

Chapter 1. Introduction to Sustainable Tourism

"Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities"

(UNWTO)

From this definition, we can highlight three sustainability factors: Economic, Social, and Environmental.

Therefore, sustainable tourism should:

1. Make optimal use of environmental resources that constitute a crucial element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
2. Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to intercultural understanding and tolerance.
3. Ensure viable, long-term economic operations, providing socio-economic benefits to all fairly distributed stakeholders, including stable employment and income-earning opportunities and social services to host communities and contributing to poverty alleviation.

Sustainable tourism development requires the informed participation of all relevant stakeholders and strong political leadership to ensure broad consensus. Achieving sustainable tourism is a continuous process that requires constant monitoring of impacts and introducing the necessary preventive and corrective measures whenever necessary.

Sustainable tourism should also maintain high tourist satisfaction and ensure a meaningful experience for the travellers, raising their awareness about sustainability issues and promoting sustainable tourism practices.

We tend to think of environmental impacts negatively, but the truth is that there are positive impacts, too, including job creation, wildlife preservation, landscape restoration, and cultural heritage preservation.

Sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.

Thus, sustainable tourism should:

1. Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.

2. Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
3. Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them.

Early in the 1990s, the idea of incorporating the **sustainable development** paradigm into the **tourism industry** emerged. As a result, sustainable tourism quickly gained popularity in academic circles. Also, it gained popularity in research, the tourism industry, business, and practice.

Sustainable tourism, as a matter of principle, separates itself from mass tourism. It only identifies with contemporary tourist forms. Thus, mass tourism is the antithesis of sustainable tourism.

A constructive strategy intended to lessen conflicts and frictions. It has been brought about by the complex connections between the tourism sector and visitors. Also, between the environment, and local communities serving as hosts of tourists.

Thus, tourism and associated infrastructures operate within natural capacities. They account for the regeneration and future productivity of natural resources. They recognize the contribution that people and other species have. The contribution to the regeneration and future productivity of natural resources.

The Elements of Sustainable Tourism

1. Communities, traditions, and ways of life enhance the **tourism experience**. It's possible only if they receive a fair part of the financial benefits. The preferences of the host regions' inhabitants and communities are considered. It is done while making these judgments. It reduces the adverse effects of tourism on the environment to achieve ecological sustainability. This is done by helping to **preserve and improve conservation**. It returns a portion of the money earned to the protected area.
2. Tourism-related activities must have as **minimal of a negative impact**. It accounts for the impact on the neighborhood and its citizens to achieve social sustainability. The creation of tourism forms that don't interfere with and upend the daily routines of residents. Neither in the tourist destination, preventing contentious interactions

3. Tourism-related activities should have as little of a negative impact as possible. It talks about their impact on the local population's cultures, traditions, and customs. This helps in achieving **cultural sustainability**. Travel tours should be an enriching experience.
4. Creating a segment of the tourism industry is considered. It can assess the uniqueness and authenticity of regional cultures. They should be conserved and prevented from being influenced by "external" cultural influences.
5. **Increasing the local population's economic gains** from tourism development to achieve economic sustainability. The preservation and economic growth of regional communities and protected areas are fundamental tenets of sustainable tourism.
6. **Education**, readiness, and knowledge.
7. Improving the tourist's attitude toward the environment. Minimizing the damage through better awareness and consideration of the impact he creates.
8. In addition to the interpretation component, this also includes an **ecological education** component, which is vital from the standpoint of the product and of the local administrations (for tourists, locals, local government, rural and urban population, etc.).
9. A crucial component of sustainable tourism is **local control**. All decisions relating to developing a sustainable tourism industry involve and consult the **local people**. They involve those who actively participate in decision-making.
10. The important element is **local proprietorship** over tourism infrastructure elements like motel complexes. Local government and the community are active participants and in command. It applies especially when it comes to their financial resources.
11. What guarantees and enforces the principles of sustainable development in the tourism industry? A proper mentality, a firm stance and **laws and regulations**.

Principles of Sustainable Tourism

Tourism Concern, 1991 in association with the Worldwide Fund for Nature(WWF) gives **10 principles for sustainable tourism**. These are following as:

- 1) **Using resources sustainably**. The conservation and sustainable use of resources- natural, social and cultural – is crucial and makes long-term business sense.
- 2) **Reducing over-consumption and waste**. Reduction of over-consumption and waste avoids the costs of restoring long-term environmental damage and contributes to the quality of tourism.
- 3) **Maintaining biodiversity**. Maintaining and promoting natural, social and cultural diversity is essential for long-term sustainable tourism and creates a resilient base for the industry.
- 4) **Integrating tourism into planning**. Tourism development which is integrated into a national and local strategic planning framework and which undertake environmental impact assessments increases the long-term viability of tourism.
- 5) **Supporting local economies**. Tourism that supports a wide range of local economic activities and which takes environmental costs and values into account, both protects these economies and avoids environmental damage.

6) **Involving local communities.** The full involvement of local communities in the tourism sector not only benefits them and the environment in general but also improves the quality of the tourism experience.

7) **Consulting stakeholders and the public.** Consulting between the tourism industry and local communities, organizations and institutions are essential if they are to work alongside each other and resolve potential conflicts of interest.

8) **Training staff.** Staff training which integrates sustainable tourism into work practices, along with recruitment of personnel at all levels, improves the quality of the tourism product.

9) **Marketing tourism responsibly.** Marketing that provides tourists with the full and responsible information increases respect for the natural, social and cultural environments of destination areas and enhances customer satisfaction.

10) **Undertaking research.** Ongoing research and monitoring by the industry using effective data collection and analysis are essential to help solve problems and to bring benefits to destinations, the industry, and consumers.

Concepts and benefits of Swachh Bharat Mission

Swachh Bharat Mission is a massive mass movement that seeks to create a Clean India. The father of our nation Mr. Mahatma Gandhi always puts the emphasis on swachhta as swachhta leads to healthy and prosperous life. Keeping this in mind, the Indian government has decided to launch the swachh bharat mission on October 2, 2014. The mission will cover all rural and urban areas. The urban component of the mission will be implemented by the Ministry of Urban Development, and the rural component by the Ministry of Drinking Water and Sanitation.

Swachh Bharat Mission for Urban Areas

The programme includes elimination of open defecation, conversion of unsanitary toilets to pour flush toilets, eradication of manual scavenging, municipal solid waste management and bringing about a behavioural change in people regarding healthy sanitation practices.

The mission aims to cover 1.04 crore households, provide 2.5 lakh community toilets, 2.6 lakh public toilets, and a solid waste management facility in each town. Under the programme, community toilets will be built in residential areas where it is difficult to construct individual household toilets. Public toilets will also be constructed in designated locations such as tourist places, markets, bus stations, railway stations, etc. The programme will be implemented over a five-year period in 4,401 towns.

The expected assistance for construction of community toilets - Central Government will contribute upto 40% of the cost of construction of community toilet as a VGF/ outright grant. As per SBM guidelines, the States/UTs shall provide an additional 13.33% for the said component. The NE and special category states shall be required to contribute 4% only. The balance shall have to be arranged through innovative mechanisms by the urban local body.

Rs 62,009 crore is the budget provision for the programme. Of this, the Centre's share is Rs 14,623 crore. Of the Centre's share of Rs 14,623 crore, Rs 7,366 crore earmarked for solid waste management, Rs 4,165 crore for individual household toilets, Rs 1,828 crore for public awareness and Rs 655 crore for community toilets.

Swachh Bharat Mission for Urban Areas 2.0

SBM-U 2.0 envisions to make all cities 'Garbage Free' and ensure grey and black water management in all cities other than those covered under AMRUT, make all urban local bodies as ODF+ and those with a population of less than 1 lakh as ODF++, thereby achieving the vision of safe sanitation in urban areas. The Mission will focus on source segregation of solid waste, utilizing the principles of 3Rs (reduce, reuse, recycle), scientific processing of all types of municipal solid waste and remediation of legacy dumpsites for effective solid waste management. The outlay of SBM-U 2.0 is around Rs 1.41 lakh crore for the period 2021-22 to 2025-26.

This will be a continuation of the Swachh Bharat Mission (Urban), with the following components for funding and implementation across all statutory towns, viz.

- Sustainable sanitation (construction of toilets)
- Wastewater treatment, including fecal sludge management in all ULBs with less than 1 lakh population (this is a new component added to SBM-U 2.0)
- Solid Waste Management
- Information, Education and Communication, and
- Capacity building.

Swachh Bharat Mission (Gramin)

Phase I

The Nirmal Bharat Abhiyan has been restructured into the Swachh Bharat Mission (Gramin). The SBM(G) was launched on 2nd October 2014 to ensure cleanliness in India and make it Open Defecation Free (ODF) in Five Years. It seeks to improve the levels of cleanliness in rural areas through Solid and Liquid Waste Management activities and making Gram Panchayats Open Defecation Free (ODF), clean and sanitised.

Incentive as provided under the Mission for the construction of Individual Household Latrines (IHHL) was available for all Below Poverty Line (BPL) Households and Above Poverty Line (APL) households restricted to SCs/STs, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households.

Said to be the world's largest behaviour change programme, it achieved the seemingly impossible task by generating a people's movement at the grassroots. All stakeholders worked together from 2014 to 2019 and in a time bound manner ensured that, as on 2nd October 2019 all districts across India, declared themselves as ODF.

Phase II

Having achieved the milestone of an ODF India in a time bound manner in the last five years from 2014 to 2019, the work on sanitation and the behaviour change campaign has to continue to sustain the gains made under the programme and also to ensure no one is left behind and the overall cleanliness (Sampoorn Swachhata) in villages as well.

