

# TOURISM DEVELOPMENT IN RURAL HIMALAYAS OF UTTARAKHAND – A CASE STUDY OF CREATING OPPORTUNITIES THROUGH CSR

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## ABSTRACT

*This paper examines the role of eco-tourism by involving local communities and the companies to supplement rural income from agriculture and generate much-needed employment. A case study was done in the village of Chhera near Pithoragarh town in the Uttarakhand by launching a marketing campaign Rythm' ('Round the Year Tourism and Holiday Management') in the year 1996-97. The growth in tourist arrival helped supplement income of twenty families.*

**Keywords:** camp tourism, capacity building, supply chain management, Pithoragarh, Tourism.

## INTRODUCTION

The far flung areas may still not be able to develop as full time destinations but the corporate sector can still develop Residential Seasonal Tourism for distant places that are underdeveloped despite possessing the natural and/or tourism resources as the case of Chhera Village nestled amidst the beautiful hills above the town of Pithoragarh. Pithoragarh town is situated at an altitude of 4,567 ft from sea level, located in Soar valley. Pithoragarh district is the easternmost Himalayan district in the state of Uttarakhand, and landscaped with the high Himalayan mountains, snow capped peaks, passes, valleys, alpine meadows, forests, waterfalls, perennial rivers, glaciers and springs. The flora and fauna of this area has rich ecological diversity. The geographical area of the district is 7,100 sq.km. Tibet plateau situated to the north of the district. Nepal lies on the eastern borders. The River Kali originates from Kalapaani, forms its continuous eastern boundary with Nepal.

Pithoragarh also borders China. The Hindu pilgrimage route for Mount Kailash-Lake Mansarovar passes through this district via Lipu-Lekh pass in the Greater Himalayas. The district is administratively divided into five tehsils, namely Munsiyari, Dharchula, Didihat, Gangolihat, and Pithoragarh. Naini Saini is Pithoragarh's civil airport though not in frequent use these days.

Pithoragarh town is filled with temples and forts belonging to the era of the Chand rulers. Pithoragarh for the remaining 14th century after its conquest by the Rajwar of Ukko Bhartpal in the year 1364 was ruled by the three generation of Pals and the kingdom extended from Pithoragarh to Askot. The Chand dynasty again took control over Pithoragarh town in the 16th century and built a new fort. Pithoragarh remained a Tehsil under Almora district during the British domination until it was elevated as a district in the year 1960 after independence.

Tourism study project was undertaken at the Chhera Village, around 9 kms. away from the Pithoragarh town and around 2kms away from Chandak. Chandak is situated at an altitude of 2000 meters, and perched beautifully above the town of Pithoragarh with excellent views of snow capped peaks of Nanda Devi, Panchachuli and Appi of Nepal.

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The practical case study eventually was successfully implemented and local communities supported tourism. The place was marketed as a tourist destination commercially in 1996-97 through the campaign launched under acronym, 'Rythm' ('Round the Year Tourism and Holiday Management'). Camp tourism project carried out with the financial and marketing assistance from Fast Travel Bureau Pvt. Ltd. based in New Delhi. It was a small size company engaged in ticketing, hotel bookings, as well as having fleet of few cars on hire for tourists. The corporate ticketing clientele of the company booked tickets and hotels for short holidays in the nearby hill stations of Mussorie and Nainital (both in Uttarakhand Himalayas). Pithoragarh around 150 kms. farther from Nainital did make business sense after going through the author's proposed project both in terms of starting the organized tour operations in the region, as well as funding the project with an aim of business strategy -led corporate social strategy.

### **CORPORATE SOCIAL RESPONSIBILITY AND INDIAN TOURISM**

The attempts to develop Tourism in India have so far remained focused to few select states, like Rajasthan, Goa and Kerala and other few traditional locations and circuits. On the other hand, agriculture, the largest rural employer — disguises major problems of underemployment, and has been able to offer little in terms of providing additional employment opportunities. Rural development languishes in India where majority of population (68%) is still living in villages untouched by globalization and rampant problems of poverty, hunger, ignorance, ill health, high mortality and illiteracy. This is created by defects in our planning process and investment pattern. India has the potential to meet these challenges in rural areas. However, the efforts of Governments may not be adequate to provide basic services to its citizens. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the Government alone, but many more stakeholders need to be involved to attain the development goal. The corporate sector has a crucial role to play in ensuring not only private investment flows to those rural areas that have been left out of the development process so far, but to also work for sustainable development of rural areas in general by employing the sustainable supply chains and sustainable industries. Sustainable tourism development in rural India through steady and equitable investment flows under the corporate social responsibility obligations can be one of the solutions.

