

# ISAS Brief

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## **Northeast India and Southeast Asia: Creating Tourism Synergy**

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In the last one year several tourism officials from Assam and the other Northeast states of India have benefitted from the Singapore Cooperation Programme, in capacity building, and received training that involves a range of tourism management skills. This highlights the range of opportunities that exist for synergy between Singapore and other Southeast Asian countries, on one side, and Northeast India, on the other. While the obvious complementary aspect is provided by tourists from Southeast Asia as consumers looking for new destinations which Northeast India provides, the development of such cooperation mechanisms opens new opportunities that can have significant impact for the region as a whole. Indeed, lessons can be drawn from Southeast Asian nations like Thailand and Singapore that have achieved a high measure of success in developing their tourism industry.

The opportunity to benefit from capacity-building programmes and for learning from those who have achieved some success augurs particularly well for Northeast India which has seen increased investments in the tourism sector as well as burgeoning foreign tourist inflows into the region. Despite the low base, several Northeast states have seen increased tourist arrivals, and in the latest figures available for the year ending 2012, the growth rate of foreign tourist arrivals overshadowed domestic tourist arrivals. Manipur and Tripura saw an increase of

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about 30 per cent for foreign tourists in the same period.<sup>2</sup> As of January 2011, the restriction on foreign tourists into the region (requirement for a Protected Area Permit) was relaxed and there is a view that this led to an increase in tourist arrivals into the region.

**Table: Domestic and foreign Tourist Visits to Northeast India States during 2011-2012**

State	2011		2012		Growth Rate	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Arunachal Pradesh	233227	4753	317243	5135	36.02	8.04
Assam	4339485	16400	4511407	17543	3.96	6.97
Manipur	134505	578	134541	749	0.03	29.58
Meghalaya	667504	4803	680254	5313	1.91	10.62
Mizoram	62174	658	64249	744	3.34	13.07
Nagaland	25391	2080	35915	2489	41.45	19.66
Sikkim	552453	23602	558538	26489	1.10	12.23
Tripura	359515	6046	361786	7840	0.63	29.67

Source: Website of Ministry of Tourism, Govt of India.

Meanwhile, the state governments as well as the central Tourism Ministry have made efforts to develop infrastructure to give a boost to the industry. All states of the Northeast have increased their tourism budgets with a focus on creating more infrastructure facilities – particularly transport connectivity – as well as increasing rooms available for tourists. Initiatives like Nagaland’s Hornbill Festival have gained considerable traction within India and abroad while those like Mizoram’s Anthurium Festival have shown potential.

Nearly 13 per cent of the central Tourism Ministry’s budget was spent in the Northeast in the last year and in September 2013, New Delhi announced a Central Finance Assistance of over Rs 123 million for various tourist projects<sup>3</sup> including development of eco-friendly walkways, landscaping, beautification projects, development of more accommodations, eateries as well as up-gradation of signage and hoardings to make it easier for tourists to get information once they are in the region. Funds have also been earmarked for the development of eco-adventure and cultural tourism in the region. Hunli region in Assam and Kuhuboto in Nagaland were identified as areas where these aspects of tourism will be promoted as pilot projects.

Yet, the single biggest portion of the recently disbursed funds was earmarked for the development of Tawang in Arunachal Pradesh that will form a part of the Buddhist tourist circuit. Besides the increase in demand for eco- adventure, and cultural tourism, the development of a Buddhist circuit that encompasses locations across India, Bhutan, Sri Lanka, Myanmar, Thailand and other Southeast Asian destination is one of the most promising sectors for the entire region. Within India, the World Bank is to provide funds for

<sup>2</sup> Domestic and Foreign Tourist Visits to States/UTs during 2011–2012, Ministry of Tourism, Govt. of India, <http://tourism.gov.in/writereaddata/CMSPagePicture/file/marketresearch/New/2012%20Data.pdf> Accessed 27/09/2013.