In February 2020, the Phase-II of the SBM(G) with a total outlay of Rs. 1,40,881 crores was approved with a focus on the sustainability of ODF status and Solid and Liquid Waste Management (SLWM). SBM(G) Phase-II is planned to be a novel model of convergence between different

verticals of financing and various schemes of Central and State Governments. The programme will be implemented in mission mode from 2020-21 to 2024-25.

Swachh Vidyalaya Abhiyan

The Ministry of Education has launched Swachh Vidyalaya Programme under Swachh Bharat Mission with an objective to provide separate toilets for boys and girls in all government schools within one year. The programme aims at ensuring that every school in the country must have a set of essential interventions that relate to both technical and human development aspects of a good Water, Sanitation and Hygiene Programme.

The Ministry financially supports States/Union Territories inter alia to provide toilets for girls and boys in schools under Sarva Shiksha Abhiyan (SSA) and Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

Rashtriya Swachhata Kosh

The Swachh Bharat Kosh (SBK) has been set up to facilitate and channelize individual philanthropic contributions and Corporate Social Responsibility (CSR) funds to achieve the objective of Clean India (Swachh Bharat) by the year 2019. The Kosh will be used to achieve the objective of improving cleanliness levels in rural and urban areas, including in schools. The allocation from the Kosh will be used to supplement and complement departmental resources for such activities. To incentivise contributions from individuals and corporate, modalities are being considered to provide tax rebates where it is possible.

SBM activities by Ministry of Tourism, GOI

To accelerate the efforts to achieve a Swachh Bharat, Swachh Prayatan and bring focus on hygiene & sanitation, Ministry of Tourism has setup a Project Monitoring Unit for Swachh Bharat Mission on 9th December, 2015. The mission aims to achieve neat and clean tourist places which attract more Foreign and Domestic Tourists. The SBM Division co-ordinate the Swachhta Awareness activities amongst Tourists, School /College students and tourism stakeholders.

Swachhta Action Plan (SAP)

Ministry of Tourism formulates a Swachhta Action Plan (SAP) for creating awareness amongst Tourist, School/ College students and Tourism stakeholders. The following three major activities are under taken Swachhta Action Plan (SAP)

Activity-I

Creating awareness about sanitation and Cleanliness at Tourist/Pilgrim centers by holding awareness campaigns.

Activity-II

Organizing Taluk level school/college students and Cleanliness activities in their places- campaigns/training for trainers/NCC/NSS Corps involvement/local youth club etc.

Activity-III

Holdings of seminars/conferences/Workshops with the stakeholders of Tourist centers, Pilgrim centers, famous Archaeological monuments/Temples, forts, churches, Mosques, holy tombs,

Gurudwaras etc. and identified/selected sites with the thrust on preventing of open defecation and relieving in the public or road side.

Swachhta Pakhwada (SP)

Activities undertaken by Ministry of Tourism during the Swachhta Pakhwada from 16th-30th September, 2020.

The Ministry of Tourism (MoT), with the aim of maintaining cleanliness at tourist destinations across the country has observed awareness campaign on cleanliness by undertaking a fortnightly awareness drive called “Swachhta Pakhwada”.

Due to Covid-19 pandemic this year Ministry of Tourism had organised Swachhta Pakhwada activities from 16th – 30th September, 2020 on VC mode through webinars, audiovisual etc. across the Country through its Indiatourism offices, India Tourism Development Corporation (ITDC) and Institutions under Ministry of Tourism like Indian Institute of Tourism and Travel Management (IITTM), Institute of Hotel Management (IHM) etc., total 534 activities had been organised all over the country.

The educational Institutions under the Ministry of Tourism like IITTM, IHM etc., had also undertaken various cleanliness activities following all Covid-19 guidelines at their respective places of work /institution and sent reports with photographs to this Ministry. This way the whole length and breadth of the country was covered.

Thus Ministry is striving to take all possible action in making a Swachh Bharat a success, in respect of tourist destinations including tourism iconic sites in the country.

Swachhta Hi Seva (SHS)

Activities undertaken by Ministry of Tourism during the Swachhta Hi Seva from 11th September to 2nd October, 2019.

The Ministry of Tourism (MoT), with the aim of maintaining cleanliness and eradication of Single Use Plastic (SUP) at tourist destinations across the country has observed a campaign on cleanliness by undertaking an intensive cleanliness drive titled called “Swachhta Hi Seva” under the theme Plastic Waste Management.

The Ministry observed Swachhta Hi Seva from 11th September to 2nd October, 2019, focusing on eradication of Single Use Plastic (SUP) and created awareness about harmful effects improper disposal of plastic in our day to day life. Ministry of Tourism had organized Swachhta Drives / Awareness campaigns / poster making and slogan writing campaigns etc. at various tourist, pilgrimage places and beaches all over the country through its Indiatourism offices, India Tourism Development Corporation (ITDC) and Educational Institutions under Ministry of Tourism like Indian Institute of Tourism and Travel Management (IITTM) & the Institute of Hotel Management (IHM) etc. The campaign organized at various places all over the country covered 517 activities under the theme of eradication of Single Use Plastic (SUP). These Swachhta activities were undertaken as part of celebration of 150 year of Mahatma Gandhi. Four awards have been given away for the best performers under SHS campaign during 2019-20.

National Tourism Award (NTA)

In order to recognize the efforts of State/UT Governments to maintain tourist places clean, awards titled “Swachh Paryatan Sthaan” earlier known as Swachhta Award and “Best Civic Management

of a tourist destination in India Award under category A for city, B for Town / Urban Local Bodies and C for Village has been instituted by the Ministry

Benefits of Swachh Bharat Mission

The Swachh Bharat Mission has made significant strides in transforming India's sanitation landscape. The initiative has brought about positive changes in several areas, impacting both urban and rural communities.

1. Improved Sanitation Coverage

The mission has witnessed substantial progress in improving sanitation coverage across the country. According to official reports, over 100 million toilets have been constructed since the launch of the Swachh Bharat Mission. This increased coverage ensures that more individuals have access to clean and safe sanitation facilities.

2. Behavioral Change and Awareness

To achieve sustainable sanitation practices, the Swachh Bharat Mission emphasises behavioural change and awareness creation. Various programs and campaigns have been conducted to educate and sensitise communities about the importance of sanitation and hygiene. These efforts have resulted in a shift in attitudes and behaviours, promoting cleanliness and hygiene practices among the masses.

3. Economic Impact

The Swachh Bharat Mission has also had a positive impact on India's economy. Improved sanitation facilities lead to a reduction in healthcare costs and increased productivity. With healthier individuals and reduced disease burden, more people can actively participate in the workforce, contributing to economic growth and development.

4. Tourism growth

India was perceived as a destination with huge tourism potential but had a negative perception in terms of sanitation and hygiene standards. SBM has taken massive strides towards a clean India thereby improving country's image as a safe and hygienic destination to visit and explore.

Role of Technology in sustainability practices

Technology can play a significant role in promoting and operationalising sustainable tourism. It allows us to capture relevant data to track our progress towards a more sustainable future, educate visitors and businesses on sustainable tourism practices, and create new modes of travel. Overall, more attention should be given to how introducing new technologies can affect a more sustainable development route for tourism. By harnessing technology, the tourism industry can work towards reducing its environmental footprint, supporting local communities and preserving cultural heritage. Technology should be viewed as a tool to aid sustainable tourism efforts rather than a defining factor. A holistic approach that values technological advancements and traditional sustainable practices will ultimately lead to a thriving and responsible tourism industry. The most recent technological advances are already disrupting even the most traditional markets and can enable strategically agile and robust processes. Here are some ways in which technology is influencing sustainable tourism:

1. **Digital Transformation:** The growth of digital technologies has transformed how tourism operates. Online platforms, such as travel websites and booking engines, allow tourists to plan their trips more efficiently and reduce their carbon footprint.
2. **Sustainable Destination Management:** Technology can be used to support the development of sustainable destination management practices, such as monitoring tourist flows and managing the distribution of visitors across different areas. This helps reduce tourism's impact on sensitive environments while also ensuring that local communities benefit from the economic benefits of tourism.
3. **Green Accommodation:** The use of technology can also help promote sustainable practices in accommodation establishments. For example, smart systems and energy-efficient technologies can help reduce energy consumption and waste while improving the guest experience.
4. **Responsible and Ethical Tourism:** Technology can encourage sustainable behaviour and support sustainable tourism development by providing travellers with up to date information and applicable resources.
5. **Carbon Offsetting:** Finally, technology can support carbon offsettings and other sustainability initiatives, such as using renewable energy sources and sustainable transportation options. By tracking and offsetting their carbon footprint, tourists can actively contribute to the sustainability of tourism.
6. **Power of the cloud:** Migrating business processes to the cloud can boost an organisation's efficiencies, security, and sustainability. We will delve into this one a bit more.

Current issues and trends in sustainable tourism

(Article by Dr Carlos Martin-Rios, Courtsey- EHL Insights)

As academics specializing in the travel, tourism and hospitality (TTH) industry, we have trained and advised dozens of companies in their journey towards sustainable businesses. There is so much more sustainability than just the standard greenwashing statements. TTH firms are accountable and must take the changes taking place seriously, from Greta Thunberg's movement to new priorities in the World Economic Forum's agenda or the ever-growing list of world moguls taking on a leading role in the fight against climate change. For that reason, we have identified 10 sustainable tourism trends that will influence business strategies right now.

