

Poverty Reduction through Pro-Poor Tourism: A Case Study of Varanasi

Manisha A. Mehrotra

Department of Economics Banaras Hindu University, Varanasi, Uttar Pradesh, India
 E-mail: bebugupta@gmail.com

Abstract—Tourism continues to be a major activity in India, which inevitably produces economic, political, social, cultural and ecological consequences. In India, Tourism has created employment opportunities for airline executives, hotel sales managers, structural engineers, city planners, horticulturists, computer programmers, artisans, textiles workers, etc. But in spite of its growth it has not reached out to the masses because the net benefits accrue only to limited segment of the society, to say, big business agents. It is an imperative duty of the so called richer class to reach out the benefits directly to the Pro-Poor People who are actually working into the tourism sector day and night. Thus, Pro-Poor Tourism (PPT) is tourism that results in increased net benefits for poor people.

The aim of this paper is to review practical experience of ‘pro-poor tourism strategies’ in Varanasi and its relevance for reduction of poverty in the city in order to identify useful lessons and good practice. The research problem is based on the relationship between pro poor growth and tourism and it is established that tourism can directly affect the poor and their livelihood by involving them in tourism industry in Varanasi as it is a major tourist place.

Keywords: Pro-Poor Tourism, Conservation, Heritage Tourism, Sustainable Development.

1. INTRODUCTION

We know that Indian economy is growing rapidly, almost all sectors of economy are growing at impressive growth rate. However, growth rate of service sector is better than all sectors (Services sector 10.7%, Manufacturing sector 9.4%, and Agricultural sector 2%). Similarly financial sector are expanding but financial assets and financial services is usually concentrated in the hands of few people (Mohan, R. 2006)¹. Indian government have emphasized on link between improving access to finance and reducing poverty since the early national plans. The need to improve financial access for poor people had provided motivation for establishing vast network of rural cooperative credit banks in the 1950s and further nationalization of commercial banks in 1969 and 1980. This created thousands of new bank branches in rural areas across the country. Therefore, access to finance for the rural

poor has improved, but the vast majority of India's rural poor people still do not have access to either formal or informal finance (Leeladhar, V., 2005)².

2. NATURE OF RURAL FINANCIAL ACCESS:

Indian's poor households, which are concentrated in rural areas², have a very little access to formal finance. Rural Financial Access Survey (RFAS 2003)³ indicate that 70 per cent of marginal / landless farmers do not have bank account, and 87 per cent have no access to credit from a formal source.

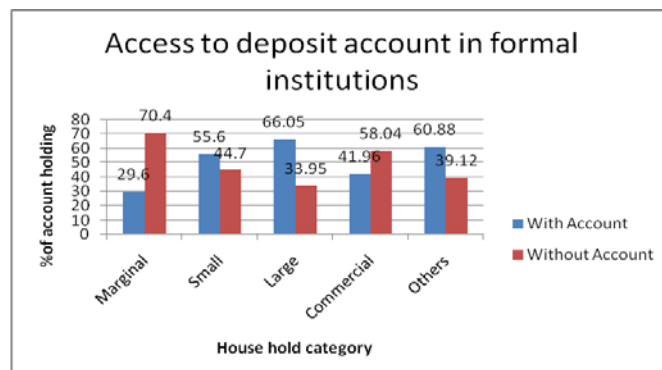
(A) Access to Savings / Deposit Accounts

Over half of all rural households (59 per cent) do not have an account with a formal financial institutions. Among those with no accounts, 95.5 per cent of households report never having applied. Almost two-third of households without an account do not perceive the need for deposit account services. (Priya Basu, 2006)⁴.

Table 1: Access to deposit account in financial institutions by households category (In percent)

Indicator	Marginal	Small	Large	Commercial	Others	Total
With Account	29.6	55.6	66.05	41.96	60.88	41.16
Without Account	70.4	44.7	33.95	58.04	39.12	58.84

Source: Direction in development: Improving Access to finance for Indian's Rural poor



Note: Marginal farming households = Land Holding < 1acre; small = 1 to 4 acres; large farms = >4 acres; commercial households = with or without land but with income from non-farm sources exceeding half of total households income; others = mixed households with land and non farm commercial income but the latter being less than half of their total households income.

According to this table, around 41 per cent of rural households have an accounts with a formal financial institution, wide difference exist between the access of large and small farmers, and between those who had other sources of money and pure farmers.

(B) Access to Credit

Indebtness is one of the most important indication of financial access. According to All India Debt-Investment survey (1991), 16 per cent of rural households had a formal loan outstanding. Whereas, based on World Bank RFAS (2003), the corresponding number was 21 per cent.

According to table (2), 79 per cent of rural households do not have access to a formal loan, and more than 80 per cent marginal farmers and commercial households exclude from formal credit sources. Furthermore, 97 per cent of households without a formal loan had never applied for a loan in the past three years.

Table 2: Access to credit from financial institutions, by households category (In Per-cent).

Indicator	Marginal	Small	Large	Commercial	Others	Total
With formal loan outstanding	12.97	30.79	44.36	16.78	29.47	21.01
Without formal loan	87.03	69.21	55.64	83.22	70.83	78.99

(Source: Direction in development: Improving Access to finance for Indian's rural poor, Priya Basu, 2006).

