



POLICY INITIATIVES OF TOURISM MANAGEMENT IN ANDHRA PRADESH

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Abstract

Tourism is the third largest foreign exchange earner in India. It creates more job opportunities with less investment. The goals of Andhra Pradesh tourism departments include making Andhra Pradesh's travel and tourism more popular and attractive, making the public to gain more awareness regarding the importance and usefulness of travel and tourism, using more publicity to promote tourism destinations including the facilities and amenities available, developing the travel and tourism industry in Andhra Pradesh, making it more profitable and competent, protecting the precious environment and natural resources, which are also assets for the future of travel and tourism, and strengthening the existing tourism infrastructure in the State. In this paper an attempt is made to review tourism services identified by the Government, incentives offered, investment subsidy, marketing support and institutional arrangements made by the Government of Andhra Pradesh.

Key Words: Tourism Services – Incentives – Investment Subsidy—Marketing Support – Institutional Arrangements.

INTRODUCTION

Tourism is the third largest foreign exchange earner in India. It creates more job opportunities with less investment. There are five strategic objectives for Indian National Tourism policy namely positioning tourism as national priority, enhancing India's competitiveness as a tourist destination, improving and expanding product development, effective marketing and creating world class infrastructure for the implementation. The goals of Andhra Pradesh tourism departments include making Andhra Pradesh's travel and tourism more popular and attractive, making the public to gain more awareness regarding the importance and usefulness of travel and tourism, using more publicity to promote tourism destinations including the facilities and amenities available, developing the travel and tourism industry in Andhra Pradesh, making it more profitable and competent, protecting the precious environment and natural resources, which are also assets for the future of travel and tourism, strengthening the existing tourism infrastructure in the State, exploit the tremendous potential for the promotion of state's tourism, identifying the current gaps in tourism infrastructure and formulate development schemes, promoting eco-friendly and responsible tourism including a profit share to the local population, offering world-class services for the tourists visiting the state, generating employment with the tourism potential, making state a top most destination in India by attracting more domestic and foreign tourists, increasing the number of tourist arrivals and increase the length of stay of tourists, enhancing connectivity and improve environment, utilities and tourist services, achieving integrated development of high- priority tourism infrastructure and create high potential tourism circuits and offering encouragement for innovative initiatives in state's tourism sector.

METHODOLOGY

The present study is a descriptive study. An attempt is made to review the existing literature on Tourism services in India and abroad. After extensive survey of the literature it is found that there was no specific study which dealt with tourism services in Andhra Pradesh especially after bifurcation of the state in to Andhra Pradesh and Telangana. In this paper an attempt is made to review tourism services identified by the Government, incentives offered, investment subsidy, marketing support and institutional arrangements made by the Government of Andhra Pradesh.

REVIEW OF LITERATURE

Kraph (1961) concluded that tourism has a "special function" in developing countries, a function which is defined in terms of a series of "economic imperatives", including exploitation of the countries' own natural resources, international competitiveness due to favorable terms of trade, an ability to provide internally many of the goods and services required, improved balance of payments, social utility of investments in tourism: employment generation and multiplier effect, and balanced growth. Nelson (1993) felt that many enterprises which produce commodities for tourists also serve non-tourists. Dwyernd Forsyth(1993) expressed the opinion that a concise analysis of the economic impact of tourism for a developing country is important to guide the policy intended to develop tourism and augment its benefit on the economy. Hazari and Sgro (1995) said that tourism impacts an economy through tourists' expenditure on different goods and services. Harris and Leiper(1995) said that tourism offers many benefits to a tourist-receiving country. There is, of course, the direct revenue obtained from the expenditure made by tourists to be able to get accommodation, food, entertainment, and visits to tourists' sites such as national parks, beaches, and scenic spots. Pierce (1996) viewed tourist destinations from five broad sectors

namely attraction, accommodation, transport, infrastructure and supporting facilities. WTO (1999) expressed the view that tourism can also be one of the most effective drivers for the development of regional economies, and these patterns apply to both developed and emerging economies. Tej Vin Singh (2001) says that despite the negative impacts, tourism provides a powerful stimulus to development. Riley, Ladkin, Szivas (2002) said that the continued development of tourism in a country provides benefits in terms of increased foreign exchange earnings because: tourism is an industry that has experienced notable growth and no doubt portrays even more potential growth for many years to come. Mowforth and Munt (2003) said that the latest trend in the tourism industry is called "ecotourism", which refers to travel that combines preserving the natural world and sustaining the wellbeing of the human cultures that inhabit it. Ghosh, Siddique and Gabbay (2003) warn that tourism is also associated with both financial and social costs. While the financial costs are quantifiable, the social and environmental costs of tourism are not measurable and can yet constitute a significant leakage from the perceived benefits of tourism.

TOURISM SERVICES IDENTIFIED BY THE GOVERNMENT OF ANDHRA PRADESH

The State Government of Andhra Pradesh has identified the following Tourism services in accordance with the priorities and alignment with the State's aspirations.

1. Beachside shacks 2. Water sports (sailing, windsurfing, jet skiing, scuba diving, river rafting, kayaking, snorkeling, paddling, etc.) 3. Water ride/sailing facilities (sail boats, houseboats, glass bottom boats, amphibious, hovercraft, seaplanes, etc.) 4. Sea/River/Canal cruises 5. Adventure services (Parasailing, paragliding, camping/trekking/hiking services, cycling trails, nature trails etc.,) 6. Ropeways 7. Heli-tourism 8. Farm Tourism Services 9. Rural Tourism Services 10. Heritage Walks 11. Caravan Tourism 12. Inbound travel and tour operators 13. Cab services /car hire services catering to tourists 14. Food courts/stalls at tourist destinations 15. Rest rooms at tourist destinations 16. Cloak rooms at tourist destinations 17. Parking facilities at tourist destinations 18. Souvenir shops at tourist destinations 19. Light&sound/laser shows at tourist destinations 20. Audio-video guide services at tourist destinations.