Each trend is an opportunity for TTH firms to provide services that align with consumer values, the Sustainability Development Goals agreed by the Member States of the United Nations as part of the Agenda for Sustainable Development in 2030, and the triple-bottom line accounting framework to evaluate business value in a broader perspective that includes social, environmental and financial outcomes.

#1 - The time for isolated green initiatives is over

Green-washing is ever less acceptable. Current challenges demand a comprehensive sustainable business model—one which places sustainability at the core of your corporate strategy, business practices and operations.

The bottom line: Come out with a new way of doing business, one that cares and walks the talk.

Building a sustainable business strategy won't be quick or easy—but waiting is not an option.

#2 - Carbon emission compliance is no longer an option

TTH firms need to have a greenhouse gas inventory for their companies. Still today not many companies have one.

The bottom line: Compete for being better on the environment and talk about it –because it is the big trend (and will change social norms).

#3 - Implementing an ambitious emission plan pays off

Companies are accountable for reducing their emissions. Some can try a modest carbon-neutral way. A better objective is to reduce overall emissions by 5% each year.

Leading TTH companies should go all the way down the road just like Microsoft recently did, when it stated that by 2030 “Microsoft will be carbon negative, and by 2050 Microsoft will remove from the environment all the carbon the company has emitted either directly or by electrical consumption since it was founded in 1975.”

The bottom line: Which TTH company will take up the torch and be the first carbon negative company?

#4 - Data for action, not just analysis

The old good saying “you can't manage what you can't measure” has never been more valuable. But how so?

First, assess emissions and formulate a strategy to reduce footprint.

Second, set up a dashboard with key sustainability indicators.

Finally, be certain about your sustainability strengths when making prospective decisions: Can you foresee the impact of your next hotel opening? Is your next merge with a travel operator sustainable, i.e., positive in long-term economic standards?

The bottom line: *Measuring processes and managerial decisions is the way to solve the sustainability challenge and, by doing so, to keep stakeholders informed about it.*

Scorecards are critical in sustainability assessment, implementation and forecasting. “Better data will lead the way to a sustainable future.”

#5 - Less bottom-line operational mindset, circular economy and sustainable resource management

From theory to harsh reality. TTH firms are increasingly aware of the importance of managing world's limited resources. It is time to reduce wasteful consumption of resources as much as possible by reusing all available resources and minimizing waste.

The bottom line: *Actively promote the development of multi-stakeholder systems with suppliers, local community and customers.*

Sustainable resource management means reduction, better planning and management of resources: single use plastic, green energy, electricity, water; textile, chemicals, raw materials to name just a few.

#6 - Food waste is not an option (if it ever was)

One resource that requires special attention is food. Food has cultural, social, symbolic and heritage significance. As research shows, the food waste challenge can and must be solved with management practices and innovations.

The bottom line: *Food waste says it all: a shame for humankind and the planet.*

Our latest research on food waste suggests that the introduction of different management innovations provides financial benefits in terms of cost savings, cost avoidance and revenue growth. Yet, professionals lack systematic implementation of waste reduction strategies.

#7 - Speed up business action by aligning with Sustainability Development Goals

Sustainability is not just climate change. Pay close attention to other UN Sustainable Development Goals (SDGs) and pledge to them. Several SDGs fall squarely into TTH companies' core business principle: people service. For example, SDG8: "decent work and economic growth."

Bottom line: *TTH companies must pay attention to skilled labor shortage, exploitation of labor, irregular working hours, fight slavery and trafficking.*

#8 - Be proactive with global environmental policy

Until recently, firms were compliant with local government regulations and policies. The road to sustainability has provided legitimacy to global players, such the UN Agenda 2030. TTH firms must get actively involved with these regulatory bodies and the new international global development agendas.

The bottom line: *Collaborate with global players as they bet on more ambitious sustainability goals than local institutions.*

Compliance was yesterday. Since ordinary politics has done such a poor job in proactively tackling sustainability, companies need to do whatever they can and more.

#9 - Put Environmental, Social, and Governance (ESG) in your corporate agenda

Environmental, Social, and Governance (ESG) criteria are the three central factors taken into account when measuring the sustainability and societal impact of investment in a company or business. All the largest private equity investment funds have pledged to the Sustainability Standards and Policies laid out by the **World Bank's International Finance Corporation**.

The bottom line: *Hedge funds and private equity will prioritize investments in those companies that incorporate ESG provisions proactively.*

#10 - Green-washing is never an option

It is time to answer those hard hitting, inconvenient questions: Inasmuch as airlines say otherwise, there is no sustainable cheap travel. Likewise, to this date, luxury accommodation and transportation are not sustainable businesses.

The bottom line: *Customers are more educated than ever and are increasingly making wise decisions. The reputational damage of misleading customers will have serious implications for the future of TTH companies. Go back to **trend #1** and step up your sustainability efforts in response!*

Modern times have seen a massive change in the perception of responsibility for the environment. Individuals make their choices more critically and expect companies to make significant contributions as well. To talk the talk is no longer enough - reputational risks

are now very real. Change must be seen as an opportunity. We have already supported many corporations to get a head start with clear benefits for early adopters implied.

Chapter 2 : Role of Sustainability in Hospitality Industry

Sustainability management practices for Hotels

Sustainability in the Hospitality Industry – What Is It?

Sustainability is a widely known topic and issue that business owners from all industries must take into consideration. In its entirety, it takes into account all of the elements of a business that have the potential to impact future generations. In simple terms, sustainable hotel practices consider and benefit current generations (guests), without causing detrimental impacts to future generations. This means that hoteliers must consider what eco-friendly hotel practices they can implement to be sustainable. This includes things such as energy efficiency, water consumption, waste, and so on.

Going Deeper into Hotel Sustainability

Hotel sustainability is not limited to just energy efficiency, water conservation, and waste management. It encompasses a broader spectrum of practices that hotels can adopt to reduce their environmental footprint and promote sustainability. For instance, hotels can opt for locally sourced food for their restaurants, reducing food miles and supporting local businesses. Sustainable procurement is another area – from furnishings to toiletries, hotels can choose products that are ethically sourced and have a lower environmental impact. Moreover, hotels can also contribute by engaging in community outreach and supporting local conservation efforts. In essence, hotel sustainability is a holistic approach that considers every aspect of the hotel's operations, striving to lessen its impact on the environment while providing a high-quality experience for guests.

It's no secret that sustainability is on the rise in a number of industries. As an accommodation business, your property must consume a lot of water and energy to provide showers, spa facilities, electricity and so on.

The larger the property, the more guests you have, hence the more energy you consume. As a hotelier, it is your responsibility to minimise your environmental impact, henceforth preserving experiences for future generations.

As the world becomes more environmentally conscious, guests are actively seeking out accommodations that prioritise sustainability. In fact, a study by Booking.com showed that 87% of global travellers would prefer to stay in an eco-friendly accommodation. By implementing sustainable practices and promoting them to potential guests, hotels can tap into this growing trend and appeal to a wider audience.

Best Environmental Practices for the Hotel Industry

- ***Be More Energy Efficient***

One of the first things you want to consider when going green in the hospitality industry is how much energy your business uses. Then, you need to think about how you can reduce this.

- Choose energy-efficient appliances
- Try solar-powered technology
- Use smart systems like HVAC
- Encourage guests to save power

➤ ***Reduce Water Consumption***

Overuse of water is one of the most common impacts hotels have on the environment. Consider how you can reduce water consumption and be a more eco-friendly hotel in this regard.

- Monitor water lines
- Choose eco-friendly sources
- Use less where possible (e.g. sprinklers)
- Encourage guests to save water
- Choose water-efficient appliances
- Recycle And Reduce Waste

➤ ***Recycling and waste management***

- Have both rubbish and recycling bins in common areas and hotel rooms
- Encourage guests to reduce waste
- Offer refillable water bottles
- Use biodegradable materials (e.g. food packaging)
- Donate unused goods (e.g. furniture, food, etc.)

➤ ***Source Organic Resources***

Something else you can do to reduce your environmental footprint and increase positivity for future generations is sourcing organically. It isn't just your environmental footprint to consider, it is also that of those you source resources from.

- Choose organic food and drink sources
- Purchase products from sustainable businesses
- Minimise the use of chemicals
- Use eco-friendly hotel cleaning products
- Source organic bedding and recycled furniture

➤ ***Go Paperless***

Many hotels (and businesses in general) produce a lot of unnecessary waste with printing and bookkeeping on paper. To be a more eco-friendly hotel, you need to implement smart technology and keep everything electronic.

- Minimise printing
- Encourage guests to save paper

- Implement powerful technology
- Use a cloud-based property management system (PMS)

➤ ***Encourage Sustainable Transportation***

Promoting the use of sustainable transportation among guests can greatly contribute to your hotel's green practices.

- Provide bicycles for guest use
- Encourage guests to use public transportation
- Offer shuttle services to common destinations
- Provide information about local walking and biking trails

➤ **Implement a Green Education Program for Staff**

Educating your staff about the importance and benefits of sustainability can improve your hotel's overall green performance.

- Offer regular training on sustainable practices
- Encourage staff to come up with green ideas
- Reward employees for environmentally friendly behavior

➤ ***Collaborate with Green Organizations***

A partnership with a local or international green organization can boost your hotel's credibility and commitment to being eco-friendly.

- Sponsor local environmental events
- Join international sustainability certification programs
- Collaborate with NGOs for beach cleanup, tree plantation, etc.

