Swat where there are 62 units out of which 53 units produce silk. There are a large number of small-sized household industries producing local handicrafts and embroidery. Kaghan and the Galliat do not have any industries. Similarly, Chitral and the Northern Areas are lacking in such sources of local economic activity.

The accommodation and food sector generates economic activity during the tourist season as do the transport, communication, and retail trade sectors.

Local level economic activities are insignificant in the mountaineering and trekking areas. In the resort tourism areas, some activities are visible in the Swat region in the agricultural and industrial sectors. In the Galliat and Karakoram Highway Region, they are again insignificant.

The development projects initiated in the region, mainly through donor funds, also provide significant economic activities. They create employment and private community participation in development.

#### ***Impact of Development Projects, the Khunjerab National Park and the Environmental Protection Agency***

Development projects located in these mountain areas have had a major impact on the development of the region and its people. They contribute to human resource development (HRD), the development of infrastructure and of local-level economic activities; they also promote community participation, the preservation of resources, and help to involve women in development activities.

In a way, these projects have created awareness and toleration in the area towards foreigners, as almost all of these projects are donor-funded and involve the expatriate community. The development of infrastructure is also one of their contributions. Some of the major projects with significant impact are shown in boxes in the succeeding pages.

The Khunjerab National Park will contribute to the development of the mountain areas, conservation and protection of resources used for tourism and development, and the involvement of local communities in their development (see Box 3.1). The park falls in the mountaineering and trekking tourism area.

The Environmental Protection Agency (EPA), which has the responsibility for ensuring that the environmental aspects of the development process are not overlooked, is not yet fully operational. The EPA, however, does not have any presence at the community level (see Box 3.5).

#### BOX 3.1

##### **The Khunjerab National Park (KNP)**

The Khunjerab National Park is located in the extreme north of Pakistan in Hunza and consists of three valleys, namely, the Khunjerab, Ghujerab, and Shimshal. The Park was set up in 1976 with the passage of an Ordinance. The World Wide Fund for Nature introduced a new management plan in June 1994, recommending major administrative and structural changes in the management of the park.

The park covers an area of 2,270 sq. km. and lies between 2,439 metres at Passu to 4,878 metres at the Khunjerab Pass.

Four types of vegetation are found here, namely,

- i) dry zone alpine scrub and species;
- ii) moist alpine pastures;
- iii) dry alpine plateau pastures; and
- iv) sub-alpine scrub and birch forest.

A number of species have also been recorded here. These include, Marco Polo sheep, Himalayan Ibex, Blue sheep, Snow Leopard, Tibetan Wild Ass, brown bear, Wolf, Golden Marmot and others such as the lynx, Alpine Weasel, wild dog, etc.

The Khunjerab National Park has a long history of allowing grazing by domestic livestock. It was recommended that a 12-km portion of the park be closed to grazing to protect the Marco Polo sheep against disturbance and possible food competition. This was the core zone of the park.

The KNP was established for a specific purpose-- the conservation of endangered species in particular and other park resources in general.

The park is in crisis in that the local people insist on grazing their cattle on the park's pasturelands despite the laws prohibiting them. The situation was critical in the Shimshal Valley where the local people were not even aware that the area was prohibited for grazing of cattle and they refused to recognise the park. The second critical situation arose from the actions of the Khunjerab Security Force personnel who hunt the endangered species with the very weapons with which they are supposed to protect them.

The new management plan recognises the conflicting interests of the locals and park management and considers options of how the local people can survive if grazing is restricted. One of the main goals of the plan is to devise conservation and management policies "with sufficient flexibility to accommodate existing human uses until alternatives are available for local subsistence." The plan further suggests that integrating the people's needs with park management would go a long way to overcoming the crisis.

The plan recommends initiating rehabilitation projects in the park area, allocating more development funds to the area, and reserving a major portion of the jobs created for the local people. Those who give up their grazing rights when requested will be given preference.

Eco-tourism is a powerful tool for environmental preservation and protection. However, the national parks in Pakistan, and the KNP in particular, are exceptions. The KNP has been in existence for over a decade but, rather than creating general interest for nature conservation and enhancing the local economy, it has created opposition to its existence from the local community. A major reason is its inability to exploit the potential for eco-tourism. Efforts will be needed to involve the community and to secure their cooperation for the success of KNP. There is little choice but to use resources sustainably to balance human needs and biological and species' renewal.



### BOX 3.2

#### The Agha Khan Rural Support Programme (AKRSP)

This is an international NGO that implements a multi donor-funded project. This project is located in the Northern Areas and covers Gilgit and Baltistan in the Northern Areas and the Chitral district of the NWFP.

The area is backward with about 90 per cent of the population living from subsistence farming, with average farm sizes of about 1.1 hectare of land. The farm productivity of most sectors is lower than that of Pakistan as a whole. Income from farming is insufficient to sustain farm families. Moreover, lack of credit facilities, high transport costs and an inadequate distribution network constrain farmers from investing in technologies that would increase production. A relatively poor resource base, combined with rapid population growth and lack of employment, has resulted in severe poverty. The per capita income (at the commencement of the project) was \$ 150 per annum.

The objectives of the project were to complement and supplement the efforts of the government and other development agencies. The three principle objectives were:

- to raise the incomes and quality of life of about one million people in the remote, poor mountain areas;
- to develop institutional and technical models for equitable development; and
- to evolve sustainable, long-term strategies for productive management of natural resources in a dry and fragile mountain environment.

The approach is to use village organisations that include the residents of the village with common interests. There are also Women's Organisations to further the development of women through their efforts and their participation.

The infrastructure initiated by the Voluntary Organisations (VOs) include 584 irrigation channels with a length of 1,712 km, 228 link roads (706 Km), and 138 protective works (39,840m).

In the area of human resource development, they have trained 5,704 village-level specialists and 4,132 village-level managers.

In natural resource management, emphasis is on three main areas: agriculture, forestry, and livestock. In agriculture, 2.35 million fruit trees and 261,418 kg of improved seeds have been distributed and Rs 855,942 worth of pesticides/insecticides provided.

Under forestry, 1.37 million plants have been supplied, while 10.45 million plants have been planted by the VOs with the technical assistance of the AKRSP.

The afforestation task has three components: i) extension, ii) nursery development, and iii) village afforestation. Training is provided to local people to strengthen the forestry sector activities. Women are also involved in forestry activities by raising nurseries as income-earning activities. In order to sustain community forestry and the preservation of the fragile mountain ecosystem, the attitude of future generations must be changed. An environmental education programme is being launched for children.

In order to improve the income levels, the project has contributed to enterprise development through help in processing and marketing of local produce. In the credit area, the project has helped people to generate credit through savings. Short-term and medium-term loans along with group loans are available. Women have benefitted from improved skills in agricultural activities as well as in obtaining loans. This has led to income generation through group efforts. Community participation for all activities, as well as for decision-making (both for men and women), is an outstanding success of their development approach. This project has been functional since 1983 and has had a major impact on the lives of the people, the natural resources, and the overall area. It has opened up the area despite its remoteness.



### BOX 3.3

#### **Kalam Integrated Development Project (KIDP)**

This project is located in the Kalam *tehsil* and the Bahrain forest range. The long-term objective of the project is the improvement of the life of the population through utilisation and improvement of resources, forests, and agriculture. The development approach that is being followed aims at ecological, social, economic, and institutional sustainability.

The terrain is harsh with long winters and heavy snowfall that make some of the areas inaccessible. About 50 per cent of the population migrate during the winter, while in summer nomadic herdsman use this area as pastures for their sheep and goats.

The sources of income and occupation are agriculture and animal husbandry and, to a lesser extent, tourism (since tourism does not benefit the locals directly where income from tourism benefits non-locals, who provide the services required by tourists). Royalties from forests are another source of income, hence the need to conserve forest resources. There are 471 sq. km. of forest in this area.

The four components of the project are:

1. the Forest Department;
2. the Forest Development Corporation;
3. agriculture; and
4. the Village Development Sector.

The major thrust is on the development and conservation of forest resources with emphasis on afforestation, forest harvesting and related training, and improvement of agriculture. Agriculture has a research and extension wing that deals with different aspects of agriculture, including seed multiplication plots, farmer training, fodder and livestock improvement trials, and disease control.

There is also a women's component of the project that includes provision of education facilities through home tuition schools, technical education (training as Traditional Birth Attendants, Lady Health Visitors, etc) and training in fruit preservation.

### BOX 3.4

#### **Project for Maintaining Biodiversity**

The UNDP, in collaboration with the Environment and Urban Affairs Division (GOP), is launching a project for maintaining biodiversity through rural community development. The aim is to enhance the conservation of biodiversity by providing the villages with the organisational capacities and technical skills to manage wild species and habitats for sustainable development. The focus on the poor rural areas is because these people have the greatest need to harvest wild species for subsistence and income, and the government agencies need support to protect these species. Moreover in the traditional conservation methods, the rural people have not been a part of the decision-making process.

Under this project, alternative options for eco-tourism, management of medicinal plants, and bird hunting, along with potential benefits, will be identified in each village with the cooperation of the villagers. In this manner, the communities are expected to develop a strong sense of ownership in the wildlife and flora and fauna of the area and to recognise the economic benefits of the sustainable utilisation of resources. The area to be covered includes Chitral, Dir, Kohat, Buner, Gilgit, and Baltistan.

### BOX 3.5

#### **The Environmental Protection Agency (EPA)**

The EPA is a part of the government mechanism at the provincial level. They are responsible for ensuring that the environmental aspects of the development process are not overlooked.

The NWFP EPA is still in the process of getting established and lacks trained manpower and equipment for monitoring environmental concerns and testing for environmental pollution.

The major problem in the functioning of the EPA has been the delay in the selection of a consultant who will provide advice in evolving the system.

The EPA does not have any presence at the community level. It, however, reviews projects submitted by NGOs to ensure that environmental concerns are integrated.

The EPA will refine the EIA (Environmental Impact Assessment) indicators that are used by the Asian Development Bank at a later stage. At this point, they are not able to undertake these activities.

## *Human Resource Development*

The mountain areas lack in human resource development and, hence, the transformation of labour is a slow process. The overall rate of literacy is about 14 per cent in Chitral and under 10 per cent in Swat, Kaghan, and the Galliat. The female literacy rate is 2.9 in Chitral, 1.7 in Swat, and under one per cent in Kaghan and the Galliat. The literacy rate for men is relatively higher at 24 per cent for Chitral, 15 per cent for Swat, 10 per cent for Kaghan, and nine per cent for the Galliat (1981 figures). Table 3.11 provides the number of schools in the area.

Besides these, there are a large number of mosque schools. In Chitral, there are 105 mosque schools, 327 in Swat, and an unidentified number in the Galliat and the Kaghan Valley. There are also three government Intermediate Colleges in Swat (2 for men and 1 for women) and four government Degree Colleges (3 for men and 1 for women). One of the men's colleges also offers post graduate classes. Chitral has one government Intermediate College and one government Degree College (both for men). There is a polytechnic institute to provide technical training and vocational training centres for men and women in urban Swat. Besides the government schools the, Agha Khan Education Service also runs 31 primary schools and nine middle schools for girls in Chitral.

The adult literacy rate for the Northern Areas is about 10 per cent overall but only two per cent for women. Around Gilgit it is about 30 per cent for men and 12 per cent for women (1990 figures). A significant change has been brought about by the AKRSP's activities in human resource development.

The number of schools is shown in Table 3.12 below.

The AKRSP has technical training programs for men and women in the Northern Areas. All these contribute to human resource development.

Compared to the rest of the province, the Kaghan Valley and the Galliat are backward in health and education facilities. The areas are remote, less populated, and tend to get overlooked in the allocation of resources for development.

Table 3.13 provides data on health facilities.

## *Seasonality of Tourists*

Tourist activities are highly seasonal, as indicated in Table 3.14.

The season for international tourists lasts from October to March. The season for adventure tourism is also limited to a few months (see Table 2.8). Similarly, domestic tourism that is resort based is limited to the summer months from June to September. As a result, locals who are dependent on tourists for their livelihood need to look for alternative sources of income in the off-season. Another major problem stemming from the concentration of tourism over a few months is that the capacities of the infrastructure and the environment are strained beyond their limits, while during the rest of the year there is no activity. It is crucial to spread out the tourist flow more evenly over the year by careful planning (a task now entrusted to the Sarhad Tourism Corporation).

## *Role of Community in Local Level Planning and Participation*

Sustainable development in the fragile mountain environment is only possible if the community is aware of the dimensions of this fragility and the need to preserve the environment even as it uses its resources. The donor-funded development projects realised this need earlier and had thus started their activities with the involvement of and participation by the local communities. Government departments implementing development in the area, however, did not involve the communities earlier, though, presently, with the introduction of social forestry, the community's involvement is visible. The Environmental Section of the Eighth Five-year Plan clearly recognises the need to involve the community in all the efforts for environmental protection.

The local tiers of the government which function through the local bodies, however, are not yet aware of the importance of involving the local community in local-level planning for development. This is one area that needs serious attention.

## *Effects on the Traditional Resource Base*

The traditional resource base of the mountain areas bears the maximum impact due to the autonomous growth of activities without plans, resulting in the erosion of this resource base. The scenic beauty is often lost or hidden. For instance, when the settlement pattern around tourist attractions changes, the attraction is gone (the Garam Chashma and Kalam valleys are examples). Specifically, this is visible in the over use of forest resources and

constructions on unstable mountain slopes being demand-driven does not account for mountain elevation which causes soil erosion. Thus, John Yost was led to say, "*Tourism in the province has increased because of the natural beauty of the area, which is beginning to show the impact of heavy use. The natural beauty of the area is now more in need of protective measures than of increased visitation*" (Yost 1992).

### Technology and Food Deficits

Most of the mountains are deficit in food due to low agricultural productivity, and the geographic terrain and farm size are unamenable to the introduction of mechanisation. Where productivity can be increased through the introduction of a technology package appropriate to the soil and terrain, it has not taken place. New varieties of crops introduced in the Northern Areas and the remote mountain areas of the NWFP have not spread far from the vicinity of small towns.

Agricultural extension and agricultural inputs and training are also located on the outskirts of these towns. Presently, 20 to 30 per cent of the wheat consumed in the Northern Areas is bought from down country.

Similarly, there is a food shortage in the Kaghan Valley, the Galliat, and some remote parts of the Swat Valley. The influx of a large number of tourists (especially domestic tourists for Resort Tourism) during the tourist season has caused severe deficits and spiralling prices.