The Government also encourages beachside services such as tanga rides, animal rides, children play area, beach volleyball, etc. However, these services are not eligible for incentives. The list of Tourism Services is only indicative and not exhaustive. Tourism Department periodically reviews the list of Tourism Services and shall propose inclusions/deletions/modifications as per the market demand and suggestions of the Industry.

Incentives for setup and operations of Tourism Services

Various provisions for incentives and concessions to encourage private investments for setting up and operating Tourism Services in Andhra Pradesh are made as detailed below.

Investment subsidy

Government of Andhra Pradesh is providing Investment Subsidy to investors for setting up and operating the following Tourism Services in Andhra Pradesh.

Tourism Service	Total Project Cost < Rs. 1 crore	Total Project Cost from Rs. 1-10 crore	Total Project Cost from Rs. 10-20 crore
Water sports Water ride / sailing facilities Sea / River cruises Ropeways Heli-tourism Caravan Tourism Audio-video guide services at tourist destinations	15% of value of Total Project Cost, excluding the cost of land	15% of value of Total Project Cost, excluding the cost of land, or Rs. 1.25 crore, whichever is less	15% of value of Total Project Cost, excluding the cost of land, or Rs. 2 crore, whichever is less

The Total Project Cost is to be evaluated by a Government registered Value person. The Tourism Service need to be approved by the relevant Regulatory Authority for the particular Tourism Service, and will only then be eligible for receiving Investment subsidy. Investment subsidy will be reimbursed in slabs of ,

- I. 20 percent (at time of commissioning for commercial operations).
- II. 30 percent (end of first year of commercial operations).
- III. 50 percent (end of second year of commercial operations).



Government of Andhra Pradesh provide any other support on case-by-case basis after due examination for investments greater than Rs. 20 crores in Tourism Services. However, the support will not exceed 20 percent of the total project cost, excluding the cost of land.

Marketing support for Tourism Services

Government of Andhra Pradesh has decided to provide support for Tourism Services at tourist destinations through marketing of services as part of the State's tourism megabrand campaigns and facilitate tie-ups with outbound tour operators in other states/countries.

Institutional Arrangements

Government of Andhra Pradesh wants to set up following institutions for the promotion of tourism industry in the state

State Tourism Promotion Board (STPB)

STPB will be the apex level decision making body in the State for approving projects, incentives, policies and monitoring project implementation in the tourism sector. STPB will be chaired by the Honorable Chief Minister of Andhra Pradesh and the respective ministers are the Board Members. The Board equals a Cabinet Sub-committee with the power to amend/update relevant government policies and with an overarching responsibility of developing the Tourism sector in Andhra Pradesh. STPB will periodically monitor and review implementation of the tourism policy. It will also be empowered to take policy decisions on uni-sector or multi-sector issues. The decisions of the STPB will be converted to Government Orders.

State Tourism Promotion Committee (STPC)

The State Tourism Promotion Committee (STPC) is the evaluation and execution committee under the STPB to structure tourism projects in the state. State Tourism Promotion Committee (STPC) will be responsible for

- i. providing guidance for development of Tourism in the state
- ii. Addressing multi departmental issues for expeditious resolutions
- iii. Periodically monitoring the implementation of Tourism Infrastructure projects and tourism Services and extension of incentives and concessions.
- iv. Holistically integrating Tourism sector with the other sectors of Government in order to strengthen infrastructure while bridging the gaps in basic infrastructure such as connectivity, energy requirements, etc.
- v. resolving any issues related to pending clearances on account of non-resolution of inter-departmental issues.

The State Tourism Promotion Committee (STPC) will include

i. Chief Secretary to Government, as Chairman, ii. Secretary to Government, Tourism Department, iii. Secretary to Government, Finance Department, iv. Secretary to Government, Planning Department v. Secretary to Government, Irrigation Department, vi. Secretary to Government, Energy Department, vii. Secretary to Government, Revenue Department (Commercial Taxes & Excise), viii. Secretary to Government, Revenue (Land & Registration) Department, ix. Managing Director, APTDC, x. Commissioner, Tourism, will be the Member Secretary and Convener, xi. Any other relevant officer can be invited to participate in the STPC with the permission of the Chairman. In view of formation of the proposed "State Economic Development Board (SEDB)", the SEDB will replace the STPB as the apex level decision making body in the state. In such case, the STPB & STPC will be subsumed under the SEDB.

Empowered Committee (EC)

For faster implementation of PPP projects it is proposed that the Empowered Committee (a Cabinet sub-committee) shall continue. However the role of EC may be strengthened to resolve implementation issues to avoid delay in PPP project implementation.

Commissionerate of Tourism (CoT)

The Commissionerate of Tourism (CoT) shall be strengthened to function as a Tourism "Investment Facilitation Cell" and "Single Desk Bureau". The Investment Facilitation Cell shall be responsible for inviting and processing tourism investment proposals received in the state.

CONCLUSION

The new tourism policy of Andhra Pradesh is attractive to the prospective entrepreneurs. The institutional set up, incentives offered and marketing support promised definitely help to promote the tourism sector in Andhra Pradesh. The aim of the



Government of Andhra Pradesh to make the newly formed state a tourism hub will be fulfilled with the proper implementation of the policy.

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