Establish a Green Marketing Strategy

Ensure that your sustainable efforts are communicated effectively to your potential guests.

- Highlight your green practices on your website and social media
- Use ecolabels and certifications in your marketing materials
- Share stories of your sustainability initiatives with your audience.

Improving sustainability in the hospitality industry today will benefit tomorrow.

As defined earlier; sustainability is the concept of serving current generations, at the same time as maintaining preservation for future generations.

Hotels around the world are rolling out a plethora of green initiatives like smart showers, solar power installations, and waste diversion. But what's right for one hotel may not be right — or achievable — for others.

If you're interested in winning business by going green, we've got you covered with a rundown of tips and strategies to bring sustainable best-practices to your properties. Let's start by understanding what sustainability means and why it matters for the hotel industry.

What are sustainable, eco-friendly hotels?

Sustainable hotels are businesses that significantly reduce their environmental impact through green best-practices in maintenance, services, logistics, products, and supplies. The core elements revolve around reducing waste, saving energy, and cutting down on water usage.

Sustainability in the business world is essential to achieving growth and satisfying customers. Increasingly, consumers seek out green businesses and pay more for eco-friendly products and services. One in three consumers prefer sustainable brands, and the travel industry is taking note. TripAdvisor, for example, has developed its GreenLeaders Program showcasing hotels with environmentally-friendly best practices to conscientious travelers, such as hotels going green with LEED (Leadership in Energy and Environmental Design).

Hotels can also expect to save a good deal of green by going green. Moving toward sustainability means reducing your energy and water consumption, as well as staffing for things like maintenance and guest services.

As more hotels work to incorporate sustainable principles into their meetings, events, and guest services, more and more guests expect many of today's eco-friendly innovations as standard amenities. Developing green best practices now to address these expectations is the key to boosting your bottom line. It will also lower the risk of losing customers to hotels with deep sustainability programs.

Performance Monitoring and Reporting: Tracking sustainability performance and reporting progress to stakeholders can lead to increased transparency and accountability. This can also help identify areas for improvement and continuous sustainability efforts. Incorporating sustainable practices can lead to long-term profitability and brand reputation. By understanding customer expectations, optimizing pricing strategies, and implementing sustainable initiatives, hotels can benefit from cost savings and increased revenue while also contributing to environmental conservation and social responsibility.

Sustainability parameters in star classification

Hotels are an important component of the tourism product. They contribute to the overall tourism experience through the standards of facilities, amenities and services offered by them. With the aim to provide contemporary standards of facilities and services, the Ministry of Tourism has a voluntary scheme for approval of Hotel Projects in different star categories. The committee for star classification is known as Hotel and Restaurant approval and classification committee (HRACC). The parameters related to sustainability which are mandatory for all categories of hotels are as follows :

1. Sewage Treatment Plant :
2. Rain Water Harvesting
3. Waste management
4. Pollution control methods for air, water and light

5. Introduction of non CFC equipment for refrigeration and air conditioning and other Eco-friendly measures / initiatives

Cost benefit analysis

Hotel managers see first hand the costly and wasteful use of resources hotel properties generate on a daily basis. Striving to be more environmentally friendly through the efficient use of energy, water, and materials can help to eliminate some of this waste while also providing cost benefits for business. Green hotels have seen benefits such as increased profits and reduced costs and liabilities. By choosing to be a leader in sustainability, you can enhance your business's reputation, brand and market value, and gain many other intangible benefits. One can also reap tax benefits for these efforts. The bottom line is that "going green makes green."

The use of eco-friendly practices can actually reduce your operating costs. Lighting is a large energy-using system and is an easy area for reducing energy costs. Fluorescent lights produce more light than incandescent lights and last 8-10 times longer. A compact fluorescent light will pay for itself in less than one year. Solar power is also being used more commonly. It is a limitless natural resource with economic and environmental benefits. Hotels are using solar power in systems to provide thermal and light power. For example, hotels can use photovoltaic panels to harness solar power for heating the pool and sauna, decreasing utility costs and reducing vulnerability to fluctuations in energy prices.

Water Consumption is another area where hotels have a great ability to save resources and money. Lowering the temperature of the washing machine water by 20 degrees can save a great deal of money for your business, and the linens come out just as clean. Low-flow shower heads and faucet aerators are good options for conservation as well, and pay for themselves within 3-4 years. The use of placards that encourage guests to re-use their towels is a practice that is becoming more widespread and can help save energy costs. Some businesses are also starting to use dual flush toilets, which alters the amount of water used to flush depending on the type of waste. These toilets are very efficient and can greatly reduce the amount of water used.

Many hotels are hesitant to establish green programs in solid waste management, such as recycling or composting programs, because of the large amount of cooperation needed among staff and guests. However, recycling and composting of solid waste material can provide large cost benefits for businesses. Hotels produce a large amount of paper, aluminum and plastics that can be recycled at a cost savings. By placing recycling bins next to trashcans throughout your hotel, staff and guests will be more inclined to recycle. A large portion of the solid waste produced in hotels is food. Spoiled food and leftover food scraps can be composted and used to enhance the soil in the hotel's gardens.

There are many other ways to save resources and money. Buying local food cuts out the middle man, puts more money into the local economy, and reduces transportation costs and energy-wasting long hauls. You can also build a garden and grow your own herbs or vegetables to use in your hotel's restaurant or food service. Green roofs, roofs covered with plants and vegetation, are another option. These eco-friendly roofs help with storm water management, can improve air quality, help to lower air temperature, and can provide insulation for your building. All three of these options not only help to improve your business, but also help to improve the area and community around your hotel.

Going green can also help your property attract the 43 million self-proclaimed "eco-tourists." Surveys have found that these travelers are willing to pay 8.5% more to environmentally sensitive travel providers. Over 90 percent of U.S. travelers surveyed by the travel publisher Travel Zoo said

they would choose a green, environmentally conscious hotel over a non-sustainable, non-green hotel if it was comparable in price. In my opinion, analyzing the cost benefit of a green hotel is still relative to the market conditions and real estate. While the cost of building a green hotel or LEED certified hotel is still more expensive than a traditional building, the cost has come down considerably. There are many advantages of a LEED certified hotel. There are still many federal and state programs with tax incentive programs, making LEED certification a good business decision as well as the right thing to do environmentally.

Converting a hotel to be environmentally friendly:

Hotel Managers have become more conscious about greening initiatives and LEED certification and there has been much abuzz in the industry over the past several years. Recently however, many hotels have been in survival mode and have pushed green programs to the back burner or implemented green programs less aggressively. Many customers inquire about hotels' programs related to environment and greening initiatives and it is smart for a hotel manager to have a prepared statement regarding managing an environmentally friendly property. It may just become the Sales and Marketing tool you need to gain a bit more share of occupancy and rate. However, in order for a program to be sustained, it needs to be formalized and thought out. Since there are so many components in the environmental arena, such as energy conservation, recycling (water and waste), and the use of organic food products, it is wise to look at your property and decide what works best for you, what your staff is capable of doing, and where you would reap the greater return in environmental impact and ultimately MONEY!! Some things to consider are: What is most important to the community and your client base? Is a pending renovation coming up where you could incorporate some program ideas during the course of the renovation? Do you at least have the basics in place now? These would include programs such as an in-house recycling program, purchasing from regional vendors and artists to reduce transportation and packaging.

Other ways to get your foot in the door and to start working towards becoming green are installing high-efficiency plumbing fixtures, which can help save millions of gallons of water and reduce water usage by 33%, choosing to use low-emitting volatile organic compound (VOC) paints and adhesives, carpets, which reduces indoor air contamination, and using compact fluorescent light bulbs and Energy Star Systems. There are so many other basics besides the obvious expensive aspects of becoming environmentally friendly that you could implement, such as a ride share program. These programs could be valuable as a marketing and public relations tools but are also cost effective enough to implement during the current economic down turn. Some of the costs you should be aware of that are associated with going green are: Consultant fees, commissioning, manager and associate training, and time. However, many of these upfront costs are recouped with huge reductions in water consumption, energy and hotel waste. The bottom line is that we all must be conscious of the public's desire to see us do more on behalf of the environment, even if they are not doing it in their own homes. We should also remember that costumers are willing to pay more but not much more over what they would pay for a non -environmental friendly hotel.

One very important key to your hotel's success in going green is your employees. Employees are the driving force behind the success and profitability of a hotel's programs. Hotel guests change everyday, but the consistent commitment of employees to advocate and educate each arriving guest, ensures continuity of a hotel based program and its success.

Here are some green ideas for your employees that have been successful at the property level:

- Walk up three and down five flights of stairs versus taking the elevator. In addition to saving energy, it also promotes a healthy work place.
- Carpooling or taking public transportation to help with air quality issues and traffic congestions (seemingly small but has a major affect if all hotels in the market adapt this policy)
- Ask housekeepers to set room thermostats on conservation settings such as 68-70 for heat; 72-74 for cooling and keep only minimal lights on in guestrooms (namely entry way lighting).
- Ensuring proper signage is placed in each room promoting our environmental programs with towel exchanges, lighting and water waste.
- Cutting up paper for post it notes from a "used" paper bin located near each copier machine.
- Purchase from vendors who are environmentally responsible. Buying fresh produce and meats from local farms.

Overall going green is a good decision and reaps many benefits. Even if your hotel cannot afford the costly environmentally friendly options, such as a green roof or solar panels, there are many low cost options available, such as implementing a towel exchange program or using florescent lights. Making these adjustments can not only help to bring in more customers and revenue, but they can also help community

Chapter 3 : Socio-Economic impacts

The social impacts of tourism

Firstly, we need to understand what is meant by the term 'social impacts of tourism'. To put it simply, social impacts of tourism are;

"The effects on host communities of direct and indirect relations with tourists, and of interaction with the tourism industry"

This is also often referred to as socio-cultural impacts.