### **Impact on Women**

Women in the mountain cultures were always better integrated into the economy than in other parts of Pakistan. Tourism as such has not had any significant impact on women except when it has increased the demand for local handicrafts (where the activity is undertaken by women). However, even here women's income has not increased significantly as the marketing is almost exclusively done by men.

In the Kalam Valley, women are visible in the fields as almost all the agricultural work is undertaken by them. According to local people, with the inflow of non-locals, the men have to be within close call of women working in the fields (even then, the men do not work in the fields).

Improvement in literacy rates and health facilities are visible especially for the urban and semi-urban women of the Swat and Kaghan valleys and for most

of the valleys of the Northern Areas where the Agha Khan Rural Support Programme is functional.

On the whole, women have not benefitted from the employment opportunities generated as a result of tourist activities.

### **Analysis of Issues**

1. Development Indices as reflected by high infant mortality rates, high male-female ratios, low participation ratios for females, low literacy levels, and out-migration of males in the working age group are factors that undermine the development of the mountain region and community. Human resources are not developed, and the trend is to look outside the local area for employment and income generation. Mountaineering, trekking, and resort tourism provide only limited employment opportunities and for short periods.
2. Transformation of the labour force is itself a long-term process and is normally accelerated by external development interventions. In the mountain regions, labour force transformation has not taken place as reflected by the literacy rates. There is an absence of development efforts to create and develop institutions for HRD, which would play a direct role in the development of the community.
3. Community development and the development of local areas require participation of the community in partnership with the authorities. There is an absence of active participation of the community in the development of the area in tourism-related activities, and in the planning, conservation, and utilisation of resources.
4. Awareness of environmental problems and steps to prevent these problems need to be inculcated in the local community through its active participation in the decision-making process for developing tourism. This is another gap in the structure.
5. Absence of linkages between the different sectors of the mountain economy and its integration with the provincial economy prevents even the trickle-down effect from reaching the mountain areas.
6. Seasonality in the tourist trade and, hence, in the employment generated is a major issue. Alternative income/employment sources have to be identified and used by the local community.



7. The need for off-farm employment due to limited income generation opportunities is severely felt in the mountain areas. This is compounded by low agricultural productivity, leading to deficits (certain times of the year) and high prices of essential food commodities. This is more severely felt in Gilgit, Chitral and other mountaineering and trekking tourism areas where roads are closed because of landslides and flash floods in summer and heavy snowfall in winter.
8. Leakages of income and benefits are common in economies that are at different levels of development and where there is little integration. This is applicable to the mountain areas where the benefits from tourism leak out to the more developed areas that provide the skills and services to engage in tourism-related activities. The economic benefits thus accrue to these relatively better developed regions.
9. There is a close relationship between infrastructural development and the development of tourism. In the mountain region, the two do not go hand in hand. Infrastructural development is being undertaken without plans and without even considering the impact of such development on the environment or its capacity to absorb such infrastructural development.
10. There is an absence of local-level economic activities in the mountaineering and trekking areas as well as in the resort areas, apart from in Swat. In the case of Swat, some local-level economic activities are visible in industry, handicrafts, agriculture, food-processing, and marketing.
11. Misuse and overuse of resources leads to economic degradation. Negative environmental impact occurs due to the fragile mountain environment and the absence of planning in the utilisation of resources. The major problems are seen in the contamination of water, soil/glaciers, deforestation, noise/congestion, and buildings on mountain slopes that are unstable.
12. The non-involvement of women in the tourism sector may lead to the marginalisation of this group in local-level programmes and plans for development of tourism in the area.

## Schematic View of Issues and Intensity of Impact

The major issues that emerge and their intensity in the different types/categories of tourism areas are provided in the table below.

Issues	Types/Categories of Tourism and Intensity Felt		
	Mountaineering	Trekking	Resort
Seasonality	Strong	Strong	Strong
Shift in population to areas of tourist concentration	None	None	Strong
Overuse of natural resources	Strong	Strong	Strong
Shortages in essential supplies during tourist season	Weak	Weak	Strong
Lack of planning for infrastructure and services	Strong	Strong	Strong
Linkages with tourism and infrastructural development	Weak	Weak	Weak
Provincial planning for tourism and related mountain area development	None	None	Weak
Leakages of income from tourism and away from the local community	Strong	Strong	Strong
Environmental degradation as a result of tourism-related activities	Strong	Strong	Strong
Economic benefits from tourism for the local community	Weak	Weak	Medium

**Table 3.1**  
**Population Indices**

Area	1981 (In '000) Census	1988 (In '000) Estimates	Density (Pop per sq. km.)
NWFP	11061	13831	148
Kaghan Valley	152	200	65
Swat	1233	1607	140
Galliat	310	392	70
Chitral	209	260	14

Source: Compiled from NWFP Development Statistics 1990; Population Data Sheet of National Institute of Population Studies 1990; and NWFP Rural Settlement Survey, 1988.

**Table 3.2**  
**Labour Force Ratio in Mountain Areas**

Areas	% of Pop. in Labour Force 10 years and more	% of L.F. in Agriculture
Swat	27.5	76.2
Chitral	30.2	78.4
Galliat	26.0	46.2
Kaghan Valley	30.0	80.0

Source: Compiled from Population Data Sheet NIPS, 1990; and NWFP Development Statistics, 1990.

**Table 3.3**  
**Inter-Provincial Migrants' Settlement by  
Province of Previous Residence, Pakistan 1981**

Present	Pakistan	NWFP	FATA	Punjab	Sindh	Balu.	Ibd.
Pakistan	1790637	613604	83362	849043	121942	113475	8211
NWFP	185893	-	67965	99058	16135	1780	955
Punjab	355971	196950	7759	-	92057	54298	4997
Sindh	1067397	369676	6998	631578	-	56988	2157
Balu.	97047	29490	452	56424	10579	-	102
Ibd.	84239	18588	188	61983	3161	409	-

Source: State of Population in Pakistan, 1988

Note: Balu = Baluchistan; Ibd = Islamabad

**Table 3.4**  
**Number and Per cent of Pakistanis Migrating Abroad by**  
**Place of Residence during the Past 10 Years (1981)**

Area	Total	Urban	Rural
Pakistan	1708608 (100) (100.0)	294128 (17.2) (100.0)	1414480 (82.8) (100.0)
NWFP	591405 (34.6)	35768 (12.2)	555637 (39.3)
Punjab	735285 (43.0)	158763 (54.0)	576522 (40.7)
Sindhu	300354 (17.6)	87335 (29.6)	213019 (15.1)
Balchistan	77126 (4.5)	9280 (3.2)	67846 (4.8)
Islamabad	4438 (0.3)	2982 (1.0)	1456 (0.1)

Source: The State of the Population in Pakistan, 1988.

**Table 3.5**  
**External and Internal Migration 1988**  
**(In Numbers)**

Areas	External	Internal
Kaghan Valley	2208	24558
Swat Valley	12700	41734
Galliat	4259	65134
Chital	Not available	

Source: Bureau of Statistics NWFP

**Table 3.6**  
**Land Use Pattern: Gilgit District 1985**

Items	Aggregate for Individual and Communal Land	
	Area (Ha)	% of Total
Cultivated Area	<u>20392</u>	<u>43</u>
Orchards	3874	8
Annual Crops	16518	35
Uncultivated Area	<u>26612</u>	<u>57</u>
Cultivable Waste	6474	14
Uncultivable Forest	3672	8
Uncultivable Others	16466	35
Total Areas	47004	100

Source: Second Interim Evaluation of the AKRSP, 1990.

**Table 3.7**  
**Size and Distribution of Land Holdings:**  
**Gilgit District, 1980 and 1983**

Size of Holdings (ha) 1980	% Farms	% Area	Average Area
Less than 0.50	11	2	0.23
0.50 - 0.99	43	22	0.64
1.0 - 1.99	31	33	1.32
2.0 and above	16	43	3.33
Size of Holdings (Ha) 1983			
Less than 0.5		24	
0.5 - 0.99		33	
1.0 - 1.99		<b>31</b>	
2.0 and above		12	

Source: Second Interim Evaluation of the AKRSP, 1990.

Note: Northern Area Census of Agriculture 1980; and AKRSP Cropcut Survey 1983.

**Table 3.8**  
**Land Use in the NWFP**  
(in million ha)

Items	Pakistan	NWFP (settled) 1988-89
Geographic area	79.61	7.45
Reported area	57.78	5.62
Cultivated area	20.92	1.73
Net sown area	16.06	1.37
Current fallow	4.86	0.36
Total cropped area	20.90	1.81
Area sown more than once	4.84	0.44
Uncultivated area	36.86	3.89
Forest area	2.92	1.30
Cultural waste	10.33	0.86
Not available for cultivated	23.61	1.73
Irrigated area	15.68	0.75

Source: The NWFP Development Statistics, 1990.

**Table 3.9**  
**Farm Size for the NWFP - 1980**

Farm Size (acres)	Number of Farms (in '000)
Private Farms under 1.0	99.09
1.0 to 2.5	216.56
2.5 under 5.0	168.19
5.0 to under 7.5	92.07
7.5 to under 12.5	74.34
12.5 to under 25	46.06
25.0 to under 50	19.95
50.0 to under 150	9.37
150 and above	1.54

Source: NWFP Development Statistics, 1990.



**Table 3.10**  
**Area Under Control of the Forest Department in the NWFP**

Name of Forest Division 1988-89	
Swat	163080
Alpuri Swat	44407
Chitral	40549
Galliat	54866
Kaghan	227252

Source: NWFP Development Statistics, 1990.

**Table 3.11**  
**Number of Schools by Type and by Sex 1988-89**  
(In Numbers)

Area	Primary		Middle		High	
	Boys	Girls	Boys	Girls	Boys	Girls
Swat District	638	542	77	8	85	8
Chitral District	176	63	30	3	25	3
Kaghan Valley			N/A			
Galliat			N/A			

Source: NWFP Development Statistics, 1990.

**Table 3.12**  
**Schools in the Northern Areas, 1989**  
**(In Numbers)**

Schools	Government		AKES		Total	
	M	F	M	F	M	F
Primary	543*	58	-	77	542	135
Middle	74	6	-	43	74	49
Secondary	33	5	-	2	33	7

AKES = Agha Khan Education Service; Gilgit only

\* Girls have access to 100 of these schools

Source: Second Interim Evaluation, 1990.

**Table 3.13**  
**Number of Health Institutions in the**  
**NWFP Mountain Areas 1988-89**  
**(In Numbers)**

Area	Hospital	Dispensary	RHC	MCH	BHU	TB clinic	Lepr osy clinic
Swat	19	39	1	7	59	-	7
Chitral	4	32	3	16	15	1	3

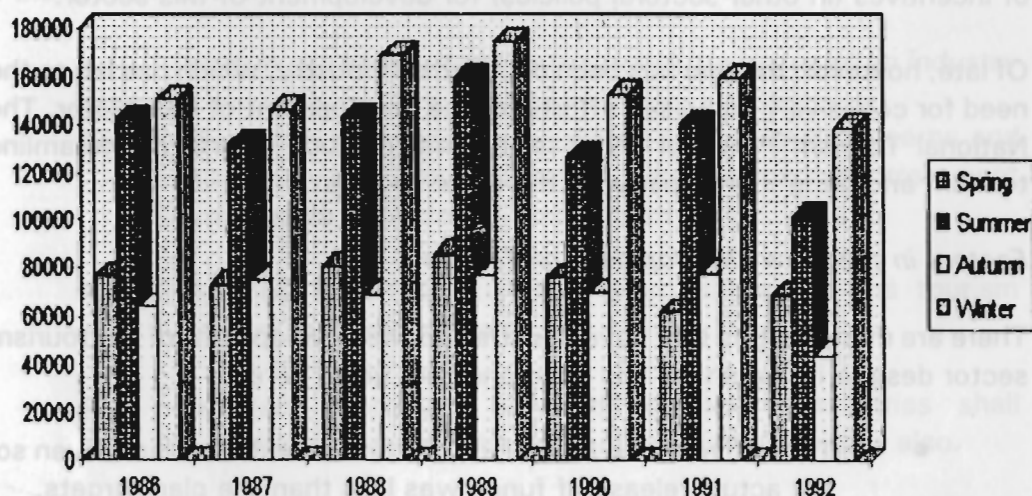
Source: NWFP Development Statistics.

**Table 3.14**  
**Seasonal Variation in International Tourist Flow 1986-92**  
**(In Numbers)**

Month	1986	1987	1988	1989	1990	1991	1992
January	37.4	33.3	42.2	44.4	43.9	25.0	36.7
February	35.0	30.6	43.2	41.9	35.3	24.9	41.0
March	36.9	35.0	43.0	45.8	40.9	32.5	35.6
April	39.5	37.9	37.3	39.7	34.8	29.0	33.3
May	35.0	25.4	26.3	33.9	31.7	28.1	23.4
June	30.0	30.4	36.5	45.0	29.2	28.6	25.5
July	40.0	40.0	40.9	39.5	31.8	38.6	23.1
August	37.0	35.8	38.9	40.6	33.7	44.8	29.1
September	30.7	33.1	33.8	36.5	30.6	37.2	23.4
October	32.8	41.7	35.0	40.0	39.2	40.2	20.5
November	40.0	38.4	36.4	40.9	29.1	56.2	27.4
December	37.8	43.3	466.6	46.4	43.6	52.9	33.1
Total	432.1	424.9	460.1	494.6	423.8	438.0	352.1

Source: Extracted from Table 2.3 of Tourism Growth in Pakistan, 1992.

### Seasonal Variation in International Tourist Flows 1986-92



## Government Policies, Incentives' Structure, and Institutional Development

### National Tourism Policy

#### *Evolution of Tourism Development Policy in Pakistan*

Tourism has been a major contributor to the economy of Pakistan. However, no organised efforts had taken place prior to 1993 to make tourism a vibrant sector of the economy. Interventions for the development of tourism were undertaken as isolated activities, depending on the need for such activities.

Activities by organisations involved in tourism, e.g., hoteliers, tour operators, and so on, were undertaken solely on the basis of their own requirements to handle tourists and the profitability of the business units. There was an absence of policy initiatives to plan for the tourism sector and to create development linkages between this sector and other sectors through provision of incentives (in other sectoral policies) for development of this sector.

Of late, however, tourism has been declared an industry, which has led to the need for cohesively organised efforts for the development of this sector. The National Tourism Policy of 1993 is the first of such efforts to streamline tourism and bring it on a par with the other sectors.