Corporate Social Responsibility (CSR) is nothing but the movement from purely profit towards profit with social responsibility and is essentially a concept whereby companies decide voluntarily to contribute to the society to make it better and environmentally cleaner (*European Commission, 2001*). The perception of the role of corporate in the broader social context within which it operates, has been altered as an integral part of society and accordingly act in a social responsible way that goes beyond economic performance (*KPMG and ASSOCHAM, 2008*). World Business Council for Sustainable Development defines that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (*WBCSD, 1999*). CSR is the ethical tool for the companies to give something back to the society or the responsibility of an organization towards the environment and society in which it operates. There can be various CSR Models that has been advanced in theory and followed in practice. Gandhian Model of Ethical responsibility is all about voluntary commitment by companies to public welfare. Nehruvian Statist Model holds that State ownership and legal requirements determine corporate responsibilities. The Corporate responsibilities limited to private owners holds good for Liberal Model of Milton Friedman; and the Stakeholder Model of R Edward Freeman is of the opinion that the Companies respond to the needs of stakeholders (customers, employees, communities, etc.) . These are the four models of corporate responsibility (*Ritu Kumar et al., 2001, 2-3*). The study by *Khan and Atkinson (1987)* shows that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state. A survey by Tata Energy Research Institute (*Ritu Kumar et al., 2001*) in several cities in India revealed that more than 60% of the people felt that the companies should be held responsible for bringing down the gap between rich and poor, reducing human rights abuses, solving social problems and increasing economic stabilities. *Centre for Social Markets (2003)* conducted a study in which it was found that social responsibility is seen to be as an important business issue within the sample firms, irrespective of firm size, age, sector, location, primary purpose or legal status. The findings of these surveys emphasized companies across India reveal that philanthropy is the most significant driver of CSR, followed by image building, employee morale and ethics respectively. *Arora and Puranik (2004)* reviewed contemporary CSR trends in India concluding that the corporate sector in India benefitted immensely from liberalization and privatization process, its transition from philanthropic mindsets to CSR has been lagging behind its impressive financial growth. Contrary to this, some organizations do not like a philanthropy-based approach as it might not help build on the skills of local populations, whereas community-based development generally leads to more sustainable development. In such the case the better approach to CSR is to incorporate the CSR strategy directly into the business strategy of an organization.

While there is no single definition of CSR, it clearly no longer refers solely to contributions detached from a company's core business. It means adopting open and transparent business practices that are based on ethical values. It can also refer to managing all aspects of operations for their impact not just on shareholders, but also on employees, communities and the environment. Ultimately, CSR is about delivering sustainable value to society at large, as well as to shareholders, for the long-term benefit of both business and society. The element of sustainability for CSR in business makes it important to study for the tourism sector as this sustainability element in this sector defines the longevity or over burdening of the tourism of a region, place or country. This is because the problem lies in how to balance the needs and wants of the tourism industry – consumers and suppliers – with the social, environmental and financial determinants of sustainability.

The areas of concern under CSR activities in India range differently with least CSR concern for the Rural India. There are large gap for the researches exploring the Corporate Social Responsibility (CSR) practices particularly in the context of rural development. A more critical examination of the fact is required as to whether the corporate consider rural people as a stakeholder. *Verma and Chauhan (2007)* found that roads, pollution and power are the major concern of corporate CSR activities as compared to least concern area which is communication and education. Another study by *Dutta and Durgamohan (2009)* found that education takes the first place followed by health and social cause. Most of the modern researches have relied on the fact that the CSR activities in the rural India in the form of health, literacy and social causes follows the relief and philanthropy model as opposed to the requirements of corporate to follow the business strategy model of CSR activities to derive the sustainable and long term results in income and employment in rural India. The present study is the case study following the simple methodology of adopting one remote Himalayan village by the business strategy- led CSR following one company and the successful result that can be an eye opener for such practices.

