

ETHNO TOURISM

1. INTRODUCTION

The tourism in India is experiencing all round growth. It is not merely quantitative growth but also qualitative. There is an upsurge in both domestic and foreign travel. The form of tourism, which are gaining popularity are varied - religion, leisure, MICE, adventure, ecology, culture, etc. While tourists continue to be attracted to physical features - mountains, beaches, desert, rivers, they are increasingly looking for ethnic experiences at popular and exciting tourist destinations. In other words, there is a keen interest on the part of some tourists in "the local human being" and elements or traditions around him. The elements evoke interest because, to some extent, of their exotic character (in relation to tourist background) and their authenticity. The elements manifest themselves in the following ways.

- Local people
- Architecture, interior
- Food
- Clothing, jewellery, accessories
- Dance, music
- Social/religious practices
- Sport
- Wellness and healthcare systems
- Occupational practices
- Special skills, e.g., craft
- Lifestyle in general

Ethno tourism denotes an appreciation of above cited elements. There is excellent scope for building a tourism project around such elements.

2. PROJECT PROPOSAL

It is proposed to establish an ethno tourism complex. The complex will showcase the various ethnic elements in an imaginative way and offer complex-based as well as off-complex experiences. It will consist of the following facilities.

- ✓ A mini-theatre (25 seater) at which a film depicting various aspects of local culture will be shown

- ✓ An ethnic food and beverage outlet
- ✓ Earmarked open/half built/fully built spaces at which local artists and craft persons perform/demonstrate their skill
- ✓ Dwelling units built and furnished in local style
- ✓ A facility which offers counselling/therapy/products associated with wellness and ailment-management
- ✓ A facility for trying out local clothing, jewellery, accessories
- ✓ A space where occupational implements, e.g., handloom, fishing gear are displayed. The facility will also provide an opportunity to try out some implements and to practice local sport (e.g., bow and arrow)
- ✓ Sales outlets-craft, art, DVD's, clothing, jewellery, accessories, musical instruments, food and beverage
- ✓ Cart-ride facility

The complex, in addition, will offer several other off-complex facilities, e.g.,

- ✓ Daily tours, which cover earlier cited and other elements across villages in a dynamic way, local cuisine meals and cultural programme included.
- ✓ Off complex cookery and meal experience
- ✓ Off complex cultural events
- ✓ Observation/participation in local social events, e.g., wedding, festivals, religious events, village council meeting.

The complex, evidently, will build a network of locals, who will be stakeholders in the project in so far as they will gain from it and their contribution will enhance project impact.

3. DESIRABLE PROMOTER BACKGROUND

The promoter should possess a discerning knowledge of local resources on one hand and tourism dynamics on the other hand. This is not a self-contained project in the physical sense. The promoter would need active support of local communities, authorities, craft persons, artists, nature-experts and others. The capacity to identify resource persons/organizations and build and nurture partnerships is crucial.

4. INDUSTRY OUTLOOK AND TREND

In the wake of tourism growth, it is natural for the tourism market to become segmented and new segments to emerge. Rural tourism is a segment of relatively recent vintage. There is a positive nexus between growth in urbanization and demand for ethno tourism. In addition, it is a form for which expansion of location-choice and establishment of few more enterprises will lead to market growth. There is an enhanced awareness among communities regarding ethno tourism business prospects; they are quickly learning to put together attractive packages and this will ensure health growth of ethno tourism in India.

5. MARKET POTENTIAL

The “local person” and his world are at the centre of ethno tourism. This means that the tourist is interested primarily in the person (rather than merely nature). Evidently, this is a special interest form of tourism and it has not developed strongly in India yet. However, there are popular tourist destinations, which are marked by significant ethno attractions and hence tourists who may not be primarily interested in ethno tourism will avail of ethno attractions because they supplement and enhance the overall tourism experience. The length and intensity of the experience will depend on the orientation of the individual tourist. In other words, ethno tourism package will be embedded into the larger tourism experience of the tourist. Given the nature of the product, it is evident that it is middle/upper budget tourists, barring some exceptions, who will be interested in ethno tourism. The following are examples of popular tourist destinations, which are marked by strong ethno culture attractions.

Kerala

Goa
Rajasthan
Himachal Pradesh
Jammu & Kashmir
Ladakh
Saurashtra/Kutch

While we envisage market at some of the popular tourist destinations mainly because we are aiming at incorporating an ethno tourism experience in a larger vacation, it is pertinent to bear in mind that there are destinations, not so popular, which offer such strong ethno tourism resources that ethno tourism at these destinations can flourish substantially on its own. This is true, particularly of tribal parts of India. An illustrative list of such potential ethno tourism hot spots is as follows:

Chhattisgarh
Jharkhand
Madhya Pradesh
Odisha
Northeast

It is also important to note that this is a form of tourism, given its current status in India, will develop depending on how effectively it is supplied or delivered. An average tourist is not adequately familiar with it, he may not actively crave for it. However, once he goes through a powerful experience of visiting quaint huts, watching how exquisite craft work is done, listening to indigenous music, sampling exotic, local food, he is likely to demand such experience, if there are genuine offerings, at next vacation in his life and be willing to pay for it.