#### *Factors in the Slow Development of Tourism*

There are many factors that have constrained the development of the tourism sector despite its potential; the main ones are given here.

- Tourism received low priority in the 6th and 7th Plans; even so, the actual release of funds was less than the plan targets.
- Tourism marketing through publicity did not receive the necessary investment/attention.

- Lack of basic infrastructure in the Northern Areas and the NWFP has further served to restrict tourist flow. Compounded with this are the problems associated with restrictions on chartered flights, visa restrictions, and problems regarding customs and police registration procedures.
- The private sector did not invest as envisaged in the plans due to a lack of concessions and initiatives. The only improvement visible was in the increase in accommodation in four and five star hotels. Accommodation for budget-conscious tourists, along with reliable transport facilities, guide facilities, shopping, and indoor recreation were not developed.
- The Russian invasion and the subsequent civil war in Afghanistan put a halt to the overland traffic through Afghanistan and Iran. Moreover, terrorist activities have negatively impacted on the tourism image of the country.
- No institutional mechanism exists to deal with the safety problems of tourists, particularly during emergencies.

### *National Tourism Policy (NTP)*

The NTP of 1993 was formulated and announced to achieve a breakthrough in the tourism sector. The highlights of the policy are as below.

- Tourism shall henceforth be accorded the status of an industry
- All tourism facilities will be treated as industrial concerns and will qualify for similar benefits, concessions, and treatment extended to other recognised industries.
- 'Deemed Export Status' has been granted to the tourism industry, including hotels.
- Monetary incentives provided to export industries shall henceforth be admissible to tourism-related projects also.
- All tourism-related projects established between July 1990 and June 1995 will qualify for an eight-year tax holiday, if established in areas where such concessions to other industries are allowed.

- Concessions for duty-free imports admissible to industries in the prescribed areas will also be allowed for tourism projects.
- Concessionary loan financing admissible for tourism projects in the Northern Areas will henceforth be available to projects established in the Hazara division, Chitral, Murree *tehsil*, and the coastal areas of the country (excluding Karachi).
- Accommodation facilities for pilgrims visiting various shrines in Multan and Sehwan Sharif will also qualify for loans at concessionary rates.
- All tourism projects will henceforth be eligible under the Non-repatriable Investment Scheme.
- All machinery and equipment for the hotel industry and recreation, amusement, aviation, and transport sectors not manufactured in Pakistan will be allowed free import under the non-resident investment (NRI) scheme.
- Provincial governments will allot State land for tourism projects on a long-lease basis.
- Federal and evacuee land, where available, will be similarly allotted.
- Land adjacent to government rest-houses will be leased out on nominal lease basis for construction of two to three star hotels and motels.
- Income from log cabins, log lodgers, campers, and cabanas built in the Kirthar National Park, by the Keenjhar and Haliji lakes, in Khunjerab Park, and the Northern Areas will not be taxed for a period of five years.
- Youth hostels and camping grounds established by the PTDC will be leased out to the private sector for operation.
- Kitchen and other hotel equipment not manufactured in Pakistan can be imported free of duty and sales' tax.



- Incentives admissible to other industries will be made available to tourism zones or enclaves established exclusively for foreign tourists.
- Imports of four-wheel drive tourist coaches with seating capacities for 15-20 persons will be permitted in built-up condition for registered travel agents and tour operators. Customs' duty and sales' tax on such vehicles will be realised in five equal installments against a bank guarantee.
- Approved travel agents and tour operators will be provided with telephone, telex, and fax facilities on a priority basis.
- Special equipment for Adventure Tourism can be imported free of customs' duty and sales' tax.
- Henceforth, chartered flights will be allowed to operate on a point to point (city to city) basis under a regulated programme.
- Tourist helicopters/small planes in the private sector will be allowed to operate.
- Pakistan Railways will operate steam locomotives and narrow gauge trains under a package programme.
- Seventy-two hour transit visas shall henceforth be granted free of cost on arrival to tourists at entry points, subject to overall policy considerations.
- Multiple entry visas will also be granted by Pakistani Missions abroad if such a request is made at the time of visa application.

(Source: National Tourism Policy, Ministry of Tourism, GOP)

### *Implications of the Policy and Gaps Therein*

The tourism policy is expected to have long-term effects by providing impetus to the private sector whose involvement is essential for the development of the tourism industry. The policy announced also focusses on the needs of the sector, such as cheap accommodation and related facilities, and has provided incentives accordingly. The ultimate success will depend on how the policy is implemented, *ceteris paribus*.

A 15 per cent projected increase in tourists from 1994 onwards was anticipated as a result of major structural changes, such as introduction of chartered flights; five-year tax holidays for the tourism industry throughout the country; provision of 'industry' status to the tourism sector and 'Deemed Export' status to tour operators and travel agents; relaxation of restrictions on liquor sales; import of air-conditioned coaches and equipment for Adventure Tourism free of customs' and sales' tax; and, finally, the liberalisation of the visa policy.

The tourism policy reflects the government's commitment to removing the problems of this industry. In 1993/94 the government allocated Rs 901.2 million for the promotion of tourism.

It has been decided that the Asian Tourism Conference will be held in Pakistan in 1995. Pakistan has also been elected to the Executive Council of the World Tourism Organisation for 1993-97.

Help is also forthcoming from donors. UNESCO has committed a field mission to explore the Silk Route and prepare an inventory of the assets of the route especially for Tourism. The European Commission has committed help for training facilities in the travel trade and hotel industry for 1994/95. Currently, there is only one Institute of Tourism and Hotel Management located in Karachi. Another Institute is to be set up at Swat that will also train trekking and mountaineering guides, airline crews, hotel and travel trade personnel, and high and low altitude porters.

The Austrian Government is to provide a grant for training facilities and hotel machinery and equipment. A major portion of the civil work costs will also be borne by Austria.

Hotels play a leading role in the development of tourism. Keeping this in mind, the Federal Budget 1994/95 has taken steps to overcome some of the problems faced by this sector. All hotels with room rents of up to Rs 450 are now exempted from excise duty.

The demand by hotels to be brought on a par with laundry/dry cleaning shops and bakeries, which do not pay any central excise duty, has been granted. Hotels providing these facilities no longer need to pay 10 per cent central excise duty. However, a five per cent duty on catering service has been levied.

In order to improve the efficiency and profitability of PIA (the national carrier), to cut down on unnecessary costs, and to provide better services to air travellers, the 'Open Skies' policy has been introduced. Permission has also been given to private airlines to operate and the main companies are the Shaheen Air and Aero Asia.

However, efforts need to be made to ensure continuity in policies as this is the major drawback for all policies in Pakistan.

The tourism policy needs to fill the gaps so as not to exclude and isolate the local people. A participatory method needs to be evolved so that local people are involved in decision-making and implementation and not treated as a 'tourist object' to be viewed from a distance.

### **Review of Other Sectoral Policies**

In less developed countries with managed economies, such as Pakistan, government policies have an impact on all macro-activities. This happens, firstly, through direct involvement, which also includes the offering of incentives and concessions to the private sector to promote tourism; and, secondly, through measures in other sectors of the economy/society. Thus, besides the tourism policy, other government policies can also interact with the tourism sector provided such an interaction/impact is built into these policies.

The move towards deregulation of the economy is expected to have a long-term positive impact on this sector also. A private-public partnership will help achieve the necessary development targets that the public sector as such is not geared to carry out successfully. In the NWFP itself, this last job has been entrusted to the Sarhad Tourism Corporation.

The environmental, agricultural, industrial, and energy policies announced/pursued by the federal government are normally expected to contribute to the development of the different sectors of the economy in an integrated way. The impacts of these policies are expected to lead to: development of agricultural productivity and the improvement of the production base in all the areas; rural development through industrialisation; better infrastructural development; and the development of human resources.

However, in the context of tourism development in mountain areas, most of the policies do not impact on the development of mountain areas directly. *They do not seem relevant to the specific needs of these areas, nor has any*

*other policy been specifically designed for this purpose.* The industrial policy does provide some incentives which, if taken up by the private sector, will lead to development of some of the backward areas of the NWFP (including the mountain tourism areas). This would, however, depend on the existence of industrialists and entrepreneurs who are able to use the incentives provided. The incentives that directly affect the mountain areas are those under the category of fiscal and monetary incentives. These include eight-year tax holidays for industries set up in this area; exemption from levies on import duty, import surcharges, and sales' taxes on imported machinery; and exemption from sales' tax for five years. The rest of the incentives are expected to affect the mountain areas, as they do the other areas of the region. The details of these policies are contained in the subsequent sections.

### *Environmental Policy Objectives of the Eighth Plan*

In Pakistan, concern for the environment started in the early 1970s when some policy initiatives were taken by the government and NGOs were involved in conservation activities. It is only in the recent past that major initiatives have been taken and in 1985 that the Environmental Protection Ordinance was promulgated. In 1993, the Environmental Protection Council approved the National Environmental Quality Standards for municipal and liquid industrial effluents, gaseous emissions, and motor vehicle exhaust and noise for immediate enactment. In March 1992, the cabinet approved the National Conservation Strategy (NCS) and set up a Cabinet Committee for implementing environmental action programmes. Workshops and seminars have been held on environmental awareness and Impact Assessment (EIA), and EIA guidelines for the energy sector have also been approved. To introduce environmental concerns into formal education and the institutional set-up, two studies have been completed. These are the 'Coordinated Environmental Education Programme' and the 'Strengthening of Environmental Management in Pakistan.'

For the efficient implementation of the NCS, a NCS Implementation Unit has been set up along with the Pakistan Environmental Protection Agency, both in the Ministry of Environment and as an Environmental Section in the Planning and Development Division with linked structures (the EPA) in all the provinces. The Eighth Plan focusses on the conservation of natural resources and sustainable development. A two-pronged strategy is envisaged: first, through greater participation of the people in development and in environmental management and, second, by taking note of long-range environmental issues in economic development. Efforts are to be made to improve environmental legislation and its enforcement, initiating EIA

procedures for public and private investment planning and implementation, and including environment in public development expenditures.

The NCS agenda during the Eighth Plan will focus on the following.

1. **Creating a Coherent Statutory Framework:** Legislative measures to be taken for effective environmental protection and resource management.
2. **Strengthening of Regulatory, Technical, and Participatory Institutions:** All types of institutions will be encouraged in the public sector and private sector, as well as local and community participatory institutions. The Environmental Section in the Planning and Development Division will be strengthened. The capacity of the apex NCS Implementation Unit as well as the Planning and Development Units in the Federal Ministries (directly related to the environment) will be strengthened. The federal and provincial Environmental Protection Agencies (EPAs) that are responsible for setting up realistic pollution standards and for their enforcement will be developed. In the private sector, NGOs will be provided with full support.

Although some laws relating to the environment exist, they are not effectively implemented. A compendium of 58 laws has been prepared covering resource conservation and pollution management. These laws have been brought to the notice of the provincial government for effective enforcement. To overcome the deficiencies of the existing laws, a comprehensive Act on the Environment will be formulated.

3. **Formulating and Implementing a Communications' Programme:** government, private sector, and NGOs will be involved in promoting environmental awareness and highlighting environmental concerns through various media.

Fourteen core areas have been identified and projects are being formulated for their implementation.

1. Maintaining soils in croplands
2. Increasing irrigation efficiency
3. Protecting watersheds
4. Supporting forestry and plantations



5. Restoring rangeland and improving livestock
6. Protection of water bodies and sustaining fisheries
7. Conserving biodiversity
8. Increasing energy efficiency
9. Developing and deploying renewables
10. Preventing and abating pollution
11. Managing urban wastes
12. Supporting institutions for common resources
13. Integrating population and environmental programmes
14. Preservation of cultural heritage.

For effective implementation of the National Conservation Strategy (NCS) programme, all the provincial governments are required to formulate a conservation strategy indicating their action plans.

### *Management Issues*

Environmental degradation is caused by the combined effects of large development projects and the combined effects of innumerable small, urban and rural consumers and producers who use natural and man-made resources. Management needs to decentralise decision-making and use economic incentives to internalise environmental externalities. Besides conserving and developing natural resources and abating pollution, strong linkages are needed between economic policies, instruments, and allocations for the conservation/protection of the environment. The measures recommended are given below.

- (a) Efficient project formulation: To meet the need not only for stopping degradation but also for sustainable development, all environment-related foreign-assisted projects will have to conform to the NCS requirements.
- (b) Environmental Impact Assessment: To undertake qualitative assessment of environment impacts, EIA guidelines have been developed. Environmental monitoring programmes should be carried out by the project proponent, following the completion of systems' construction, and this will be a part of the operation and maintenance process. Appropriate technologies for the assessment of EIA have to be adopted. Another recommendation is the establishment of environmental management for in-service training of government officials.



- (c) **Regulatory Command and Control Techniques:** For the control of environmental degradation, techniques should include health or ecology- based ambient quality standards, technology-based standards for effluent treatment and disposal, and enforcement procedures for facilities. The Environmental Quality Standards devised need to be implemented along with the implementation of the various laws and regulations already devised.
- (d) **Institutional Mechanisms:** New mechanisms and institutions at all levels of government are required for environmental management. The relationship between environmental NGOs, government protection and planning agencies, and the broader development decision-making process need to be streamlined.
- (e) **System of Incentives:** In order to promote natural resource management and conservation, a system of economic incentives can be used to affect the behaviour of the majority of environment users in a predictable self-regulatory way.

### *Report of the Task Force on Agriculture*

This committee was set up to prepare a report that is to be the basis of the agricultural policy .

### Background

The agricultural sector is the mainstay of the economy, provides about 75 per cent of the foreign exchange, employs about 50 per cent of the labour force, and is the main source of raw materials for industry. Over 70 per cent of the population are rural inhabitants. The progress of this sector thus impacts directly on the lives of the majority of the people. In the past, agriculture played a significant role in the growth of the national economy but, in the last two years, the growth rate in this sector has slowed down and was negative during the last fiscal year. This was mainly due to the changed economic environment and lack of new technologies. Except for cotton and the livestock sub-sector, the growth rates in all the sub-sectors in agriculture were below the population growth rate. There is a gap in the demand and supply of agricultural commodities. On an average Pakistan has been importing Rs 8 billion worth of wheat, Rs 15.2 billion worth of edible oils, Rs 4.5 billion worth of tea and coffee, and Rs two billion worth of sugar. Besides the outflow of foreign exchange, this jeopardises the food security situation in the country.