<sup>3</sup> ‘Financial aid to boost North-East tourism sector’ (2013, September 8), *The Hindu*, <http://www.thehindu.com/todays-paper/tp-national/financial-aid-to-boost-northeast-tourism-sector/article5105839.ece>. Accessed 27/09/2013.

the development of major centres on the Buddhist circuit including in Sarnath, Kushinagar and Shraswati as these are projects which can also be used as pro-poor development projects that will generate increased revenues for the states.<sup>4</sup>

ASEAN member countries have already been working on the development of Buddhist circuits within their own countries, on a bilateral basis and at the regional level, including taking it up with India. The idea of marketing ASEAN and India as an integrated circuit was endorsed at the ASEAN Tourism Ministers Meeting way back in 2008 and is seen as an area of enormous potential. This is also an area for which Myanmar has significant opportunities and has rightly taken a lead in bringing its neighbours together.<sup>5</sup> The Tourism Authority of Thailand (TAT) has taken initiatives to join hands with Myanmar in developing tourist infrastructure.

A well-planned tourism industry that will usher in economic development, create jobs and provide additional source of revenues is particularly significant for Northeast India and Myanmar. Within India, research has shown that tourism creates more employment (compared to other sectors) for every Rs 100 spent.

According to the World Travel and Tourism Council, the global travel and tourism industry is substantially bigger than industries such as the automotive manufacturing sector.<sup>6</sup> This is also true for countries such as China and the United Kingdom where it contributes much more to the GDP than the said sector. In terms of employment, after education, travel and tourism sector is the top job-creator; with an average of 50 jobs generated by US\$ 1 million in spend, this is twice as many jobs as created by financial services, communications and auto manufacturing.

Within the region, for Thailand which hopes to generate US\$ 38 billion from the tourism industry in the current year, a 2006 study<sup>7</sup> reveals that any change in tourism trends can have substantial impact on the economy. Tourism benefits all household classes in terms of an increase in consumption, utility, and income. The study also notes that a tourism boom stimulates demand for public services like piped water service, which can increase existing water subsidy, but if operators are charged for this service, the additional revenue can be channelled for pro-poor and development projects to benefit those affected by tourism. Even as Northeast India and Myanmar are at the nascent stage of developing their tourism industry, the opportunity to learn from regional experience and from the integration of sustainable practices is a benefit they need to take advantage of.

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<sup>4</sup> 'World Bank team discusses tourism development' (2013, August 8), *The Times of India*, [http://articles.timesofindia.indiatimes.com/2013-08-08/varanasi/41201175\\_1\\_tourism-development-tourism-projects-buddhist-circuit](http://articles.timesofindia.indiatimes.com/2013-08-08/varanasi/41201175_1_tourism-development-tourism-projects-buddhist-circuit). Accessed 27/09/2013.

<sup>5</sup> 'Thai and Myanmar agree on Buddhist circuit' (2009, February 24), TTR Weekly. <http://www.ttrweekly.com/site/2009/02/thai-and-myanmar-agree-on-buddhist-circuit/>. Accessed 27/09/2013.

<sup>6</sup> World Travel and Tourism Council (WTTC) website. <http://www.wttc.org/>. Accessed 27/09/2013.

<sup>7</sup> Wattanakuljarus, A. (2006). 'The Nationwide Economic and Environmental Impacts of Tourism: A Computable General Equilibrium Approach for Thailand'. A dissertation submitted for the degree of Doctor of Philosophy of the University of Wisconsin-Madison, USA.

The ability to replicate the success of the tourism sector, as seen in Northeast India, Myanmar and elsewhere in Southeast Asia, is also of immense benefit to the larger region. Besides the gains that arise in terms of economic development, the development of these two regions can also lead to the bridging of the gap between the already-existing tourist infrastructure in India (outside of its Northeast) and that in Southeast Asia, which in turn enhances their own attractiveness.

Apart from the provision of funds that need to be generated with the support of multilateral organisations and governments, the private sector in India and the ASEAN countries needs to look at opportunities to invest in the many commercially viable projects. Governments, tour operators, industry associations and researchers need to collaborate to understand the type of expectations that consumers from the region and outside of the region have and also to enhance planning and development processes. And, given that no tourism initiative can succeed without human capacity, be it in terms of planning or in generating tourist experiences, the need to develop human capacity alongside the development of infrastructure becomes crucial. The adoption of best practices from the region can accelerate the development and leveraging of benefits arising out of the tourism industry. The sharing of skills and knowledge by those who have achieved a level of success and the availing of such provisions by those who need such skills will go a long way in realising and sustaining the success of the vision set out by the tourism ministers of the region.

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