6. PROPOSED SIZE OF THE PROJECT

We envisage an ethno tourism complex spread over an area of 20,000 sq.mtrs. It will house the following

- ❖ A mini theatre admeasuring 500 sq.ft. to screen films on local people/lifestyle
- ❖ A cluster of three replicas of local dwelling units, complete with furniture/furnishing

- ❖ 10 half-built spaces for craft persons/artisans/artists to demonstrate skill and work
- ❖ A wellness/therapy centre – 500 sq.ft
- ❖ A sartorial centre-trial rooms, photography spaces where the visitors can don local attire, Jewellery, accessories. 500 sq.ft.
- ❖ Two carts for fun-ride
- ❖ Sales outlets (5) admeasuring 100 sq.ft. each selling craft, art, music, videos, clothing, jewellery, accessories, foods and beverages, etc.
- ❖ A food and beverage outlet, which can seat 50 persons simultaneously – 700 sq.ft. including kitchen.
- ❖ Toilet block, security, surveillance cameras, DG Set, etc.
- ❖ Sales office at which visitors can book various off-complex tours/products

7. MANUFACTURING PROCESS

This is a service sector project and hence the following is pertinent.

TECHNICAL REQUIREMENT

The layout and design of the complex is critical. The utility supply and conveniences – water, electricity, clean toilets should be reliable. The visitor flow management will warrant attention, there should not be clogging/stampede, while ensuring that the complex does not wear a deserted look.

OPERATIONAL REQUIREMENT

Selection of appropriate manpower and their training are a priority. Make or buy “decisions” are crucial. We have assume that the promoter will run food and beverage outlet, theatre, wellness centre and sartorial centre on his own. He will let out spaces for craft persons/artists as well as sales kiosks. Likewise, it is presumed that he will not own or operate any off-complex physical facility, e.g., restaurant, shop, cultural centre. He will market and coordinate off-complex activities. However, depending on local conditions and promoter – resources/competency, these arrangements may change.

8. MANPOWER REQUIREMENT

This is estimated as follows

Manager	1
Housekeeping	4
Reception/ticket booking/sales/admin/facility operators	6
Food and beverage outlet	6
Therapy and Sartorial Centre	4
Security	4

Total	25
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The manpower will be local and well-versed in the culture. It will be attired in local style, greet visitors as per local custom and contribute significantly to building the complex image.

At the theatre, there will be interesting oral introduction to the complex and the visitors will be oriented on how to go about the complex and what is on offer. The human dimension of the complex will be sufficiently powerful to make the visit a satisfying experience and to encourage tourists to book off-complex tours.

9. COST OF THE PROJECT

This is estimated below (Rs. in lacs)

1. Annual Lease Rent (deposit) for land
10.00
2. Landscaping, site improvement, provision of electricity,
5.00
DG Set and water supply
3. Mini-theatre, local dwelling unit replicas, ten units of
50.00
half-built spaces, wellness centre, sartorial centre, sales outlets (5),
food and beverage outlet, sales office, toilet block
4. Furniture, fixture, accessories for No.3
25.00
5. Equipment for food and beverage outlet, security, housekeeping,
20.00
theatre and office, motor cycle (2)
6. Preliminary and Pre-operative Expenses @ 10% of 1 to 5
11.00

7. Working Capital Margin

5.00

Total -----
 126
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10. WORKING CAPITAL REQUIREMENT

This is estimated at Rs. 5.00 lacs and we do not envisage working capital loan.

11. MEANS OF FINANCE

The promoter will not own land. We expect debt equity ratio of 1.5:1, i.e., a loan of Rs.75 lacs and equity of Rs.51 lacs. The term-loan will carry interest @11% and be repayable in five years after a moratorium period of six months._

12. MACHINERIES & ILLUSTRATIVE LIST OF SUPLIERS

This is not relevant.