## Major Constraints in this Sector and Recommendations

**Rural Infrastructure:** There is a crucial need for infrastructure. The disparity between urban and rural development in infrastructure in all areas stands out. Lack of attention to the development of infrastructure has constrained the development of the agricultural sector. The qualitative difference between the infrastructure of the rural-urban areas is also significant. Those in the rural areas seem immature and the basic minimum standards of functionality are missing; for example, sometimes there are school buildings but no teachers. The three main areas that need immediate attention are roads, education, and power.

**Public Sector Investment:** There has been a declining trend in public investment in this sector over the years. It was 9.5 per cent between 1955 and 1960, and it dropped to 3.5 per cent in the period from 1986 to 1993. There is a need to increase public sector investment in this area, even if intra-sectoral priorities have to be altered.

**Economic Environment:** Since the fifties, there has been a strong interventionist policy and a resource transfer from agriculture to industry on the assumption that industry would make better use of the savings. The effects of this policy are visible on the following aspects: the terms of trade have become adverse for agriculture; between the eighties and the nineties, the domestic terms of trade for the major crops showed a decline of 12 per cent points. However, the barter terms of trade rose by 22 per cent points for the same period. This has helped the rural poor. The resource transfer out of agriculture is immense. Between 1980/81 to 1989/90, the net amount of transfer was Rs 156 billion. The causes of this transfer include, among others, direct taxes, implicit taxes, subsidies to industry, and consumer and foreign exchange rate misalignment.

The pricing policy shows the influence on the profit margins of the grower. The prices of the principal agricultural commodities are influenced by support prices at the lower end and by trade interventions at the upper end. Despite the intentions, in actual practice the support prices turn out to be market prices for some of the crops, because of trade interventions and monopolistic control of the public sector trading agencies. For minor crops, such as gram, onions, and potatoes, the support prices fall short due to inefficient implementation by the agencies and a lack of resources and necessary support from the government.

In the trade policy, it is seen that cotton and rice are taxed through export duties and subsidies are provided to sugar and edible oils. On the input side, subsidies to fertilisers, pesticides, and seeds have been phased out. The non-tariff restriction on export of some commodities has depressed the local prices. Thus, interventions have depressed agricultural prices on the whole. With the passage of time, subsistence agriculture has shifted to commercial agriculture with an increasing need for credit. The credit available through Agricultural Development Bank of Pakistan (ADBP), commercial, and cooperative banks falls short of the requirements of the small farmer.

***Institutional Constraints:*** Economic and trade policies emanate from institutional initiatives and control. In Pakistan most of these institutions are urban-based, and officials are not aware of the rural problems; hence, policy interventions do not provide the intended benefits. There is a need to rectify this deficiency through structural and conceptual modifications at the level of federal and provincial agencies that affect agricultural policies at policy and execution levels. There are institutional constraints in the supply of agricultural inputs, such as seeds, when the private sector is handicapped by non-availability of credit, research, and supportive regulatory controls. In the fertiliser markets, there are chronic shortages, adulteration, and black marketing. There is also a controversy about the long-term effect of the use of diammonium phosphate (DAP) and urea on the soil. These need to be investigated.

Agrochemicals are a principal component of the technology package, especially for high-value crops. There was a sharp rise in the use of pesticides during the eighties. With the relaxation of government regulatory policies, generic products have entered the market, and some sub-standard goods are also available. There are also fears about the adverse environmental effect of the use of agro-chemicals. All these need to be looked into along with a review of the procedures for registration of products and traders.

Mechanisation is a major contributor to increasing productivity. Crop technology is primitive despite the use of tractors and implements. Inputs are used below optimal level due to poor crop technology, while post-harvest losses are immense due to inadequate harvesting equipment and lack of post-harvest technology. Investments in tractors and tube-wells were mainly financed by the ADBP, but, with the decline in credit, there has been a decline in farm investments, and this is expected to have serious repercussions on

output later. There is a need to reduce custom duties on agricultural machines and to promote technology packages.

This is a power-starved sector (even though the total consumption of the sector is 20 per cent). The structures are also below average, with power breakdowns (and load shedding) affecting production. Electricity tariffs have risen sharply since 1990/91 and consumers are moving to more expensive diesel-powered tube-wells. High electricity costs are also due to departmental inefficiency, line losses, and large arrears.

Water is a scarce resource. The main weaknesses in the irrigation system are high transmission losses, lack of proper drainage, a rigid and inequitable distribution system, and low storage capacity. There is a need to use farm-level water optimisation techniques, invest more on this sub-sector, and for better management of the Indus Basin water resources.

The output prices are reviewed annually, and support price mechanisms are used for major crops. This works well for wheat, rice, and cotton but not for minor crops. Moreover, the absence of forward trading markets creates fluctuations in prices. Other problems are the lack of a marketing infrastructure, e.g., roads, storage facilities, refrigeration units and transport, and cargo services at airports. The export potential for high-value crops is also unutilised.

***Land Structure and Land Tenure System:*** A major problem here is that of fragmentation. The laws and regulations governing land ownership, transfer, and inheritance prevent the market-driven consolidation of land. Some of the other structural constraints that need review and legislative remedies are the lack of Title Deeds for ownership, high land-transfer taxes, non-availability of credit for land consolidation, and inhibiting clauses on subdivision and sale of land units that reach 'subsistence' levels.

***Resource Mobilisation and Taxation:*** There are 11 types of tax on this sector. These include Land Revenue, Development Taxes, Local Rates, Octroi, Market Fees, Indirect Taxes, Wealth Tax (for non-agrarian property), and Implied Taxes. In 1990/91, the contribution of the above taxes was Rs 47 billion, which was 19 per cent of the GDP for agriculture. There is, however, a skewed aspect to the system, with the major portion being either indirect or implied taxes that burden the poor disproportionately. Contribution of direct tax is only about two per cent of the total. Even where agriculture pays high indirect and implied taxes, it mostly accrues to sectors other than to the national exchequer. It is recommended that implied tax be removed and direct



tax be applied. It is recommended by the Task Force that the Agricultural Income Tax be imposed in a uniform manner on all provinces. It is suggested that for ease of collection, it be assessed on a presumptive basis with a progressive scale of tax rates. The first 4,000 produce Index Units (PIU) should be exempted. A flat rate of Rs two per PIU is recommended up to 6,000 PIU and a rate of Rs three per PIU on units exceeding 6,000 PIU. It is further recommended that any revision of the tax rate or exemption limits be executed through a bill of legislation and not through the discretion of the Board of Revenue.

The Task Force also recommended that the clubbing of agricultural income with other income for the purpose of determining the income tax rate on other income be revoked. Recommendations are made regarding the restructuring of the system whereby *Ushr*<sup>1</sup> and *Zakat*<sup>2</sup> are paid by Sunni Muslims. With the payment of agricultural income tax, this means payment of two taxes concurrently. This needs to be reviewed.

The Task Force felt that the procedures for submission of Wealth Tax papers are too complex for most farmers. It is recommended that there should be no clubbing of agricultural and non-agricultural assets for calculating the taxation slab. Taxes on the two assets should be paid separately on each count. Necessary legislation needs to be drafted to make this amendment. Presently, one farmhouse, outhouses, and farm buildings, along with all types of machinery (tubewells and implements) and a four by four vehicle are exempted. The task force has recommended that the exemption also include a pick-up vehicle for farm use, and that lands belonging to a farmer in different revenue estates be treated as separate estates and that each of these land units be given exemption.

### Recommendations and an Agenda for Action

Besides the recommendations provided for each of the sections, the other principal recommendations of the Task Force include the following.

1. Development of the demand side: This includes encouraging the development of processing industry and provision of sufficient

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<sup>1</sup> *Ushr* is usually paid on produce.

<sup>2</sup> *Zakat*: These are religious taxes to be paid by Muslims.

credit so that the private sector can improve agricultural produce.

2. Establishment of broad macro-economic principles to prevent resource transfers from agriculture to other sectors.
3. Establishment of key industries to develop, guide, and monitor a new policy framework for the agricultural sector. The Pakistan Agricultural Coordination Committee has been recommended as one such institution; it is also recommended that the role of the Agricultural Prices' Commission be expanded and the institution strengthened.
4. Investment in rural infrastructure is recommended to reduce the cost of technology and to improve the quality of life of the rural people.

### Industrial Policy

Involvement of the private sector in industrial development is the major thrust of the policy. The government's role will be restricted to providing the necessary support services required by the private sector. The public sector will step in where the private sector is not forthcoming.

A massive programme of privatisation for State-owned industries is underway. A vital area offered to the private sector is that of hydel stations and thermal power plants using indigenous coal and gas; furnace oil, imported coal, and other viable resources.

The main objectives of the policy are:

1. self-reliance,
2. development of value-added exports,
3. development of skills that help to improve efficiency, productivity, and quality,
4. encouragement of labour intensive industries,
5. development of infrastructural facilities with the active cooperation of the private sector, and
6. increase in the power-generating capacity in the country to eliminate existing power shortages and to provide the additional



capacity to ensure the unrestricted growth of industrial, agricultural, commercial, and domestic consumers.

In order to provide employment opportunities to the rural areas and the non-farm sector, incentives have been provided to attract investment. These are discussed in the following sections.

### **Deregulation of Sanctioning Procedures**

Government sanctions are not required to set up industries, apart from those in the following categories.

1. Arms and ammunition
2. Security printing, currencies, and mint
3. High explosives
4. Radioactive substances.

In the case of provincial governments, a No Objection Certificate will not be required to set up industries, except in those areas declared by the provincial government to be negative areas.

### ***Foreign Exchange and Payment Reforms***

- For foreign loans not guaranteed by the federal government, permission is not required to establish the rate of interest or repayment period.
- Foreign-controlled manufacturing companies that export 50 per cent or more of their production can borrow working capital from domestic credit institutions without limit. Other foreign-controlled companies can borrow rupee loans equal to their equity without prior permission from the State Bank of Pakistan (SBP).
- Remittance of principal amounts and dividends is allowed through authorised dealers without prior permission of the SBP, except for companies that are subject to special procedures such as foreign banks, airlines, insurance, and shipping companies.
- Ceilings for payment of royalties and technical fees have been abolished.

- No prior permission is required from the SBP for issue and transfer of share certificates to foreign investors and Pakistani residents making investments in foreign exchange.
- Foreign banks working in Pakistan can underwrite shares of up to 30 per cent of the issue of their subscribed capital.
- Non-resident Pakistanis and foreign investors can invest in the share capital of companies through the stock exchange in foreign exchange payments. Remittance of principals and dividends is allowed without any prior permission. But capital gains' tax is payable.
- Dollar Denominated Bearer Certificates can be purchased by any resident, non-resident Pakistani, and foreign investors against payment in foreign exchange. Profits are payable in foreign exchange, and these can be encashed in local or foreign currency.
- All resident and non-resident Pakistanis can maintain foreign currency accounts when transactions for these do not need prior permission of the SBP.
- There is no restriction on bringing in, possessing, or taking out foreign currency. A currency declaration is not required.
- Re-conversion facilities for foreign exchange are available.
- Foreign exchange currency holders can obtain rupee loans with the collateral of a foreign currency account balance.

### ***Fiscal and Monetary Incentives***

- A three-year tax holiday is allowed to all industries established between December 1, 1990, and June 30, 1995.
- For backward areas, there is an eight-year tax holiday for all industries to be located in the NWFP, Balochistan (except for the Hub Chowki areas), Federally Administered Tribal Areas, Northern Areas, Azad Kashmir, the divisions of Dera Ghazi Khan and Bahawalpur in the Punjab, and the divisions of Sukkur and Larkana in the province of Sindh.

- All industries established in the above-mentioned backward areas have been exempted from levies on import duty, import surcharges, and sales' tax on imported machinery.
- Industries set up in the NWFP, from July 1, 1991, to June 30, 1996 are exempted from sales' tax for five years.
- A package of concessions has been announced for industries located in the rural areas defined in the context of the Rural Industrial Development Incentives.
- A series of concessions has also been provided for the approved Industrial Estates.
- A 75 per cent income tax rebate on export earnings has been provided for items.
- Quantitative restrictions and non-tariff barriers have been removed with a reduction of import duty. The negative list of imports has been reduced to less than one per cent of total imports.
- To help the trading circles to receive the duty draw back, from now, 80 per cent of the duty drawback will be paid automatically within three days and the remaining amount within one week.
- A list of industry-specific incentives has been announced covering key industries such as electronics, fertiliser, pharmaceutical, mining, dairy farming, cement, and engineering industries. (GOP 1991 and 1992/3.)

### *Energy Policy*

Energy is an essential component of development. Pakistan is deficient in energy and the shortages are overwhelming. Per capita energy consumption is less than 0.3 tonnes of oil equivalent (TOE), which is one-sixth of the world average. Of the total commercial energy supply in the country, oil accounts for 42.1 per cent, gas 36.0 per cent, electricity 16.0 per cent, and coal 5.9 per cent. Oil is by far the largest energy source and Pakistan spends about Rs 45 billion on oil imports.

Pakistan's current installed electricity generation capacity is 10012 MW. The Water and Power Development Authority (WAPDA) owns 80 per cent of this and the rest belongs to the Karachi Electricity Supply Corporation (KESC). Growth in power generation is five per cent, while demand is growing at the rate of 12 per cent. There is a shortfall which is compounded by loss in electricity through leakages and theft. The Government of Pakistan has given top priority to power production and work is underway on major hydro and thermal power projects.

A package of incentives has been announced for the private sector to generate electricity and invest in oil and gas exploration. An investment of Rs 700 billion is required in the energy sector. The public sector will invest three billion. The Ghazi-Barotha project will start next year. The hub project in Balochistan, with a capacity to generate 1,292 MW, is being completed in the private sector with foreign collaboration. The government has decided to buy the bulk of the electricity from the investors at 6.5 cent pers kW, which is the most attractive offer in the region. Investors who complete an electricity generation plant within the next three years will receive a special premium. *Iqra* (education) surcharge and flood relief surcharge will be waived from all energy products. Energy projects will be exempted from import license fees.

### **Implications of and Gaps in the Agricultural, Industrial, and Energy Policies**

The agricultural policy of the government, as contained in the recommendations of the Task Force, can only have an obliquely indirect and minor bearing on the mountain regions of the NWFP and the Northern Areas, especially the areas of tourism concentration. Unless it is by virtue of the recommendations for development of rural infrastructure, in general, and credit to small farmers, there is hardly any provision for, or even an indication of, sensitivity to the problems faced by the farmers of the mountain regions. Neither is there any particular concern over the need for off-farm activities, nor the seasonality of agricultural operations and the bracing to meet its consequences, nor the impact of people and livestock on the natural resource base of the area. In fact, unless an agricultural policy is developed as part of a plan to deal with the special problems of these areas and is specifically tailored to their needs and requirements, it should not even be expected to have much bearing. Hence, there is a case for treating and planning for these areas with a clear sensitivity to their peculiar problems.