Tourism is, at its core, an interactive service. This means that host-guest interaction is inevitable. This can have significant social/socio-cultural impacts.

Positive social impacts of tourism

There are many social benefits of tourism, demonstrating positive social impacts. These might include; preserving the local culture and heritage; strengthening communities; provision of social services; commercialisation of culture and art; revitalisation of customs and art forms and the preservation of heritage.

Preserving Local Culture

It is the local culture that the tourists are often coming to visit.

Tourists visit Rajasthan to learn more about the heritage. Tourists visit Thailand to taste authentic Thai food. Tourists travel to Brazil to go to the Rio Carnival, Tourists visit Kerala to experience Ayurveda to mention a few...

Many destinations will make an effort to preserve and protect the local culture. This often contributes to the conservation and sustainable management of natural resources, the protection of local heritage, and a renaissance of indigenous cultures, cultural arts and crafts.

Our social settings have changed immensely over the years. And this is a normal part of evolution! So is it right that we should try to preserve the culture of an area for the purposes of tourism? Or should we let them grow and change, just as we do? Something to ponder on ...

Strengthening Communities

Tourism can be a catalyst for strengthening a local community.

Events and festivals of which local residents have been the primary participants and spectators are often rejuvenated and developed in response to tourist interest. You certainly felt this was the way when you go to the Running of the Bulls festival in Pamplona, Spain. The community atmosphere and vibe are just fantastic!

The jobs created by tourism can also be a great boost for the local community. Aside from the economic impacts created by enhanced employment prospects, people with jobs are happier and more social than those without a disposable income.

Local people can also increase their influence on tourism development, as well as improve their job and earnings prospects, through tourism-related professional training and development of business and organisational skills.

Provision of Social Services

The tourism industry requires many facilities/ infrastructure to meet the needs of the tourist. This often means that many developments in an area as a result of tourism will be available for use by the locals also.

Local people often gained new roads, new sewage systems, new playgrounds, bus services etc as a result of tourism. This can provide a great boost to their quality of life and is a great example of a positive social impact of tourism.

Commercialisation of Culture and Art

Tourism can see rise to many commercial business, which can be a positive social impact of tourism. This helps to enhance the community spirit as people tend to have more disposable income as a result.

These businesses may also promote the local cultures and arts. Museums, shows and galleries are fantastic way to showcase the local customs and traditions of a destination. This can help to promote/ preserve local traditions.

Revitalisation of Culture and Art

Some destinations will encourage local cultures and arts to be revitalised. This may be in the form of museum exhibitions, in the way that restaurants and shops are decorated and in the entertainment on offer, for example.

This may help promote traditions that may have become distant.

Preservation of Heritage

Many tourists will visit the destination especially to see its local heritage. It is for this reason that many destinations will make every effort to preserve its heritage.

This could include putting restrictions in place or limiting tourist numbers, if necessary. This is often an example of careful tourism planning and sustainable tourism management.

Negative social impacts of tourism

Unfortunately, there are a large number of socio-cultural costs on the host communities. These negative social impacts include; social change; changing values; increased crime and gambling; changes in moral behaviour; changes in family structure and roles; problems with the tourist-host relationship and the destruction of heritage.

Social Change

Social change is basically referring to changes in the way that society acts or behaves. Unfortunately, there are many changes that come about as a result of tourism that are not desirable.

There are many examples throughout the world where local populations have changed because of tourism.

Perhaps they have changed the way that they speak or the way that they dress. Perhaps they have been introduced to alcohol and drugs through the tourism industry or they have become resentful of rich tourists and turned to crime. These are just a few examples of the negative social impacts of tourism.

Globalisation and the Destruction of Preservation and Heritage

Globalisation is the way in which the world is becoming increasingly connected. We are losing our individuality and gaining a sense of 'global being', whereby we are more and more alike than ever before.

Globalisation is inevitable in the tourism industry because of the interaction between tourists and hosts, which typically come from different geographic and cultural backgrounds. It is this interaction that encourage us to become more alike and destination as well as host population tends to lose its uniqueness and individuality.

As an example, in tourist destinations many workers have exchanged their traditional work of plowing the fields to work in the cities, in the tourism industry. They have learnt to speak English and to eat Western food. If it were not for the tourists they would have a different line of work, they would not speak English and they would not choose to eat burger and chips for their dinner!

Loss of Authenticity

Along similar lines to globalisation is the loss of authenticity that often results from tourism. Authenticity is essentially something that is original or unchanged. It is not fake or reproduced in any way.

A tourist destination is no longer authentic when their cultural values and traditions change to accommodate global preferences.

Another side of the coin with regard to authenticity is enforcement of being authentic without moving with the times. Take a look at the likes of the long neck tribe in Thailand or the Maasai Tribe in Africa. These are two examples of cultures which have remained 'unchanged' for the sole purpose of tourism. They appear not to have changed the way that they dress, the way that they speak or the way that they act in generations, all for the purpose of tourism.

To me, however, this begs the question- is it *actually* authentic? In fact, is this not the exact example of what is *not* authentic? The rest of the world have modern electricity and iPhones, they watch TV and buy their clothes in the nearest shopping mall. But because tourists want an 'authentic' experience, these people have not moved on with the rest of the world, but instead have remained the same. This leads to an ethical question because what we see at many tourist destinations is a staged authenticity.

Standardisation and Commercialisation

Similarly, destinations risk standardisation in the process of satisfying tourists' desires for familiar facilities and experiences.

While landscape, accommodation, food and drinks, etc., must meet the tourists' desire for the new and unfamiliar, tourists actually look for familiar which creates a paradox. Tourists often look for recognisable facilities in an unfamiliar environment, like well-known fast-food restaurants and hotel chains. Tourists like some things to be standardised (the toilet, their breakfast, their drinks, the language spoken etc), but others to be different (dinner options, music, weather, tourist attractions etc).

Do we want everything to become 'standardised' though? People miss seeing the little independent shops that used to fill the high streets in the UK. Now it's all chains and multinational corporations. They love the way that there are no Starbucks in Italy. There's something great about trying out a traditional, yet unfamiliar coffee shop, or any independent place for that matter.

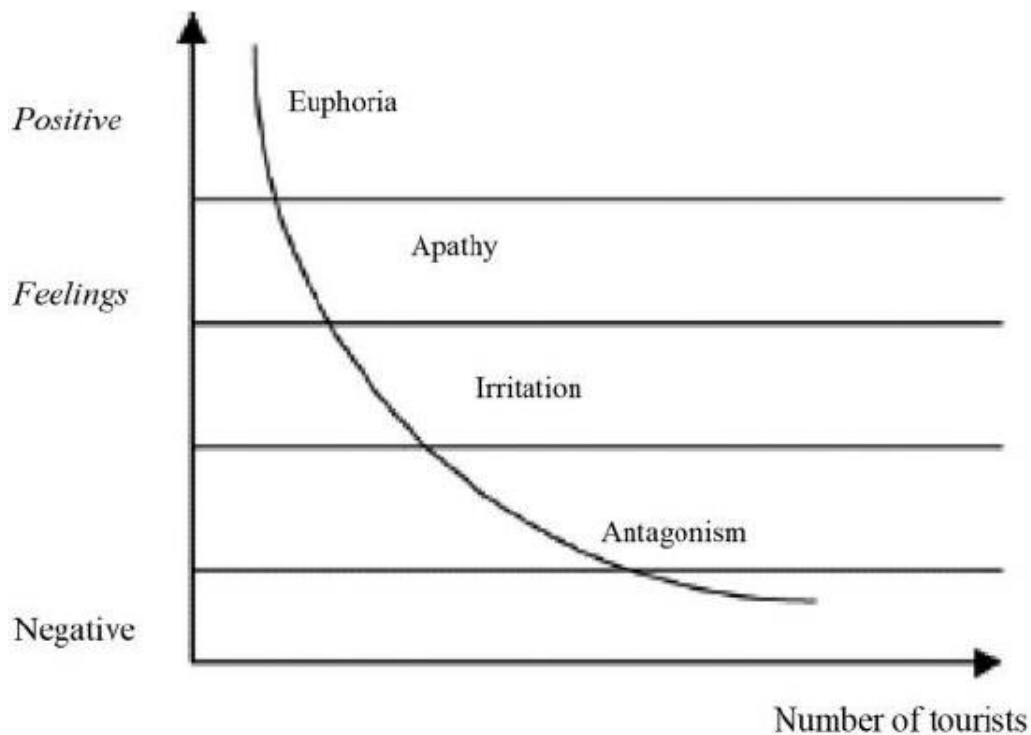
Tourism industry stakeholders should proceed with caution when it comes to 'standardisation'. Sure, give the tourists that sense of familiar that they are looking for. But don't dilute the culture and traditions of the destination that they are coming to visit, because if it feels too much like home..... well, maybe they will just stay at home next time?

Culture clashes

Another of the negative social impacts of tourism is that it can have significant consequences in culture clashes.

Because tourism involves movement of people to different geographical locations cultural clashes can take place as a result of differences in cultures, ethnic and religious groups, values, lifestyles, languages and levels of prosperity.

The attitude of local residents towards tourism development may unfold through the stages of euphoria, where visitors are very welcome, through apathy, irritation and potentially antagonism when anti-tourist attitudes begin to grow among local people. This is represented in Doxey's Irritation Index, as shown below.