13. PROFITABILITY

The following income streams are envisaged

- ✓ Entrance ticket
- ✓ Hire charge for the attire, jewellery, cart-rides, etc.
- ✓ Income from food and beverage outlet
- ✓ Income from wellness/therapy outlet
- ✓ Rental from craft/art spaces and sales kiosks

We assume the working season as follows

High Season	60 days
Mid-Season	75 days
Low Season	45 days

Total	180 days
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The complex will work for 180 days (approximately six months) in a year. It will attract the following volume of visitors/day

High Season	500
Mid-Season	300
Low Season	100

The visitor spend on average is estimated as below

✓ Admission Ticket	Rs.50
✓ Hire-charge for attire/Jewellery/accessories/cart-ride	Rs.30
✓ Food & Beverage	Rs.80
✓ Wellness/therapy	Rs.20

	Rs.180
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The above is an average, considering that some visitors may not hire any attire or spend on food and wellness. The rental spaces (10 spaces for craft persons and 5 for sales units) will generate a monthly rental @ Rs.20,000 and Rs.25,000 respectively, total being Rs.45,000. The craft persons and artists will have freedom to sell their wares and earn income.

We are relying on booking of off-complex tours/experiences to bolster income. An individual will spend, on average, Rs.180 at the complex including Rs.80 on food and beverage. We expect him to spend Rs.125 for off-complex tour/experience, excluding the cost of transport. We assume that half of the visitors will avail of off-complex tours/experiences.

The annual operating expenses for the second year are estimated as follows

Lease rent, manpower, utilities, repair & maintenance	40.00
Admin, marketing, promotion, taxes, insurance	20.00
Sartorial Centre	1.20
Wellness/therapy Centre	3.42
Food & Beverage	18.24
Off-complex tours/experiences	14.25

Total Operating Expenditure	97.11
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The lease rent, manpower, utilities, repair and maintenance are Rs. 10 lacs, Rs.20 lacs, Rs.5 lacs and repair and maintenance are Rs.5 lacs respectively. The other operating expenses are calculated on the basis of following norms

❖ Sartorial Centre	10% of hire charge income
❖ Food & beverage outlet	40% of income
❖ Wellness/therapy	30% of income
❖ Off-complex tours/products	40% of income

The annual income/operating expenditure position for the second year works out as follows. It is calculated separately for high season, mid-season and low season.

❖ **Admission Fee (Rs. lakh)**

500x60x50	15.00
300x75x50	11.25
100x45x50	2.25

(A) Sub-total 28.50
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Hire-charge for Attire

500x60x30	9.00
300x75x30	6.75
100x45x30	1.35

(B) Sub-total 12.00
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Food & Beverage

500x60x80	24.00
300x75x80	18.00
100x45x80	3.60

(C) Sub-total 45.60
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Wellness / Therapy

500x60x20	6.00
300x75x20	4.50
100x45x20	0.90

(D) Sub-total 11.40

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Rental from Spaces
Rs.45000 per month
for seven months/year

(E) Sub-total 3.15

Off-complex tours/products

250x60x125 18.75

150x75x125 14.06

50x45x125 2.81

(F) 35.62

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Total income **136.27**

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Profitability over Five Years (Rs.in lacs)

We have assumed operating income growth @5% per annum, beginning third year and operating expense hike @2% per annum from third year onward. The operating income during the first year will be 10% lower than second year but operating expense will be identical.

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Operating income	122.64	136.27	143.08	150.24	157.75
2	Operating Expense	97.11	97.11	99.05	100.99	102.94
3	Operating Surplus	25.53	39.16	44.03	49.25	54.81
4	Interest on Term Loan	7.84	6.60	4.95	3.30	1.65
5	Depreciation & Amortization	18.15	18.15	18.15	18.15	18.15
6	Profit Before Tax	0.46	14.41	20.93	27.80	35.01
7	Tax (30%)	0.14	4.32	6.28	8.34	10.50
8	Profit after tax	0.32	10.09	14.65	19.46	24.51

The unit cost of power is taken at Rs. 6. The depreciation is taken at the rate of 15%.

14. IMPLEMENTATION SCHEDULE

It will take eight months, since possession of land, to implement the project. The milestones will be

❖ Cleaning and sprucing up of premises	1 month
❖ Interior design and plan	simultaneous
❖ Execution of interior plan	3 months
❖ Hiring of manpower	1 month
❖ Pre-opening promotion	1 month
❖ Trial Run	1 month
❖ Opening	1 month

15. BACKWARD AND FORWARD LINKAGES

The project can diversify into experience tourism and offer packages built around local cuisine or art/culture or fairs/customs/rituals.

16. STATUTORY / GOVERNMENT APPROVALS / CLEARANCE

The project needs to carry out general formalities pertaining to firm establishment; tax registration and shops/establishment registration. The fire safety clearance is the specific requirement.

The following specific permits are required

- ❖ Pollution Control Clearance from the state government board; National Green Tribunal in some cases.
- ❖ Protected Area permit, if the site is in forest area.

17. TRAINING CENTRES / COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Source:- Udyami Mitra/Sidbi