The same is more or less true of the industrial policy. Except for declaring tourism an industry (which, in fact, is a part of the tourism policy), eligible for the incentives offered to industry in general, there is nothing that will have much bearing on these areas and their people. The hotel industry may gain in some respects, but it is doubtful if these benefits will have a discernible impact on the lives of the mountain people. Some small industry may get a boost in the region as a whole and serve to absorb seasonally migrant workers from the higher mountain areas, but there is little likelihood of significant direct benefits, unless the industrial policy contains a specific component for industrialising some of the processes that suit the needs of these people such as the dehydration of surplus fruits and vegetables, processing of surplus dairy products in winter to preserve for the tourist season, and so on.

As for the energy policy, it is essentially geared towards hydel and thermal power. Installation and privatisation of small hydel power plants in the area can be a proposition, but the benefits will reach the people and the area only if power supply for the people of the area is prioritised; its tariffs are affordable by them; and, as far as possible, local participation and involvement are ensured.

However, the present need of the area is for alternative sources of energy and their development and provision to save the forest wealth and fulfill the energy requirements of the people who rely on what the natural surroundings provide for them.

## **Institutional Aspects from Central, Provincial to Local Levels**

### ***Public Sector Institutions***

Tourism is essentially a central subject and is the responsibility of the Ministry of Tourism.

Within the institutional set-up, the Ministry of Tourism is responsible for legislation, planning and policy, issuing relevant licences, research and development, sorting out complaints and controlling standards, supervising international agreements, and training in the tourism industry.

The chart below shows the organisation at the federal level.

### **Culture, Sports, and Tourism Division**

#### **(Tourism Wing)**

#### **Secretary**

- **Joint Secretaries**
  - **Economic Analyst (JS)**
  - **Other Echelons**
- PTDC**

This Tourism Division is responsible for implementing the Tourism Policy. There is also a Planning, Development, and Research Wing under this division, headed by an economic analyst.

### **The Pakistan Tourism Development Corporation(PTDC)**

The PTDC is under the Ministry of Tourism/Tourism Division and was established in 1970 with the objectives of implementing overseas marketing and promotion, managing information services through tourist information centres, and coordinating tourist- related activities between the government and the private sector. Besides these, the PTDC has developed a chain of accommodation and restaurant facilities and manages a chain of hotels and motels at various tourist locations. The PTDC also acts as a ground handling agent and operates a variety of vehicles through its subsidiary, Pakistan Tourist Limited.

At the provincial level, the organisational set-up is as given below.

### **Provincial Level**

#### **Minister**

#### **Department of Information, Sports, Culture, and Tourism**

#### **Secretary**

- **Two Deputy Secretaries**
  - **Other Echelons**
- STC**



## The Sarhad Tourism Corporation (STC)

The Sarhad Tourism Corporation is a public limited company created to promote tourism and broaden the base of facilities in the NWFP and related areas (see Annex 7). It deals essentially with the promotion of domestic tourism. Its current Action Plan underscores the following objectives.

- To promote winter tourism and tourism in the off-season
- To encourage private initiatives in the field of tourism/co-develop facilities
- To create man-made tourist attractions
- To create trekking maps in collaboration with the forest authorities
- To develop camping sites
- To develop rest-houses into operational accommodations
- To create stop-over facilities for tourists on the main tourist routes
- To set up a Hotel Training Institute at Gulibagh (Swat)
- To train licensed tourist guides
- To commission selected studies

The Sarhad Tourism Corporation is not yet fully operational, but it is actively involved in planning for tourism. Once operational, it can be expected to have an impact on tourism in the NWFP and the adjoining areas.

At the local level, there are no institutions responsible for tourism.

### **Other Organisations/Activities that Directly Influence the Tourist Trade**

Besides the public sector, private sector organisations and NGOs are also involved in mountain tourism. They provide valuable services in areas such as those of popularising mountain tourism activities among youth and other clients, particularly in mountain climbing and trekking; training guides and liaison officers; creating awareness and educating in environmental issues and problems; and contributing to the conservation of mountain resources. These activities are essentially undertaken by NGOs. The private sector provides facilities, such as tours and transport, to tourists and is involved in the marketing of their programmes. They make the mountain areas accessible to tourists. Hoteliers in the private sector, as well as the PTDC, are involved in providing accommodation facilities and also in contributing to making food available to tourists at the place of stay (in some cases). The establishment

of accommodation facilities has also led to the growth of restaurants and food-stalls.

Public and private sector initiatives have thus led to the development of the service industry, infrastructure, and HRD through the training of guides, liaison officers, cooks, and bearers. The subsequent sections provide an overview of the different organisations in the private and NGO sectors that are involved in mountain tourism activities.

### **NGOs**

NGOs play an important role in promoting tourism. In partnership with the private sector, the two make a dynamic combination. In Pakistan, there are a few NGOs involved in supporting and promoting adventure tourism, the important ones being the Adventure Foundation of Pakistan and the Alpine Club of Pakistan.

#### **The Adventure Foundation of Pakistan**

This is a non-profit private organisation supported by the contributions of the public and private sectors. The strategic aim is to develop leadership in young people, especially through outdoor education and adventure training, to enable participants to contribute to society via the process of self-discovery and by acquiring and using relevant skills.

Along with the development of interests and skills in outdoor, action-oriented activities, the Foundation aims to enhance environmental awareness in order to perceive, identify, and preserve the biodiversity of nature through outdoor activities. It provides a number of courses. One such set of courses is the 'Standard Courses'. These are core courses and vary with the season. Instructions in safety and first aid, use of equipment for search and rescue operations, nutrition planning and cooking, map and compass skills, route finding, and environmental awareness; all these are included.

Other courses include Special Courses; e.g., Junior Courses; Basic Skills' Courses, and Course for Counsellors. The latter course is for Wilderness Guides and Camp Counsellors. It equips specially selected volunteers to lead Foundation-sponsored Wilderness Expeditions. These expeditions include trekking, hot air ballooning, mountaineering, boating, skiing, and air sports.

In 1992, the affiliated group, the Globe Chasers' Tourists' Club organised the 'Clean up Saif-up-Maluk Operation.' The idea was to clean up the

surroundings of the Saif-up-Maluk Lake (in the Kaghan Valley). The garbage removed weighed over 900 kg. Local school children were also employed in this venture. The group is open for membership.

### The Alpine Club of Pakistan

This is another NGO run with a small grant from the government. Its membership is open to all on payment of a small fee. It is involved in action-oriented outdoor activities. It offers courses in rock climbing and mountaineering for youth.

The Alpine Club has 25 trained Liaison Officers. It is mandatory for the Liaison Officers to attend the mountaineering course held for college boys.

The Baltoro Cleaning Operation (1993) was sponsored and organised by the tour operators of Pakistan in collaboration with the Alpine Club of Pakistan. This was a major operation for a better environment. In addition to cleaning camping sites, they undertook the cleaning of the footpath from Apaliquon to the K-2 camp and back.

### *Private Sector Organisations*

#### Tour Operators

**Waljis:** Waljis' Travels is a company with 25 years' experience to its credit. Waljis' Adventure Pakistan undertakes adventure tourism to all parts of the country. This overview will deal with those oriented towards the NWFP mountains and the Northern Areas. These include announced package tours<sup>3</sup> with travel and accommodation and food facilities for hiking, trekking, Jeep Safaris, the Yak Safari in Hunza, and so on. There are also some special tours to the Kalash Valley in Chitral, the Shandoor Polo Tournament, and many others.

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<sup>3</sup> Package tours are the outcome of the industrial process applied to tourism. The concept combines two things -- the tourist's need to have the product which he desires and the industry's need to have a product that can be "*standardised ..... made repeatable (and) susceptible to the apparatus of modern marketing*". Cf. A. J. Burkhart and S. Medlik, Tourism: Past, Present and Future, London, Heinemann, 1974, p.186.

Waljis' Adventure Pakistan selects and trains adventure guides who belong to the Hunza and Nanga Parbat region. The crews consist of trekking guides licensed by the Government of Pakistan and cooks and assistant cooks who are full-time staff who are well trained.

The meal provided during a trek is a mix of 60 per cent local and 40 per cent Western fare. However, all the items are carried from the cities as the villages passed through during a trek are unable to restock or supply the trekking teams, and it is Waljis' aim to maintain the standard of camp and kitchen, thus it prefers to use known supply sources.

The equipment supplied on trek includes roomy three-person tents used as doubles. Other items include cell foam mattresses and hygienic toilet tents. Kitchen crew are provided with fire-resistant cooking tents. On request, clients may be provided with a large mess tent with pressurised lantern, a folding table, and camp stools. All these items for the trek are brought from outside the trek area.

*Sitara Travel Consultants (Pvt) Ltd.:* Sitara has 20 years' experience in operating tours and travels. Its head office is located at Rawalpindi.

Sitara has pioneered special interest tours in Pakistan. These include jeep safaris (in the mountains), desert safaris, mule safaris, railway tours (including one with a special interest in old steam locomotives), and tours specialising in gemstones, archaeology, botany, trekking, mountaineering, and sports. The agency operates all over the country, but this report will focus on their activities in the NWFP and the Northern Areas:

Sitara has the credit of having pioneered services to and across the Khunjerab Pass into China and now provides ground services to and within China as a joint Pakistan/ China undertaking.

Sitara has trained guides in its permanent employment. The guides come from different parts of the country and are not exclusively from the Northern Areas.

All treks follow established paths and, where the routes are obscure, the guides trace out the way. Some of the guides are multilingual and are proficient in English, German, French, and Japanese. Porters carry all the gear, food, camping and cooking equipment, and fuel for the treks. The food and groceries are almost all bought in the big cities to ensure quality. In order to protect the environment, cooking is carried out on kerosene or gas stoves

during the trek. There are designated eating areas and a separate tent with a pit toilet, which is filled in before leaving the trek site.

***Sehrai Travel and Tours:*** Sehrai Travel and Tours, a Peshawar-based agency, is in fact among the oldest tour and travel groups in the country. It is a pioneer in handling chartered plane tourist groups in Pakistan. It handles groups of Pakistani citizens abroad and group tours of foreign tourists within Pakistan. It offers a wide range of two to three-day excursion trips as well as one-day and half-day package tours in and around Peshawar.

The management of Sehrai Travel and Tours has passed on to a second generation of dynamic managers with fresh ideas. In recognition of his contribution to the cause of tourism in the NWFP, the owner of the agency, Mr. Zahoor Durrani, has been taken on to the Board of Directors of the newly established Sarhad Tourism Corporation.

### Hoteliers

***Serena Hotels:*** The Serena chain of hotels plays a vital role in making the tourists' stay comfortable. The hotels are located in the important cities of Pakistan and the Northern Areas and draw heavily from the cultural, social, and other traditions of the area where they are located. The Serena hotels in Swat and Gilgit are the only three star, international standard hotels in the area, and they have 43 well-equipped rooms.

The Swat Serena is ideally located for going into the upper Swat Valley. The Gilgit Serena, only three km away from the Karakoram Highway, is built on the same terrain as that of the Silk Route. It is well-located for expeditions into the Karakoram. The prices are fair and the services are good.

***Green's Hotel Group:*** Green's has been associated with tourists' accommodation and recreation in the NWFP for nearly half a century. They operate in Peshawar (Green's Hotel), Nathiagali (Green's), Swat-Marghuzar (Green's White Palace), and Abbottabad (Green's Lodges). These are well-appointed and fairly-priced. They attract tourists both because of their location and because of the hospitality, as well as for the delicious meat dishes for which they have become well known.

## EMERGING ISSUES AND POLICY OPTIONS

### Introduction

In the proceeding chapters, we have essentially reviewed three aspects of mountain tourism, viz:

- the nature of mountain tourism,
- the structure of mountain tourism, and
- the impact of mountain tourism.

### The Nature of Mountain Tourism

The main issues that have emerged in the study of this aspect of tourism relate to

- the types of tourism, and
- the two related characteristics of seasonality and concentration in a few areas and in a few activities.

Resort, sport, and adventure tourism are all highly seasonal. This characteristic of mountain tourism has a bearing both on the area of tourism concentration as well as on the local communities in a variety of ways. In the first place, it implies a high degree of use intensity over a short span of time. This seriously strains the carrying capacity of the area and is almost always fraught with adverse environmental consequences. Secondly, it generates income and employment only in a given period, and creates a vacuum in gainful occupation when the tourist season is over. More often than not, it creates a 'festival mentality' in the tourist catering sector, the idea of making a quick buck with the least possible investment - rather than a properly planned effort concentrating on the quality of output and service. In any case, the accommodation capacity remains unutilised during the off-season. A considerable number of those employed in the tourist industry migrate from the area in search of employment. Those staying behind are left with little in the way of gainful activities, and the catering industry grinds to a halt.



Environmentally, however, this seasonality may be a blessing. In the absence of any particular and adequate efforts for the preservation and protection of the environment, nature provides the environment with a breathing spell for self-renewal and revival. But, for the local community, it creates a break in income generation and employment.

The other related characteristic, viz., that of concentration in a few areas and activities, together with the seasonality characteristic serves to restrict the base of tourism, catering, as it does, and which it can only, to a limited variety of tourists. It also works against making Pakistan a single-country destination.

How many of these issues can be tackled? What are the options for action in these areas? These options lie, first, in breaking the seasonality of tourism by making/keeping the areas of tourist attraction accessible all the year round; by diversifying the base and range of attractions (the 1992 Tourism Convention, for example, noted that there was almost a complete void of entertainment facilities, health resorts, and sports); by variegating the product quality and opening up other areas with other attractions, where tourists can spend some more time while pursuing their main line of interest; by inducting fresh initiatives including linking Pakistan to attractive 'tourist circuits' encompassing two or more countries, etc. Breaking this seasonality of the tourist trade in the NWFP, extending and diversifying the tourism base of the province, improving the product quality, and inducting private initiative through public-private partnership are now been listed among the principal objectives of the newly established Sarhad Tourism Corporation (STC). As regards nature's respite for self-renewal and revival, it will have to be aided by deliberate efforts, although the use intensity will be more evenly staggered over time and other activities. However, there is no escaping the limits of nature, and the consequences if these limits are crossed beyond a certain point. We shall return to this theme later.