Doxey's Irritation Index

Tourist-host relationships

Culture clashes can also be exasperated by the fundamental differences in culture between the hosts and the tourists.

There is likely to be economic inequality between locals and tourists who are spending more than they usually do at home. This can cause resentment from the hosts towards the tourists, particularly when they see them wearing expensive jewellery or using plush cameras etc that they know they can't afford themselves.

Further to this, tourists often, out of ignorance or carelessness, fail to respect local customs and moral values.

Think about it. Is it right to go scantily dressed to a place of worship if within the local culture it is unacceptable to show even your shoulders?

There are many examples of ways that tourists offend the local population, often unintentionally. Did you know that you should never put your back to a statue of God? Or show the sole of your feet to a Thai person? Or show romantic affection in public in the Middle East?

A little education in this respect could go a long way, but unfortunately, many travellers are completely unaware of the negative social impacts that their actions may have.

Increase in crime, gambling and immoral behaviour

The last of the social impacts of tourism that is discussed is crime, gambling and immoral behaviour. Crime rates typically increase with the growth and urbanisation of an area and the growth of mass tourism is often accompanied by increased crime.

The presence of a large number of tourists with a lot of money to spend and often carrying valuables such as cameras and jewellery increases the attraction for criminals and brings with it activities like robbery and drug dealing.

Although tourism is not the cause of sexual exploitation, it provides easy access to it e.g. prostitution and sex tourism. Therefore, tourism can contribute to rises in the numbers of sex workers in a given area. Lastly, gambling is a common occurrence as a result of tourism. Growth of casinos and other gambling facilities can encourage not only the tourists to part with their cash, but also the local population.

Economic Impacts

Introduction

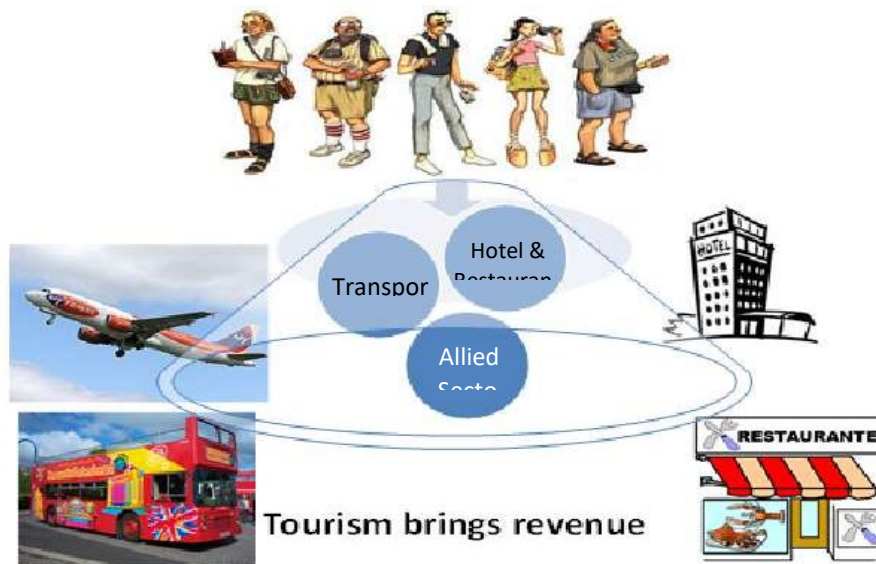
In earlier units we discussed how tourism induced activities bring several impacts on the environment, society and culture of a locality. In this unit we shall discuss the tourism impacts on economy of a destination. As we know tourism as a pleasure seeking activity involves travel to destination away from one's own locality and sometimes involves travel across borders. Tourism as a leisure and pleasure activity involves spending by the tourists for availing such services. The spending by tourists for availing variety of services brings in resources to the local economy of destination.

Economic Characteristics of Tourism

Tourism involves a series of activities performed simultaneously while a tourist experiences them as the tour progresses. Such activities include transfers, lodging and related hospitality, restaurant and other food services, entertainment and sight-seeing of attractions and so on. According to UNWTO World Tourism Barometer and India Tourism Statistics report 2019, the international tourism receipts worldwide was \$1448 billion in the year 2018 while India earned closed to 2% share of the world with \$28.58 billion in the same year. The total revenue from tourism in India reached its peak during 2019 with an all time high \$3.1 billion before unsought of COVID pandemic worldwide and resultant restriction.

These statistics may pose a question as to what constitutes this tourism receipts or tourism revenue. How does tourists' spending spread in the economy and facilitate growth.

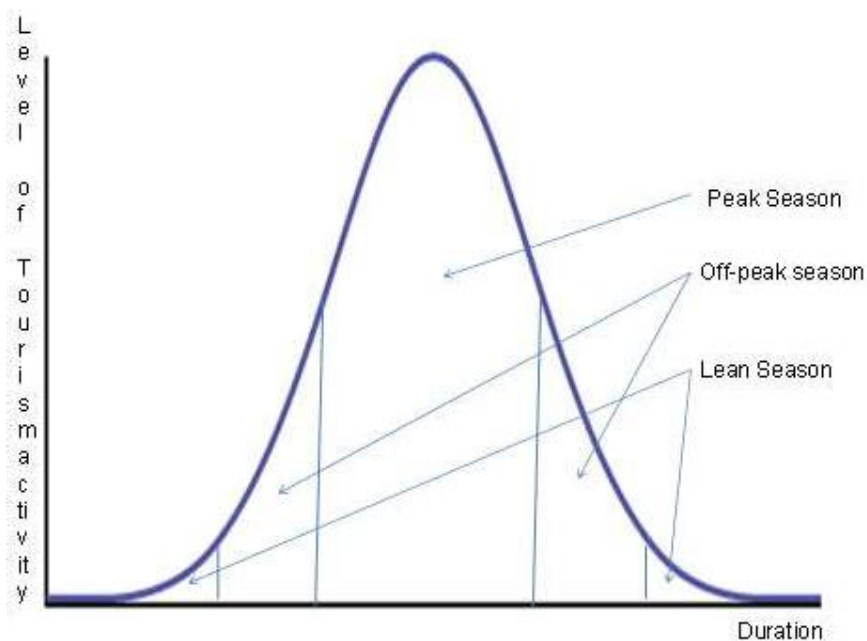
One of the easiest ways of finding answers to how does tourism contribute to the local economy, is to understand the fact that tourism creates jobs, the jobs ranging from tour guides, hotel staff, restaurants to coach driver and so on. Tourists undertake travel through variety modes, stay at hotels upon arrival, dine at restaurants, visit attraction sights, rent a car or taxi, enjoy at a theatre, participate in a sports or gaming activities and so on. All these result in creation of jobs for the residents and bring in cash to the local businesses. Thus jobs are created through tourists' spending for services. Apart from creating jobs, tourism also involves sourcing goods and products locally such as; vegetables, food stuff, beverages, consumer goods, and handicrafts which provide income to such suppliers. Thus the spending by tourists becomes income of others. These spending and income of many in a locality creates ripple effect which we shall discuss now.



To summarise the discussions here, we can agree that tourism has got intrinsic economic characteristics that work as a catalyst for regional development. There are various features of tourism put in action at a tourist destination. These consist of:

Perishability: Tourism products cannot be stored. An empty airline seat on a flight is a loss for ever. Similarly a hotel room unoccupied for a night and a coach running with an empty seat cannot be recovered.

Seasonality: Tourism demand is highly seasonal. Tourist destinations experience a peak of crowd and activities during some months in a year and this duration is called tourist season. The peak tourist season is flanked by off-peak season with a reasonable amount of activities. The lean season is when there is rare tourism activity. During this period tourism businesses dwindle, job opportunities become scarce and incomes of operators plummet.



Volatility: The tourism demand is influenced by unpredictable factors often external to the industry. Fluctuation in exchange rates, political turmoil, or incremental weather at tourist destination or anywhere in the country can affect the inflow of tourists.

Complex motivation: Tourists often travel for more than one reason. Tourist seeking refuge from mundane life may wish to go for trekking in the Himalaya, opt for river rafting in Rishikesh and also may visit Badri-Kedar for pilgrimage. The existence of loyalty to one particular destination is almost non-existent. Tourists are inclined to visit different places every year rather than returning to the same destination.

Price elasticity: Tourism demand by nature is highly influenced by the fluctuation in price of the commodity. A small change in price by a fellow market player or increased price as a result of changed taxation, may affect business volume at destination.

International tourism receipts; as defined by UNWTO it refers to the expenditure of international inbound visitors including their payments to national carriers for international transport. They also include any other payments or payments afterwards made for goods and services received during their visit in the destination country.

Capital Investment: During formative stage, a destination may require foreign funding for creation of infrastructure and facilities. Gradually when the tourism gets momentum, such investors repatriate the interest and profit of their investment out of the destination country. Thus the less developed countries fail to reap desired benefits of tourism.

Contribution to national GDP: Tourism contributes to the national gross domestic product in many ways. The spending by tourists becomes income of many operators. The diverse economic activities propelled by tourism create a hub and contribute to tax revenue, employment and overall development of the place. The total income from tourism depends on the volume of multiplier effect discussed below in a different section.

State revenue: Income of governments from tourism may be of three types. First; Direct taxes: on employees and other tourism services, Second; indirect taxes such as customs, road tax; and third; revenue generated by public sector businesses. Various taxation that may be linked to tourism are ; Road tax, Toll tax, Entry tax, customs, Property tax, motor vehicle tax, luxury tax, lottery tax, stamp duty, commercial tax, GST, and VAT.