This has been the extent of poverty in India and talking about Varanasi particularly it's no better. So the basic question arises how do we reduce this gross poverty from India and one model could be the promotion of new untested sectors like Tourism. The concept of Pro-poor tourism is picking up very fast in most of the underworld economies as they are delivering direct benefits to the weaker sections in number of ways and building a bridge between mainstream and local economy.

“Pro-Poor Tourism (PPT) is tourism that results in increased net benefits for poor people.” and ensure that tourism growth contributes to poverty reduction. PPT is not a specific product or sector of tourism, but an approach. PPT strategies aim to unlock opportunities for the poor – whether for economic gain, other livelihood benefits, or participation in decision-making. Therefore, as long as poor people reap net

benefits, tourism can be classified as ‘pro-poor’ (even if richer people benefit more than poorer people).

Tourism is pro-poor if it provides: i) Economic gain through the creation of full or part-time employment or the development of SME opportunities through sales to tourism businesses or to tourists. ii) Other livelihood benefits such as access to potable water, roads which bring benefits to poor producers through, for example, improved access to markets, improved health or education etc.

iii) Opportunities and capacity for engagement in decision-making in order that the poor are able to improve their livelihoods by securing better access to tourists and tourism enterprises.

An overview of PPT strategies: what, who, how?

The focus and scale of PPT interventions vary enormously: from one private enterprise seeking to expand economic opportunities for poor neighbours, to a national programme enhancing participation by the poor at all levels. Strategies can be broadly grouped into three types: expanding economic benefits for the poor; addressing non-economic impacts and developing pro-poor policies/processes/partnerships.

Emerging indications of the impacts of the current PPT initiatives suggest that for the poor, where it happens, PPT interventions are invaluable. A few are lifted out of income-poverty while many more earn critical gap-filling income. More still are affected by non-financial livelihood benefits. These are very significant though highly varied; they include improved access to information and infrastructure, pride and cultural reinforcement. While some initiatives are yet to deliver on the ground, there are a few that affect hundreds directly and thousands indirectly.

3. CONCLUSIONS

Lessons on PPT for reducing poverty emerge in Varanasi in multiple ways. PPT is relatively untried and untested and there is no blueprint. Tourism is the second most dominant sector in Varanasi. A major portion of the tourist traffic comprises of domestic tourists who visit Varanasi for religious activities/purposes. A significant percentage of foreign tourists also visit the city due to its characteristic Ghats and proximity to Sarnath. The foreign tourist comprises nearly 15% of the total tourist coming to Varanasi. The tourist inflow is increasing at the rate of average 4% per year. The city has a magnetic attraction for people all over the world. Therefore various actions are required in a comprehensive manner.

i) PPT requires a diversity of actions, from micro to macro level, including product development, marketing, planning, policy, and investment. It goes well beyond community tourism.

ii) The poverty impact may be greater in remote areas, though tourism itself may be on a limited scale. PPT strategies often

involve the development of new products, particularly based on local culture. But these should be integrated with mainstream products if they are to find markets. Ensuring commercial viability is a priority. This requires close attention to demand, product quality, marketing, investment in business skills and inclusion of the private sector. Economic measures should expand both regular jobs and casual earning opportunities, while tackling both demand (e.g. markets) and supply (e.g. products of the poor).

Increasing demand for goods and services of the poor: As a labour-intensive sector, tourism has the potential to reduce poverty through employment, so long as tourism-related opportunities are accessible to those with few skills or assets. The case studies indicate that access to employment varies enormously between locations and types of tourist activities. In general, though, tourism seems to generate demand for a broad range of labour, from the professional to the unskilled, and including a significant number of women. The initiatives also appear to have stimulated demand for goods and services produced by the poor.

Increasing the asset base: The use of a livelihoods approach in analyzing the case studies clearly indicates that PPT can improve the poor's access to assets, though this varies considerably by case. In most cases better access to assets is directly due to the pro-poor element of a tourism initiative – investments in credit, training, sanitation and organizational development – though sometimes it can be attributed to tourism development in general (e.g. when the assets are infrastructure, water and electricity).

Increased government revenues benefiting the poor: Contemporary thinking on poverty reduction recognizes that there are certain key functions (primary education and health care, social protection, and usually transport infrastructure) which the state is best able to provide if it has the resources and commitment. Even if tourism does not directly involve poor people, it may have pro-poor impact, if it improves government revenue and if that revenue is used in pro-poor ways. The case studies have little to say on this subject, though it should be noted that tourism has a poor record when it comes to revenue capture: small businesses often stay outside the taxation net, while those large enough to have overseas offices or agents can use them (through 'transfer pricing') to reduce domestic tax liabilities.

Involving local people and products in tours, packages and excursions: Developing new excursions requires a thorough and careful approach. A variety of components are involved, such as the provision of transportation, guiding and a range of activities, experiences and admissions. These also raise issues of quality and health and safety.

Encouraging tourists to spend in the local economy: The money spent by holidaymakers in the local economy makes a direct contribution to raising the household incomes in local communities. It also provides an enhanced experience for tourists.

Activity around the resorts and hotels contributes to creating a richer destination – in both senses. If tourists are to spend freely, they need to feel comfortable as they explore the neighborhood, attractive goods and services must be highly visible, and tourists must trust the health and safety standards.