## **The Structure of Mountain Tourism**

Under the structure of mountain tourism, this study has reviewed

- the organisation of mountain tourism activities
- linkages and leakages, and
- the participation of the local community.

## *The Organisation of Mountain Tourism Activities*

As regards the organisation of tourist activities, it is both *spontaneous* as well as *promoted*. While spontaneous tourists are mostly holiday, resort, and cultural tourists, promoted tours centre around sightseeing (including cultural tourism), sports, and adventure tourism.

Tourism promotion has involved both public action and private initiatives. The main issue here relates to the international marketing of tourism, viz, selling the tourist product abroad. Why have PTDC and other such organisations, public as well as private, not been able to sell tourism in Pakistan as a product to target markets abroad? Why is there no/not enough projection of Pakistan as a tourism destination? While there is a strong linkage between tourism marketing and growth in tourism, marketing in Pakistan has, in fact, been the weakest link in the chain of activities around tourism. The options in this case include, among others, strong marketing efforts, especially in the target markets, both by the public and the private sector agencies. Conventions of tourist agencies, both foreign and domestic, is another promotional method. Such conventions held in the past have come up with many suggestions/recommendations. However, recommendations alone are not enough. They have to take the shape of policies, programmes, and products before they can become meaningful. Holding special film shows abroad or arranging a few subsidised visits and spreading the word about tourist attractions and facilities may be explored. Joining the travel and tour operators of other countries in "tourist circuits," linking visits to Pakistan in a two-or-three-country itinerary is yet another possible way. Such efforts will, however, succeed only if combined with other facilitation and support measures.

The desirability of a tourist destination is largely a function of the unique attractions available for tourist consumption. One of the principal focusses of tourism marketing abroad, therefore, has to be the creation of an image of 'individuality' in the minds of potential tourists. Mountains, snows, valleys, lakes, and rivers can be common elements between alternative (and on that count, competing) destinations. Tourists' choices will, therefore, be conditioned by how well the various products are projected as sharply distinct from those anywhere else. That is the job of an effective and professional marketing exercise.

While thinking of marketing the tourist product, it is well worth remembering that tourism is a highly price-sensitive product. The costs of accommodation, travel, and meals can make all the difference to budget-conscious tourists.

This is true both of foreign and domestic tourists. The popular notion of a tourist being someone with a lot of money to throw around needs to be changed. More often than not, tourists have a given budget for products and services, if they are within their means and to their liking. It is, therefore, advisable to keep under review the costs and prices of comparable tourist products in other destinations close by. Tourists and tour managers, particularly, complain about the highly arbitrary charges for transport vehicles rented by tourists for mountain destinations. Perhaps public sector competition or partnership in organised transport provision would improve matters a great deal.

### *Linkages and Leakages*

Mountain tourism, as seen Chapter Two, has many linkages with the economy, both national and regional, because it is a foreign exchange earner, an income and employment generator, and because it gives important signals to the accommodation, recreation, and transport sectors.

However, most of the economic benefits of mountain tourism accrue at the national level rather than at the local level. Heavy in its use of local resources, it is attended by few benefits for the local areas and the local communities. Most of the income generated goes either to the national exchequer or to the tour promoters and the non-resident owners of the various services used by the tourists. Even in terms of employment, the locals have a marginal share. Again, the wages and salaries earned in the area mostly flow out.

Since the production base of the local areas is small and elementary, the expenditure incurred by tourists on food, beverages, and other articles of daily use also flows out of the mountain areas to the more developed areas of the country. As such, there is no or little feedback from tourism to the production base of the local economy. Thus, the linkages with the local economy are weak and the leakages strong. That being so, it renders the role of tourism in the development of local communities insignificant. In fact, the *role* that tourism can play in developing the local communities is greatly conditioned by the *structure* of the tourism industry. By the same token, if tourism is to play this role, the structure of the tourism industry will first have to be targetted for basic and far reaching changes so that income earned in the mountain areas can be largely retained by the local community; so that the work-force absorbed in tourism and related activities, for the most part, can be comprised of members of the local community; and so that the production base of the community can respond effectively to tourist needs. How can a transformation of this nature be brought about? How can the linkages be

made stronger? the pace of the integration of the local mountain economy with the tourism enterprise quickened? and the leakages of benefits be reduced if not eliminated? These are the real challenges for the planners of the nation.

### *Participation of the Local Community*

The local community participates in the tourism sector in three ways --- by being involved in rendering services and producing and processing goods required for tourists and tourist-related activities; by being involved in the day-to-day local governance and decision-making process; and/or by being involved in the planning for tourism and development of tourist facilities. In all of these fields, the participation of the local community is either minimal or non-existent.

This is an important issue in that, whereas the first kind of participation is necessary for the direct benefit/economic well-being of the community, the second kind of participation is necessary for social and political development and an involvement amounting to their approval of tourist activities, and the third kind is essential to design the structure of the tourism industry with the development of the local mountain communities in mind. How this participation is secured and increased where it exists are important challenges to the ingenuity of planners and administrators.

### **The Impact of Mountain Tourism**

The impact of mountain tourism has been studied from three aspects:

- cultural impact,
- economic impact, and
- environmental impact.

#### *Cultural Impact*

As has been seen, there has neither been any particular cultural conflict nor any particularly pronounced cultural impact to create an issue. Whatever impact there is has so far been assimilated by the mountain communities. Nevertheless, tolerance of the curiosity and behaviour patterns of tourists within the socio-cultural ethos of the local mountain communities can be secured through the participation and active involvement of these communities.

### ***Economic Impact***

As far as the economic impact is concerned, it has already been addressed earlier under *Linkages and Leakages*. It may, however, be mentioned that no pronounced positive impacts are to be expected from any level of tourism activity in mountain areas, unless such impacts have been built into the structure of the tourism industry and until the design of the tourism activity has/or has been evolved with local participation as an integral component. The integration of the local economy has to be secured both vertically and horizontally into the regional and national orbits for homing the benefits while hosting the tourists.

### ***Environmental Impact***

The study has brought to light the environmental impact of mountain tourism on the area. This impact is menacing enough to merit inclusion in the list of issues. Tourism cannot be allowed to mature at the cost of the environment.

The challenges here are many and varied. Must tourism be accompanied by erosion of the local environment in the first place? If not, what is the way to go about it? While it is accompanied by environmental hazards and degradation, what can be done about it? Options here range from the creation of awareness both in the local communities and among tourists to public action. These include regulations, legislations, and penalties to control pollution, deforestation, dumping of waste, and the endangering of the fragile environment; which include the use of mountain slopes and river banks for unregulated construction, crowding of structures around places of tourist interest, and endangering of the wildlife and flora of the region receiving tourists. In fact, no plan or master plan for tourism in the mountain regions can be conducive to sustainability unless it is at the same time environmentally sensitive.

## **Looking to the Future**

### ***The Overriding Concerns***

In our vision of the future for mountain tourism, we recognise two overriding concerns:

1. viewing the *role* of tourism in the context of mountain development, and

2. analysing the *structure* of the tourism industry with the development of local mountain communities in view.

The role element can be best envisaged if mountain development is viewed as a dynamic process with tourism as one of the variables. This variable is both *a determining variable* and *a determined variable*. It is a determining variable by virtue of the role which it plays/can play in mountain development; and it is a determined variable by virtue of that role being constrained by the structure of the tourism industry. The relationship between these two has already been discussed in some detail earlier.

Any search for a viable outcome must take three further concerns into consideration, viz., combining the objective of alleviating the poverty of the local people while safeguarding their physical environment and their cultural values. As earlier remarked, tourism demands that you protect the product while marketing it. Where the cultural values of the local people are concerned, it must be ensured that there is harmony between these values and tourist interventions. Only development achieved in this manner can be sustainable.

#### *Other Issues in Sustainable Development*

There is yet another set of issues related to sustainable development through tourism. These issues lie in the domain of infrastructural development in the areas of tourist concentration; skills and human capital formation in the local communities, promoting organisations such as suppliers' cooperatives and other institutional development measures; greater incentives for local participation in the related trades; and helping local communities respond effectively to tourists' needs by developing their agricultural, livestock and horticultural base. This may involve changes in the choice of products; adopting better strains and varieties of fruits, vegetables, and livestock; changes in the saving and investment patterns of local communities; and adopting ways and means of becoming more vibrant communities to receive tourists and sustain 'tourism without tears.'

Where local costs are involved, these must be shared with the federal government out of fees and other charges levied on tourists, as well as through various local taxes which are directly spent in the area. Similarly, the participation of local communities may be secured through training programmes, financial assistance, and requiring the inclusion of a local partner or partners as an essential condition for outsiders to set up hotels, restaurants, or other businesses in the area.



Land transfers to outsiders may also contain a local fee to be evenly shared between infrastructural development and environmental protection and preservation. The local works' programme, funded out of the MPAs', MNAs' (Members of the provincial and national assemblies), and Senators' quotas, may also be linked to training the people and developing facilities for sustainable tourism.

All these measures and policies will have to be woven into a fabric with policies and programmes aimed at poverty alleviation in these areas. Poverty has its own pressures to exert on the fragile environment of the mountain regions. It also acts as a fashioner of the quality of the tourism product. Thus, while poverty alleviation for mountain communities is an end in itself, it can also serve as a means of ensuring sustainable tourism.

### *Other Linkages*

There are important linkages between tourism and public policies. Autonomous growth of the tourism sector would essentially serve the objectives of the sponsors -- maximising business profits and minimising business losses--unless it is circumscribed by public interventions of one kind or another. Policy interventions are among of such measures.

Policy interventions are principally of three types --- *facilitative*, such as those relating to tourist visas, permits, etc, those bearing on the tourists' security, and those ensuring a free and more relaxed atmosphere to enjoy one's visit; *supportive*, such as those ensuring the availability of trained and reliable guides, route maps, and other tourist-related information, infrastructure and incentives to the tourist industry, etc; and *regulative*, such as those ensuring standards, keeping to a clearly indicated course, and observing well-laid out rules and regulations. To ensure that these policies are responsive to tourists' needs and remain consistent with one another, i.e., do not frustrate pro-tourism factors in any manner, it may be necessary to periodically review such policies and to see if these need any mending or amending.

It may also be necessary to review the efficacy of tourism-oriented plans and projects to see how far they go towards achieving their targets and objectives and, if deemed necessary, to bring about changes in their content and/or strategy and in the institutional framework designed for their implementation. While careful planning is necessary anyway to make successful use of tourism development (at least, to increase the odds of such a success), "*tourism planning calls for special sensitivity to a broad range of social issues of which economic feasibility is only one*" (Richter 1984).

But, while governments and public organisations continue to be expected to intervene in the general public interest, the private sector should not be assumed to be altogether impervious to harmonising private interests with the interests of the local communities. In fact, the private sector will have to brace itself for such initiatives in the interest of long-term sustainability.

The public sector must remain, and even more actively so, an enabling partner in the total effort, a monitor of the effects of individual actions, and a regulator of public interest. Aside from that, the public sector is seriously limited in the development of tourism in general, and especially so in the development of tourism targetted to create a sustainable base for generating income and employment for the people of the mountain regions.

While the initiative passes on to the private sector, the local government of the area must come forward to play a role, first, by enabling the private sector to *sustain the initiatives*, and, second, by enabling the local communities to respond by expanding its production base, acquiring skills, and outfitting themselves to participate effectively. Men and women will both have to make their contributions and share its benefits. In fact, the formation of local Women's Organisations to take up the new challenges may help in this respect.

### **Tourism Carrying Capacity**

While discussing the environmental impact, we referred to the limits of nature, use intensity, and carrying capacity of tourist resources. We also talked about sustainable tourism and sustainable development. The carrying capacity of the tourist resources is a central concern in sustainable tourism.

Carrying capacity refers to the maximum population density of a species in an environment. It also refers to the upper limit of the use intensity of its various components that can be supported without the degradation of that environment. A carrying capacity analysis studies the effects of use on the natural environment in order to *identify critical thresholds* beyond which environmental problems will pose serious threats to the resource base, unless changes are made in

- public investment,
- government regulations, or
- human behaviour.

The concept of carrying capacity underlines the fact that environmental systems may have limited tolerance for density or use intensity. In terms of tourism, it emphasises that the growth of tourism (both growth in tourism traffic and the use made of the resource base by those catering to this traffic) has also to respect the functioning of the natural processes of the environment. *"Carrying capacity with respect to tourism is essentially an attempt to define the level of tolerance or compatibility between tourist activities and demands and the ecological, social, cultural and economic support systems to meet those demands"* ( Sharma 1994).

A carrying capacity analysis assumes that:

- there are limits to the ability of the natural environment to withstand growth or use intensity;
- critical thresholds or use intensities (crossing which will trigger the determination of important natural resources) can be identified; and
- the natural capacity of a resource to absorb or withstand use intensity is not fixed but can be altered by human intervention.

It has, however, come to be recognised that the *determination of what is the limit of carrying capacity is a judgemental fact*. However, regardless of the degree of precision of estimates and predictions, the carrying capacity analysis can help

- in pointing to the tourism potential of the area,
- in indicating the limits to growth or use,
- in acting as an early warning system, and, as importantly,
- in identifying spheres of public intervention.

A carrying capacity analysis involves three things:

- a natural resource inventory of the area,
- interpreting the results, and
- developing thresholds.

From the 1970s on, guidelines have been developed regarding the carrying capacity of various tourism destinations and types of activities. The World Tourism Organisation has even quantified for special zones the number of visitors per day, per unit of area by type of tourism product/activity.

Such guidelines and standards, and for that matter, the results of a carrying capacity analysis, are of little practical use unless they can be operationalised

and lead to the development of *action plans* and *institutional frameworks* for implementing these standards and monitoring impacts.

For its full import, the carrying capacity concern has to be internalised at the various stages of tourism and tourism resource planning. In Pakistan, although the National Tourism Plan (NTP) is ready, and the sectoral programme of the 8th Plan for tourism has been finalised, carrying capacity considerations will be of enormous use in the review of such plans, in the formulation of projects, in firming up regional and local programmes, and in evaluating and monitoring development projects.