Small and micro business entrepreneurship: Most tourism business are family owned, sole trading small or micro business ventures. A small taxi operator, a restaurant, handicraft shop, a travel agent, a local tour operator, a ground handling agent are examples of small or micro entrepreneurship. The existence of majority of medium, small and micro business entrepreneurs benefit the local economy in terms of extended employment and income. However in many cases when mass tourism developments take place, local entrepreneurs give way to multinational companies to operate and dominate the scene. Resultant increased imports give rise to leakage of local income.

Possibility of tourism in less developed and rural areas: Tourism flourishes in places known for their cultural heritage, moderate climate, unique landscape, natural sceneries, rich bio-diversity and rural settings. These typically are areas located beyond the city peripheries and not suitable for any other economic activities.

Vast potential for employment: Tourism is a labour intensive sector employing diverse workforce including unskilled, semi skilled and skilled manpower. Conventionally micro and small scale entrepreneurship drive the tourism sector at a destination. Several services in tourism are typically suitable to female and unprivileged resident groups in a locality.

Large spread supply chain: Tourism operations are carried out by the expanded network of service providers in a region. Unlike other manufacturing set up, tourism involves a wide range of people for delivery of service. Expanded supply chain of tourism may include hotel, restaurants, taxi operator, tour operator, handicraft and souvenir shops, and theme parks and so on, that are mostly owned by diverse entrepreneurs across the region and sometimes outside the region.

There is also a flip side of tourism that may work negatively in specific circumstances. The financial aspects of environmental and social impacts on the destination also need to be taken into concern. For instance, enriched transportation may raise the costs of moving from place to place, which may not suit the purse of the poor resident. Increased taxes though may bring comfort to the residents, may not be liked by down-trodden slum dwellers and they may feel out of sync. The growing discontent amongst the residents may ultimately force them to escape to rural hinterlands. Let us discuss this flip side of tourism.

- **Volatility of demand:** Tourism is very susceptible to socio-political, environmental or financial instabilities. A small riot in a corner of a country may affect tourist inflow to the entire country. The pandemic of COVID-19 in the recent past almost brought tourism industry to a stand-still. The fluctuations in the demand threaten particularly the poor and small scale businesses for survival.
- **Seasonality:** Even in usual business operations tourism suffers from seasonality syndrome. Tourism in India is typically a six month affair with tourist season ranging from October to March. Operators literally go out of business in off season when they have to look for alternative sources of livelihood.
- **Increased taxes:** Tourist destinations over the period of time experience additional taxes for provision of additional facilities at the destination. Municipality taxes, property taxes, road tax, toll tax and water tax etc. increase as the tourist hamlet grows as a city. In such conditions, residents too bear the burden of extra setup and amenity costs.
- **Heavy dependence on limited natural resources:** Natural resources of a tourist destination such as land, water, food, bio-diversity and power, are largely put into use in tourism. Excessive use of such resources may strain the availability of such resources for the poor and down-trodden in the society. Unplanned usage also may threaten the sustainability of such resources.
- **Displacement Effect:** Displacement means dislocation, and occurs when residents are shifted from their lands not as a choice but by compulsion. Displacement is discussed for a wide range of issues concerning the people on displacement. It includes lack of access to their normal habitat, changed or restricted mobility, restrictions on livelihood opportunities, or violation of the rights as a resident. Though a social phenomenon it has large economic implications. At present, displacement is widely used to refer involuntary removal of residents from their ancestral or existing home as part of government proposal for economic and industrial development. Such government actions though intend to benefit a large section of people to participate in the developmental process, a minority displaced

community face the brunt of the displacement. Here the need for displacement is viewed as inevitable for concentrated economic activity. And the progress in achieving economic growth is viewed as capable of generating sufficient surplus for the entire population that may offset losses by those who are displaced. In tourism however, the displacement is of a different nature. In many occasions, displacement does not form the part of government strategy. However, the residents eventually leave the place, since conditions such as; price rise and loss of traditional livelihood opportunities remain no more suitable to them.

- **Shift in profession:** Tourism at times may alter the economic structure of a destination. Tourism brings with it many white collar jobs, such as waiter, bell boy, and security guards. The sophistication in tourism jobs may attract farmers, fishermen, and labours to migrate from their traditional occupation in search of jobs in tourism. This pattern can put pressure on agriculture, fishing and other traditional occupation.
- **Migrant Labour:** Many top tourists receiving countries in the world employ migrant foreign labours in hotel industry. There are two reasons for it. First the local labour force may not have necessary skills or second there may be a dislike amongst residents to work in hotel industry. In both the cases a huge amount of salary income goes out of the country.

Check Your Progress A

What is meant by economic characteristics of tourism?

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List out economic features which contribute positively to the destination community.

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Outline negative impact tourism may bring to economy of a destination.

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State whether the following statements are true or false?

- a) Tourism is promoted for its economic benefits.
- b) Tourism at any destination is a year round business.
- c) Tourist season in India range from October to March of every year.
- d) Tourism is susceptible to volatility of demands.
- e) Particularly the large scale tour operators face the survival issues during extreme fluctuations of demand.

Economic Benefits of Tourism

The tourism development at a destination induces both positive and negative impacts in that area. The positive or negative impacts depend largely on the nature of planning of the tourism development at the destination. Some of the positive impacts of tourism development at conceptual level include the multiplier effects of rising income and employment, higher GDP growth, reduction of balance of payment deficits, and poverty alleviation. The negative impacts of tourism include the economic cost of other socio-cultural and environmental effect of tourism such as; displacement effects, demonstration effects, carrying capacity issues, pollution. Let us understand these in detail.

Direct, Indirect and Induced Effects

While studying the flow of money in the economy, the benefit of tourism is analysed in terms of primary effect and secondary effect. Primary effect is also called as direct effect and secondary effect is sum total of indirect and induced effect.

Direct effect: is associated with the changes in production because of immediate tourists spending.

Indirect effect: is associated with changes in production because of re-spending of receipts at the first level. Hotel receipts for instance are spent in sectors supplying products and services to the hotels.

Induced effect: is associated with the change in level of economic activity resulting from spending by households out of the income earned through tourism.

Total economic impact; is the sum total of direct, indirect and induced effect of tourism within a region.

Multiplier Effects of Tourism

The spending of tourists pass through the different hands in the economy and people and agencies involved in the process benefit directly or indirectly. The tourist spending changes hands through the economy, thus becoming income for many. The expenditures made by the tourists in the destination locality such as at hotels, restaurants and taxis leaks into the entire economy at three different levels; direct, indirect and induced. This cascading effect is known as the 'multiplier effect'.

Let us consider an example. Suppose a destination attracts 10 additional tourists and each of them spend Rs.1000/- a day. Hence per day an additional Rs. 10,000/- is circulated in that area. If this trend continues for over a period of 100 days, a total of Rs.10,00,000/- is circulated fresh in that area. This amount further is distributed amongst restaurants, hotels, retail outlets, and other operators, as per the choice of the tourists. It is possible that a portion of the total tourist spending let's say 30% may leak out of the locality for procuring goods not produced locally. Thus the balance of Rs.7,00,000/- remained in the locality as a matter of direct sales effect. Considering a 50% of the money in circulation is spent at the secondary level, it may produce additional Rs.3,50,000/-. However the circulation does not stop here and goes on and on at various levels and creates a ripple

effect. At the subsequent level the tourism establishments pay out salaries and wages to its staff. This creates secondary effects. In tourism, every rupee of direct sales produce an additional rupee at subsequent level. Keeping this proposition, we can calculate that, Rs. 7,00,000/- direct sales can create Rs. 17.4million in total. This subsequent sales effect may also result in additional revenue and employment.



The agencies that are involved directly in the travel industry can receive the tourists' spending directly. In turn they purchase goods and services from related organisations within the locality. The resources generated by these subsequent rounds of expenditure add up as indirect multiplier effect. The indirect effect may not involve all the money which is originally spent by tourists, as some of the money may leak out of circulation through imports, savings and taxes.

In the subsequent stage of circulation, the money generated through the tourist expenditures is paid to residents in the form of wages, salaries, rent, interest and dividends during the direct and indirect rounds of expenditure. This is called the induced multiplier effect. In the multiplier processes, direct multipliers surge from what visitors actually spend, while indirect multipliers are created by tourist industry expenditure and finally, induced multipliers come from the routine spending by their non-tourism industry suppliers of both their direct tourist and indirect tourist industry receipts.

Types of Multiplier Effects

Multipliers can be summed up as the capability of tourism industry to generate economic development in a destination locality. It includes the ability of tourism to generate income, employment and a host of other benefits. Individually income, employment and output can also be discussed for their percolation effect. As

Picture: Tourism multiplier effect



discussed above income, employment and output can increase manifold at a given level of activity at a tourist destination. Let us discuss how these increase manifold at subsequent stages of transactions in an economy.

Sales and Output Multiplier: Sales and output multiplier measure the volume or value of sales and compute changes in the level of production. For instance, tourists spending in the hotel, restaurant or taxi do not stop at this level. These sales at the subsequent level increase the sales of allied sectors such as power, retail, or automobile sectors for instance. The additional business revenue generated for tourism spending can be termed as Sales or output multiplier of tourism. The output multiplier works out the total change in local sales that includes the sales in outside of the area in the initial stage. The increase in sales of the exporting industry is multiplied by the output multiplier that provides an estimate of the total increase in sales.