### List of Persons Interviewed

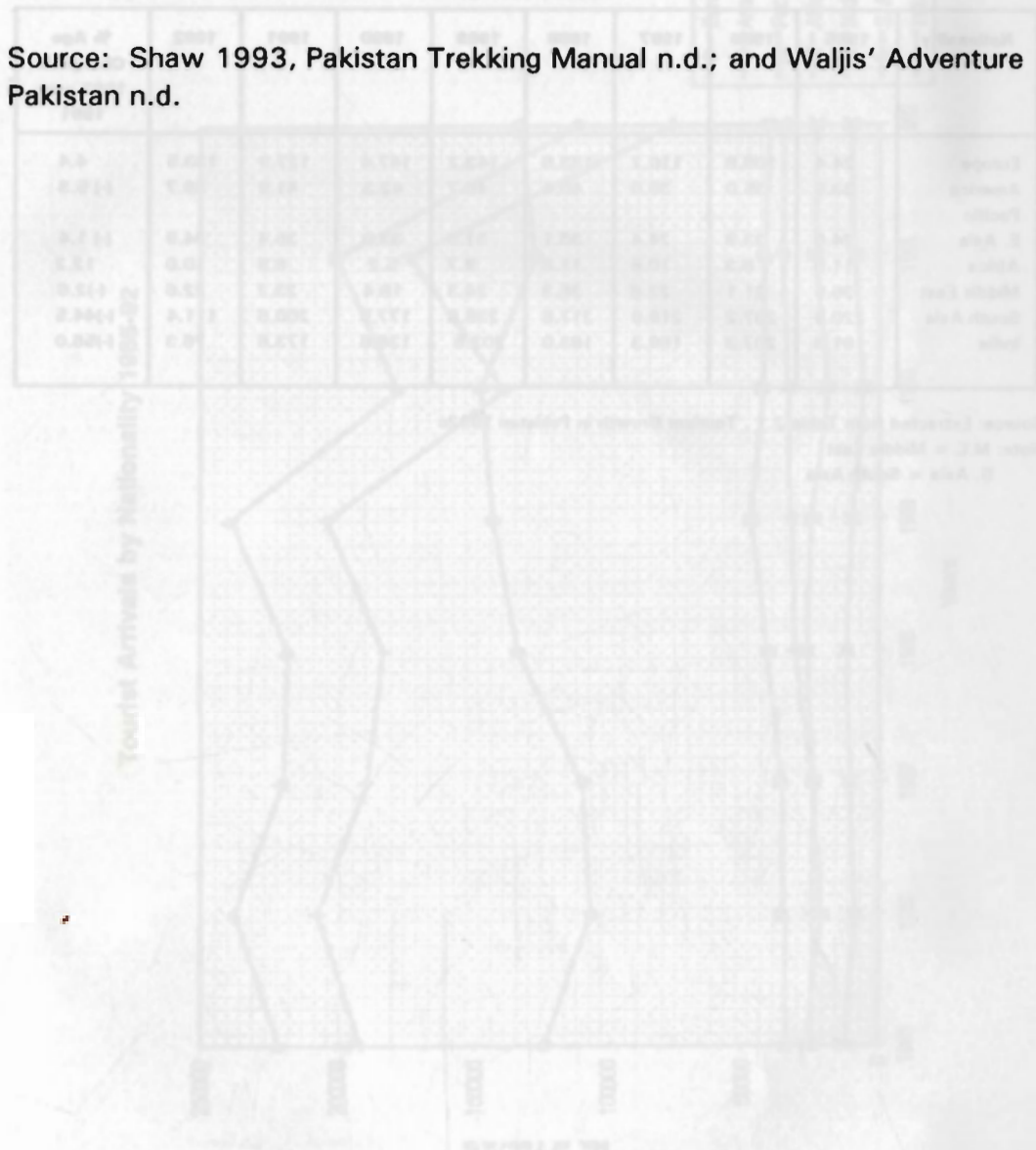
1. Mr. Ragnvald Dahl, Resident Representative, NORAD
2. Mr. Odd Toven, Assistant Resident Representative, NORAD
3. Mr. Shahid Hussain, Secretary, Ministry of Tourism, GOP
4. Mr. Shah Alam Khan, Economic Analyst, Ministry of Tourism, GOP
5. Mr. Saeed Anwar Khan, Manager, Pakistan Tours Ltd.
6. Brig(retd) Jan Nadir Khan, President, Adventure Foundation
7. Maj. (retd) Shafi Chowdhury, Secy., Adventure Foundation
8. Lt. Col. Sher Khan, Executive Vice President, Alpine Club
9. Mr. Hamid Ahmad Qureshi, Managing Director, PTDC
10. Mr. S. Baqir Hussain, Chief, Economic Research Section, Planning Commission, Islamabad
11. Mr. S. Saddozai, Manager, Waljis' Travels
12. Mr. Masud-ur-Rahman Mahsood, Director-General, EPA, NWFP
13. Dr. Bashir Ahmad, Environmental expert, EPA, NWFP
14. Mr. Ali Asghar, EPA, NWFP
15. Mr. Inayatullah Khan, Deputy Manager, Pakistan Tourism Services, Peshawar
16. Mr. Shiraz M. Poonja, Managing Director, Sitara Travel(Pvt.) Ltd
17. Mr. Khushal Khan, General Manager, Sarhad Tourism Corporation, Peshawar
18. Mr. Zahoor Durrani, MD, Sarhad Travels, Peshawar
19. Mr. Adil Shah, Proprietor, Green Hotel Group
20. Dr. Tariq Banuri, Chairman, Sustainable Development Policy Institute
21. Mr. Ashab Naqvi, DMD, Pakistan Tourism Development Corporation
22. Mr. Mohammed Rafiq, IUCN, NWFP.

### List of Important Trekking Routes

1. Concordia Base Camp
2. Masherbrum Glacier to Base Camp
3. Deosai Trek
4. Rashpari Peak Climb
5. Basho River to Banak Pass
6. Mediabad, Totli and Kharmang
8. Hushe Valley
9. Thalle Valley over Thalle Pass to Shigar
10. Biafo Glacier over Hispar Pass to Nagar and Hunza
11. Chutran over Ganto Pass to Dasu on the Indus
12. Chogo Lunga Glacier over Haramosh Pass
13. Astor to Rama
14. Rupal Valley: Over Mazeno Pass to Diamer
15. Batura Glacier
16. Naltar Ishkoman Trek
17. Marco Polo Safari
18. The Rupal Face Trek
19. Fairy Meadows, Raikot Face Trek
20. Nanga Parbat -North Side Trek
21. Fairy Meadows to Astor
22. Babusar Pass to Besal
23. Dudibach Sar and Saral Lake
24. Shogran to Ghor
25. Thor Valley to Naran
26. Tangir Valley to Swat
27. Naltar to Chalt
28. Rakaposhi Base Camps
29. Minapin Glacier to Kacheili
30. Barpu Glaciers
31. Gulkin Glacier
32. Hunza Gojal -Ghulkin Glacier
33. Hunza Gojal- Borundo-Bar Valley, Pamir
34. Gulmit Walk
35. Passu Shimshal Valley
36. Misghar to Kilik and Mintaka Passes
37. Yasin to Yarkhun Valley
38. Handrap to Shandoor Pass
39. Bumburet Valley to Birir Valley



- Source: Shaw 1993, Pakistan Trekking Manual n.d.; and Waljis' Adventure Pakistan n.d.



### Tourist Arrivals in Pakistan by Nationality 1985-92 (In '000)

Nationality	1985	1986	1987	1988	1989	1990	1991	1992	% Age Change in 1992 over 1991
Europe	24.4	106.8	110.2	133.8	143.2	147.4	127.9	133.5	4.4
America	33.5	35.0	36.0	40.4	46.7	42.3	41.9	39.7	(-) 5.3
Pacific									
E. Asia	24.6	23.9	24.4	30.1	31.9	33.0	35.4	34.9	(-) 1.4
Africa	11.6	8.3	10.6	11.8	9.7	5.2	8.9	10.0	12.2
Middle East	25.5	21.1	23.8	26.3	24.3	18.4	23.2	22.6	(-)2.6
South Asia	220.9	237.2	219.9	217.6	238.8	177.5	200.6	111.4	(-)44.5
India	191.3	207.3	189.3	183.0	203.5	138.6	173.6	76.3	(-)56.0

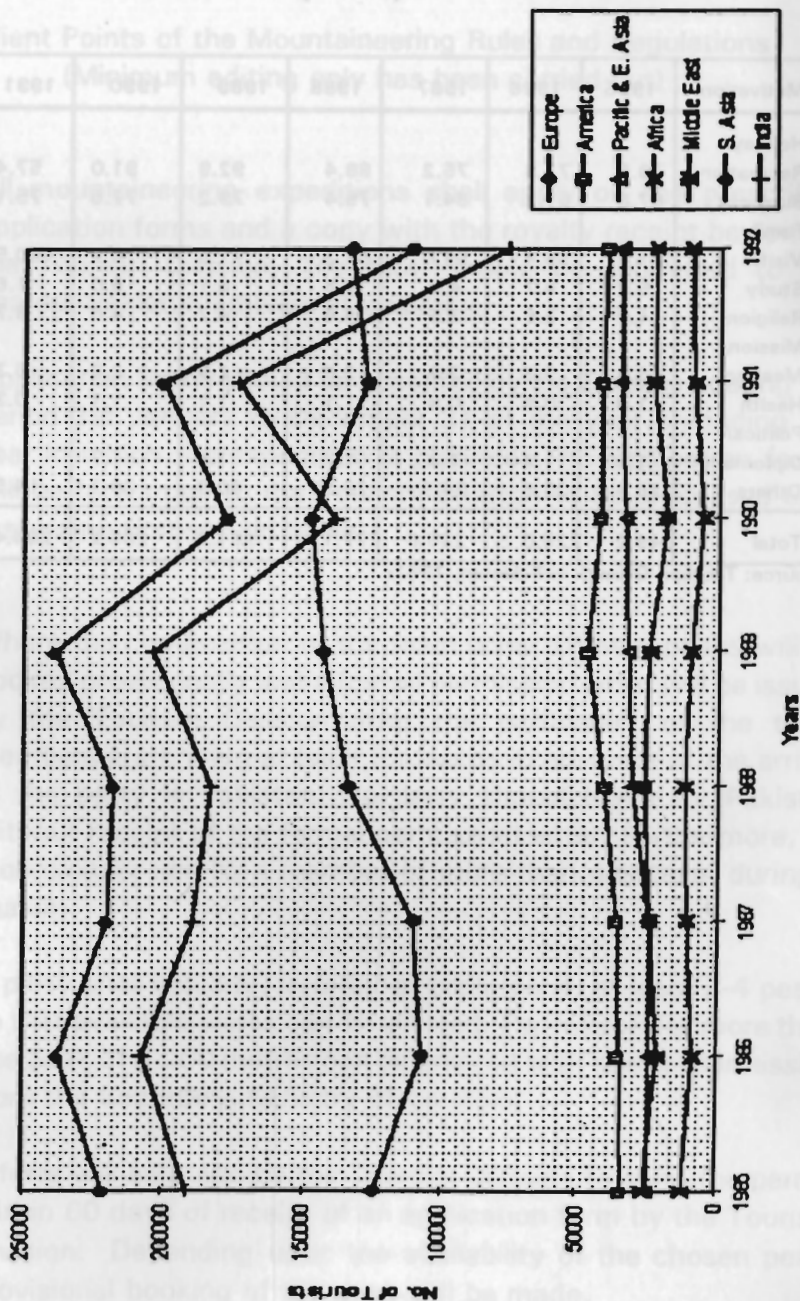
Source: Extracted from Table 2.1 , Tourism Growth in Pakistan 1992c

Note: M.E. = Middle East

S. Asia = South Asia

13. The Rupal Face Trek
19. Fairy Meadows, Raikot Face Trek
20. Nanga Parbat-North Side Trek
21. Fairy Meadows to Astor
22. Babusar Pass to Basal
23. Dudibach Sar and Saral Lake
24. Shogran to Ghori
25. Thor Valley to Narao
26. Tangir Valley to Swat
27. Naltar to Chalt
28. Rakaposhi Base Camps
29. Minapin Glacier to Kachail
30. Barpu Glacier
31. Gulkin Glacier
32. Hunza Gojal-Gulkin Glacier
33. Hunza Gojal-Bumbade-Bar Valley, Pappir
34. Gilgit Walk
35. Passes Shumshal Valley
36. Minghar to Kink and Mintaka Passes
37. Yasin to Yarkhun Valley
38. Handrap to Shandoor Pass
39. Bumbade Valley to Riri Valley

Tourist Arrivals by Nationality 1985-92



**Non-Indian Tourist Arrivals by Motivation 1985-92**  
(In '000)

Motivation	1985	1986	1987	1988	1989	1990	1991	1992
Holiday/ Recreation	79.5	71.8	75.2	88.4	92.9	91.0	57.4	59.8
Business	67.8	61.2	64.1	75.4	79.2	77.6	75.1	78.3
Family Visit	61.3	55.4	58.0	68.2	71.6	70.2	100.5	104.8
Study	5.2	4.7	4.9	5.8	6.1	6.0	1.6	1.7
Religion	4.0	3.6	3.8	4.4	4.7	4.6	8.7	9.1
Mission/ Meeting	2.5	2.3	2.4	2.8	2.9	2.9	6.3	6.6
Health	1.0	0.9	0.9	1.1	1.1	1.1	0.3	0.3
Politics/ Diplomacy	1.5	1.3	1.4	1.7	1.7	1.7	-	-
Others	26.4	23.8	24.9	29.3	30.9	30.1	14.5	15.2
<b>Total</b>	<b>249.2</b>	<b>225.0</b>	<b>235.6</b>	<b>277.1</b>	<b>291.1</b>	<b>285.2</b>	<b>264.4</b>	<b>275.8</b>

Source: Tourism Growth in Pakistan, 1992c

**Salient Points of the Mountaineering Rules and Regulations**  
(Minimum editing only has been carried out)

- All mountaineering expeditions shall apply on the prescribed application forms and a copy with the royalty receipt be sent to the Tourism Division. The form should be submitted to the nearest Pakistan Embassy/Consulate.
- Application forms should be accepted by the Embassy during the period 1st January to December 31 of the year preceding the year in which the expedition is planned. The application forms will be forwarded to the Tourism Division to be processed on a first-come first-served basis.
- Where the composition of the team is not known, peaks will be booked provisionally and a formal permission letter will be issued by the Tourism Division after the particulars of the team members are known at least 3 months in advance of the arrival of the party in Pakistan. No party should leave for Pakistan without receipt of the formal permission letter. Furthermore, no mountaineer can be a member of more than one team during a season.
- A party shall indicate, in order of preference, at least 3-4 peaks so that available peaks can be allotted. Permission for more than one peak of 8,000 metres can be granted with special permission from the Secretary, Ministry of Tourism.
- Efforts will be made by the Tourism Division to send the permit within 60 days of receipt of an application form by the Tourism Division. Depending upon the availability of the chosen peak, provisional booking of the peak will be made.
- Government may allot a particular peak through any route to more than one party for the same season.

- The Government may cancel the allotment of a peak without assigning any reason. The amount of money deposited as royalty will be then refunded.
- If a party postpones or cancels its mountaineering plan, it should inform the Tourism Division immediately. In such a situation, the royalty deposited will not be refunded, nor can it be carried forward for future mountaineering use. Changes during the same season are possible subject to availability of peaks/ routes for the revised dates.

**Medical Treatment**

- If a porter falls ill/is injured during an expedition and the doctor/first aid specialist recommends his evacuation for treatment in a district headquarters' hospital like Gilgit, Skardu and Chitral, the party is responsible for paying for his evacuation by helicopter or other means. In case a Liaison Officer recommends the evacuation of a porter and the leader of the team disagrees, he will have to justify in writing his reasons for disagreement.
- The statement will need to be countersigned by the expedition's doctor / first aid specialist.
- The team is not responsible for paying for the evacuation and treatment of the Liaison Officer.
- In case of sickness/injury in the mountains or hospitalisation, a party shall pay half the daily wages to the porter till the date he leaves for Islamabad.
- Where costs are incurred for medical treatment of a sick/injured porter, the team shall pay for it. In case of the death of the porter, the team shall pay for transporting the dead body from the place of casualty to the place of hiring.



## Royalties

The following rates prevail for the different heights. These rates are, however, subject to periodic revision.

Heights	Royalty in US\$	For each additional member exceeding 5 per team, additional fees at the following rates (in US\$)
1. K_2 (8,611 m)	9,000	1,000
2. 8001-8,500 m	7,500	700
3. 7501-8,000 m	3,000	300
4. 7001-7,000 m	2,000	200
	1,200	150

- If a party is allotted a peak higher than its preferred peak , it will deposit the balance of the royalty within two weeks of receipt of communication.
- Failure to do so will lead to cancellation of the allotment and the royalty will not be refunded. If it is allotted a peak lower than its preferred peak, the balance of the royalty will be refunded by the Embassy on receipt of a letter of authorisation from the Tourism Division.
- It is binding for a party to accept an allotted peak when it is from within its list of options. Failure to accept it will lead to non-refund of the royalty.
- A foreign-cum-Pakistani Party and vice versa shall deposit the full amount of the royalty for the allotted peaks. If it qualifies for a discount that amount will be refunded. A foreign expedition shall be allowed a Pakistani member only from Pakistani mountaineering clubs registered with the Tourism Division.

## **Joint Expedition Parties**

### **(a) Foreign cum Pakistani, Party**

A joint expedition that consists of foreign and Pakistani climbers is eligible to 50 per cent discount on the amount of the royalty. However, the Pakistani climbers shall not be less than half the total number of foreign members in the party, including the leader. In special cases, the Tourism Division may relax the number of Pakistanis to one-third of the non-Pakistani personnel.

The leader shall be a foreigner and the deputy leader a Pakistani.

### **(b) Pakistani cum Foreign Party**

A Pakistani party that includes foreign nationals in its expedition team shall pay 50 per cent of the royalty chargeable for a peak that it proposes to attempt. However, the foreign climbers shall not exceed the number of Pakistani climbers nor be less than one-third of the Pakistani climbers. The leader shall be a Pakistani and the deputy leader a foreigner.

A Foreign cum Pakistani or a Pakistani cum Foreign expedition shall be accompanied by a Liaison Officer.

An all-Pakistani expedition is exempted from paying a royalty and does not need to be accompanied by a Liaison Officer.

## **Accidents**

In case of an accident/death of a member of a party, the leader shall notify the L.O. who shall inform the nearest police station and the Deputy Commissioner to get necessary assistance.

When army assistance is required, the Liaison Officer (L.O.) will inform the Deputy Commissioner who shall arrange for the necessary assistance.

If helicopter assistance is required, the FCNA/Local Administration will arrange for it on payment. Mountaineering expeditions will guarantee rescue operation funds to the tune of US\$ 4,000 or provide a guarantee

from their respective diplomatic missions in Pakistan or from government approved tour operators. In the absence of this, they will not be allowed to attempt peaks in Pakistan.

### **Trekking Rules**

Trekking is defined as the act of travelling on foot to a maximum height of 6,000 metres for purposes of sight-seeing and recreation at various natural and cultural sites in places where means of modern transport are either not available or purposely not used. Issue of permits to trekking parties is regulated as follows.

#### **(a) Treks situated in open areas**

Foreigners are allowed to trek in the 'Open Zone' without permits and guide.

#### **(b) Specified treks in restricted areas**

1. Specified trekking routes in 'Restricted Areas' are mostly located in the districts of Chitral, Gilgit, and Skardu.
2. Trekking parties would need to submit an application on the prescribed form for walking in the restricted routes.
3. Trekking parties are required to hire an approved guide. Such guides are available with tour operators approved by the Ministry of Tourism.
4. The travel-cum-trekking agency should ensure that the guide and porters accompanying the party are insured for the sum specified by the Government of Pakistan.
5. All trekkers are required to register their particulars at the checkpost to be set up at important junctions.

6. Permits are normally issued by the Tourism Division within 24 hours of receipt of completed forms.

(c) Unspecified Treks in Restricted Areas

1. Applications for treks other than those specified are required to be submitted to the Tourism Division on prescribed forms in duplicate.
2. Permission or rejection for undertaking these treks are communicated within 15 days of receipt of completed forms.
3. Parties so permitted are required to be accompanied by a Liaison Officer detailed by the Government of Pakistan.

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Source: Pakistan Travel Trade Directory.

**Item-wise Average Expenditure Per Mountaineer between 1985-92**  
(In US\$)

Items	1985	1986	1987	1988	1989	1990	1991	1992	%change in 1990 over 1991
International									
Fare	819	125	1061	1131	125	520	334	098	(-)-17.7
Luggage Freight	285	356	398	378	362	276	388	190	(-)-51.0
Local Transport	194	214	218	154	118	159	204	268	31.4
Accommodation	104	160	122	164	172	196	201	177	(-)-11.9
Food	380	202	98	180	112	147	148	195	31.8
Shopping	91	163	167	164	124	107	159	116	(-)-27.0
Sight-Seeing	53	74	80	52	5	21	23	32	39.1
Others	45	100	75	95	45	14	34	51	50.0
<b>Total Av. Exp.</b>	<b>1971</b>	<b>2394</b>	<b>2219</b>	<b>2318</b>	<b>2063</b>	<b>2440</b>	<b>2491</b>	<b>2127</b>	<b>(-)-14.6</b>

Source: Adventure and Sport Tourism in Pakistan, 1992c

**The Companies Ordinance, 1984  
(Ordinance No. XVII of 1984)**

**Company Limited by Shares  
Memorandum of Association  
of  
Sarhad Tourism Corporation, NWFP.**

- I. The name of the Company is SARHAD TOURISM CORPORATION OF NWFP, LIMITED.
- II. The registered office of the Company will be situated in the province of NWFP, (Pakistan).
- III. The objects for which the Company is established are:
  1. to promote and develop the tourism industry in Pakistan, in general, and in the NWFP in particular and to carry on the business connected with Tourism in this province in the NWFP or elsewhere;
  2. to arrange and provide all facilities, incentives, services, assistance, encouragement, concession, recreation, and amusement to tourists;
  3. to acquire, design, establish, construct and run hotels, motels, restaurants, refreshment rooms, rest-houses, camping sites, skiing-run facilities for ice-skiing, hunting lodges, clubs, amusement parks, aquariums, holiday resorts and places of interest and entertainment for all kinds to tourists;
  4. to project and publicise the country's history, culture, art, literature, archaeological monuments and other features of interest and profit to the Corporation with a view to attracting tourists;
  5. to deal in purchase and sale of novelties, general merchandise, dairy products, provision of all kinds, also to establish and run handicraft and souvenir shops;



6. to establish a travel agency and/or work as agents for railways, shipping companies, airlines, waterways, road transport, for organised group tours and to establish branches in Pakistan and abroad;
7. to own and run road and water transport vehicles for the purpose of arranging conducted sightseeing tours;
8. to acquire, own, and possess, whether by purchase, hire purchase, lease, exchange, grant, gift, donation, or otherwise, moveable and immovable properties of all description and any right, title, or interest in such properties;
9. to develop land, and construct or acquire temporary or permanent buildings, accommodation and other structures including roads, tanks, channels, and wells;
10. to import any plant, machinery, equipment, or other goods to manufacture, sell and export any article and generally to engage in the business of export and import within the scope of these objects;
11. to borrow and raise money for the business and objects of the Corporation and to secure its repayments together with interest and other dues in such a manner as may be considered expedient, particularly by creating a mortgage, hypothecation, floating or specific charge or lien on all or some of the properties of the Corporation; to furnish securities, guarantees and undertakings; to issue convertible and non-convertible debentures, both redeemable and irredeemable, secured and unsecured and furnish such other securities as may be necessary;
12. to receive development funds from the provincial Annual Development Plan (ADP) to be utilised for creation and maintenance of new tourist facilities of the Corporation;
13. to sell, mortgage, hypothecate, pledge, exchange or otherwise dispose of any property; to invest in securities or any business the moneys of the Corporation; to issue stocks, bonds, debentures, notes, evidences of indebtedness, certificates of interest in estates and associations;

14. to obtain, acquire and grant sanctions, approvals, privileges, concessions, patent rights, trade marks, licenses, protection, or anything which may seem calculated, directly or indirectly, to benefit the Corporation;
15. to expend money for the objects and purposes of the Corporation;
16. to form, incorporate, or promote companies in Pakistan or elsewhere with the object of carrying on or expanding or otherwise promoting and assisting the business of the Corporation or other allied business and if necessary to manage, control, invest in, and assist the said companies;
17. to enter into partnership or into any arrangement for sharing profits, union of interest , joint ventures, reciprocal concessions or cooperation with any person, firm, association or company and to advance money to, guarantee the contracts of, or otherwise assist any such person, firm, association or company and to sell, hold, reissue, with or without guarantees, or otherwise deal with the same;
18. to establish and maintain agencies, branches or depots of the Corporation and appoint Managers, Secretaries , Brokers, Agents for the Corporation and itself act as such for other persons and companies;
19. to initiate and maintain continuous process, comprehensive development planning with the object of preparing the Tourism Master Plan for the province and periodically update such development plans; to prepare and approve schemes out of the funds received from provincial government and other sources;
20. to promote and develop tourism resorts/areas in the NWFP and to carry on the business connected therewith in the NWFP and elsewhere;
21. to subscribe for, take or otherwise acquire and hold shares in any other company having objectives altogether or in part similar to those of this company or carrying on any business capable of being conducted so as directly or indirectly to benefit this company.

- IV. The liability of the members is limited.
- V. The authorised share capital of the Company is Rs 1,50,00,000/- (Rupees one crore fifty lakhs) divided into 15,00,000/- shares of Rs 10/- each with the rights, privileges, and condition for the time being, with power to increase and reduce the capital of the Corporation and to divide the shares into several classes.

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<sup>1</sup> Some of the references are incomplete. This will be rectified in the final publication of this Tourism series. Any inconvenience to readers is regretted.

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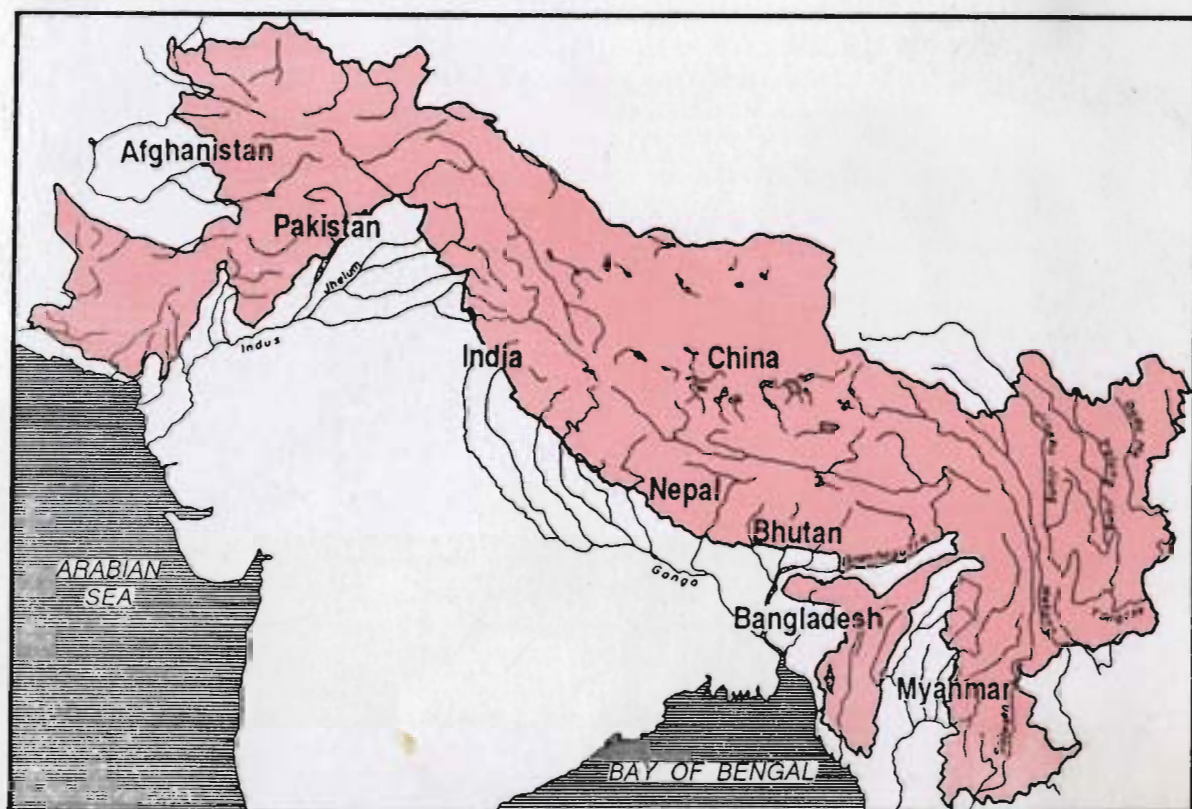
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