Employment Multiplier: Tourism brings in investment by different stakeholders. Investment at a destination creates economic buzz and several people get engaged in such commercial activities,

thus giving them occasional, seasonal, or round the year employment. Thus every investment generates employment and does it at different levels. The employment multiplier measures the total change in employment resulting from an initial investment in the economy. The additional employment is also created at subsequent level of economic activity thus creating employment multiplier for the tourism industry. For instance, tourists spending in hotels employ hotel staff. Employed hotel staff requires residential quarters, grocery and vegetable for daily sustenance. Thus their needs give rise to growth of real estate and retail sector employment.

Tourism is a labour and income intensive industry. Tourists' spending on varieties of services, create opportunities for employment in the primary sectors of tourism such as; transportation, lodging, restaurant, entertainment and retail trade. Tourism is understood to have the ability of creating opportunities for skilled, semi-skilled and unskilled manpower.

Income Multiplier: The change in the total income of residents as a result of tourism development is considered income multiplier. The income of the people is determined by the total of business transactions in a day or month or a year. Income multiplier is further calculated by including additional incomes such as wages, salaries, rent, and interest in the economy. Conceptually, the income multiplier takes into account the change in total income resulting from one rupee rise in income of staff engaged directly in tourism.

It is now established that tourism development results in significant multiplier effects. It is through this multiplier effect every investment in tourism sector results in positive cascading effect across the economy. Here it is to note that, though the concept of multiplier appears to be simple, the actual calculation of it is very subjective and often argued to be vague. It is never easy to have actual forecast of the amount of multiplier effect. However the existence of multiplier effect is unarguably a fact and continues to guide tourism planning worldwide. It is also to note here multiplier effects are not limited to the locality, state or the country instead the economic interrelationships may sometimes spread beyond boundaries.

Foreign Exchange

A foreign tourist exchanges his home currency with the currency of the visiting country before he commences his travel or during his visit. In both the cases the currency of the visiting country is sold in exchange of another, thus bringing in foreign exchange to the destination country. Tourist while availing different services makes payment in already exchanged money. The more the visitors spend in the country visited, the more foreign exchange the host country acquires. For instance international tourism receipt for the year 2018 was estimated to be 1448 US\$ Billion. In India foreign exchange earnings from tourism for the year 2018 was estimated to be US\$ 28.585 Billion that is close to 2% percent share of the world. On an average a foreign tourist spends US\$ 2706 during his visit to India.

Table 14.1: Industry wise ranking of export category in the world

Sl. No	Name of the Industry	USD billion
1)	Chemicals	1993
2)	Fuels	1960
3)	International Tourism	1586
4)	Automotive products	1470
5)	Food	1466

Source: Export earnings by product category 2017 reports of UNWTO

Tourists visiting a foreign country thus increase reserve of foreign currency in the destination country. Worldwide tourist receiving countries benefit by inflow of foreign currencies. The below is the table of top ten foreign exchange earning.

Top 10 Countries of the world and India in International Tourism receipts.

Sl. No.	Name of the Countries	USD billion		Share (%)
		2017	2018	2017
1)	USA	210.7	214.468	15.82
2)	Spain	68.0	73.765	5.11
3)	France	60.7	67.370	4.56
4)	Thailand	57.5	63.042	4.32
5)	UK	43.9	51.882	3.30
6)	Italy	44.2	49.262	3.32
7)	Australia	41.7	45.035	3.13
8)	Germany	39.8	42.977	2.99
9)	Japan	34.1	41.115	2.56
10)	China	35.6	40.386	2.67
	India	27.3	28.568	2.05

UNWTO reports 2019 & 2018



Balance of Payment

The balance of payments in relation to a country refers to the reserve of foreign currency to meet out its payments to the rest of the world. It is the balance of foreign exchanges received from exports over the payment requirements arising out from imports. All countries try to maximise their exports in order to achieve a positive balance of payments. Receipts from inbound tourists are considered export since such tourists bring in foreign exchange to the country. On the contrary, outbound tourism is considered as 'imports'. The ratio of inbound and outbound in a country may decide whether tourism contributes positively or negatively to the balance of payments of the country.

Increased Tax Revenue for Government

Increased business activity relating to tourism such as hotels, restaurant, transports, souvenir shops and so on, result in proportionate increase of tax revenue through sales and excise tax, VAT and service tax and Octroi charges. These are recognised as public revenue received by the government as income. This increased revenue helps the administration to spend the public revenue locally for infrastructure development and welfare measures.

Cultural Exposure Grooming Entrepreneurship Skills

Tourism involves social and cultural exchanges. The interactions with tourists develop linguistic and cross cultural skills. The familiarity and awareness about the needs and wants of clients develop business skills amongst the residents. The destination places as a result witness numerous entrepreneurship by residents.

Tourism in Developing Countries

Tourism can flourish even in less amount of infrastructure. This is the reason less developed countries consider tourism as for economic expansion. According to the World Tourism Organisation reports of 2011, emerging nations reported to have 46% share of tourist arrivals worldwide. Tourism has turned out to be a mainstay of economic policies of developing nations with the following statistics.

- In 2011, tourism in developing countries corresponded to US \$ 459 million.
- Tourism forms the first or second export incomes in 20 of the world's 48 minimum industrialised nations.
- In small island countries, tourism constitute to over 25% of GDP.

Tourism and Tax Revenue

Governments worldwide consider tourism as a favourite source for tax collection. For the purpose various activities of tourism industry are identified for direct and indirect imposition of taxes as part of public revenue and financial policies of the governments. For the purpose of taxation tourism has the following avenues for levy of taxes. Such as;

- Taxation of tourism services such as tour packages at multiple levels
- Possibility of differential tax systems across states based on local conditions
- Option of levying entry fee for both Inbound and domestic Tourists.
- Taxes and entry fees for commercial vehicles at state borders
- Separate taxes for airlines and railways passengers

- Taxes on hotel stay and restaurants

Check Your Progress

State whether the following statements are true or false?

- Balance of payments is the balance of foreign exchanges received from exports over the payment requirements arising out from imports.
- China ranks top in the list of countries in terms of international tourism receipts worldwide.
- International tourism ranks third in the export oriented industry category.
- In Small island countries, tourism doesn't form priority in the economic policy.
- Tour packages are subject to taxation at multiple levels.

Let us Sum up

To summarise, tourism is an industry with the unique ability of attracting investment and production, fostering growth and development while generating enormous employment opportunities worldwide. Tourism is also the most important source of earning foreign exchange especially in the third world countries. With all these unique characteristics tourism is considered a prime focus area of government policies across the world.

KEY WORDS

Perishability: Tourism products cannot be stored. An empty airline seat on a flight, hotel room unoccupied for a night and a coach running with an empty tourism products are examples tourism products can be stored.

Seasonality: Tourism demand suffer from seasonality factor. Destinations experience peak of crowd and activities during peak season and in the lean season there is rare tourism activity.

Volatility: The tourism demand is influenced by unpredictable factors often external to the industry. Fluctuation in exchange rates, political turmoil, or incremental weather at tourist destination or anywhere in the country can affect the inflow of tourists.

Price elasticity: Tourism demand by nature is highly influenced by the fluctuation in price of the commodity. A small change in price by a fellow market player or increased price as a result of changed taxation, may affect business volume at destination.

International tourism receipts: The expenditure of international inbound visitors for transport and other payments made for goods and services in the destination country.

GDP: It can be expanded as Gross Domestic Product. It is defined as money value sum total of economic activity in a country during a specific period. Tourism contributes to the national gross domestic product in many ways.

MSME: Micro, small and medium business entrepreneurship: Every country may have different criteria. In India, Micro enterprise refers to manufacturing and services ventures with investments up to Rs. 1 crore and turnover up to Rs. 5 crore. For small enterprises, the investment cap is Rs. 10 crore, with the turnover of Rs. 50 crores and for medium enterprises, investment is up to Rs. 20 crore and turnover up to Rs. 100 crore.

Tourism supply chain: Tourism operations are carried out by the expanded network of service providers including hotels, restaurants, taxi operators, tour operators, handicraft and souvenir shops, and theme parks and so on.

Displacement Effect: Displacement means dislocation, and occurs when residents are shifted from their lands not as a choice but by compulsion. Unplanned tourism like many other economic activities may result in displacement of residents.

Multiplier effects of tourism: The spending of tourists passes through several hands in the economy and people and agencies involved in the process benefit directly or indirectly. The tourist spending changes hands through the economy, thus becoming income for many. This cascading effect is known as the 'multiplier effect'.

Direct, Indirect and Induced effects: While studying the flow of money in the economy, the benefit of tourism is analysed in terms of primary effect and secondary effect. Primary effect is also called as Direct effect and secondary effect is the sum total of indirect and induced effect. Direct effect: is associated with the changes in production because of immediate tourists spending. Indirect effect: is associated with changes in production because of re-spending of receipts at the first level. Hotel receipts for instance are spent in sectors supplying products and services to the hotels. Induced effect: is associated with the change in level of economic activity resulting from spending by households out of the income earned through tourism. Total economic impact; is the sum total of direct, indirect and induced effect of tourism within a region.

Foreign exchange: A foreign tourist exchanges his home currency with the currency of the visiting country before he commences his travel or during his visit. In both the cases the currency of the visiting country is sold in exchange of another, thus bringing in foreign exchange to the destination country.

Balance of Payment: The balance of payments in relation to a country refers to the reserve of foreign currency to meet out its payments to the rest of the world. It is the balance of foreign exchanges received from exports over the payment requirements arising out from imports.