Tourism as one of the vibrant service sector can be harnessed for better generation of income and employment. Tourism, the largest revenue and foreign exchange earning service industry the world over, is well recognized as the ready-made tool for economic development and employment generation. India is one of the foremost growth centers in the world. Indian tourism sector is urgently required to drastically close the gap between existing supply and expected radical increase in tourism demand in a very near future. Further, the annual Asian Development Outlook (*ADO, 2012 Update*) presents an analysis of developing Asia's recent economic performance, mentions that India must diversify its growth drivers and notes that the service sector development is poised to play a critical role in the country's future growth. The update also mentions that a vibrant service sector is much needed that would have broad economic benefits, for all segments of the society. Tourism can be one such growth drivers.

Tourism is a complex mixture of business and community activities (*Godfrey & Clarke, 2000*). *Harrill & Potts (2003, p. 233)* believed that "tourism is an invisible industry, encompassing transportation, loading, and entertainment. Unfortunately, tourism is also invisible to many planners, so tourism development is often left to private developers and leisure service providers". Tourism Sector in India has enormous capacity to generate large-scale employment opportunities. Tourism not only offers business opportunities to local residents, but it can serve as a vehicle for marketing a place to potential residents and firms. *Jean-Luc Arregle, Michael A. Hitt, David G. Sirmon and Philippe Very (2007)* in their research paper, develop and extend social capital theory by exploring the creation of organizational social capital within a highly pervasive, yet often overlooked organizational form: family firms or the local communities can be effectively utilized for retailing the Indian tourism beyond the borders of the country.

*McIntyre et al. (1993, p.50)* states that local communities must organize themselves at all levels to play a more effective role in development, and interact with government and role-players at all levels. They must be able to identify potential tourism resources and attractions within their communities and support and promote responsible tourism and community development. They should be eager participants in tourism decision making with respect to major tourism development for communities. *Kepe (2004, p. 45)* states that local communities should play a proactive role to ensure positive benefits from tourism. In India, the technical planning and assistance can prove crucial to tourism development success for many small communities with limited resources in the short run and may solve the long run shortfall of human resource development for growth in Indian tourism and in turn can focus on rural development through the sector. The present study is carried out through the practical involvement of the local communities at Pithoragarh into developing a tourism village.

## **SUSTAINABLE TOURISM SUPPLY CHAIN MANAGEMENT**

Tourism is characterized by the interdependence of its different sectors, by the small scale of its many operators, by the fragmentation of its different markets and by the spatial separation of origins and destinations. These characteristics lead to a desire for combined action, a willingness to unite to achieve common goals, and a need to form tourist organizations

(Pearce, 1992) and effective tourism supply chain whose goal is to increase revenue and create employment. The supply chain comprises the suppliers of all the goods and services that go into the delivery of tourism products to consumers. It includes all suppliers of goods and services whether or not they are directly contracted by tour operators or by their agents (including ground handlers) or suppliers (including accommodation providers). Tourism supply chains involve many components - not just accommodation, transport and excursions, but also bars and restaurants, handicrafts, food production, waste disposal, and the infrastructure that supports tourism in destinations. This efficacy of this most vibrant service sector essentially depends on the most workable supply chain management and modeling.

Tourism, like all other supply chains, operates through business-to-business relationships, and supply chain management delivers sustainability performance improvements alongside financial performance, by working to improve the business operations of each supplier in the supply chain. The main differences between tourism supply chains and those of other sectors are that tourists travel to the product, and the product that they buy has a particularly high service component - in other words, it involves a higher proportion of people in the immediate production of the holiday experience. Tourism is a coordination-intensive industry in which different service products (transportation, accommodation, excursions, and so on) are bundled together to form a final tourism product. The long term integrated planned growth management gives way to sustainable tourism management.

The new concept for Supply chain in tourism is now getting more focused on Sustainable supply chain management (SSCM). Sustainable tourism in the true sense calls for the management of an under or unrealized region along with conservation and sustainable use of ecological diversity and the eradication of poverty through generating employment opportunities. Tourism is an eco-diversity dependent industry and recent trends and forecasts point to a spreading of tourism to new destinations. Although this may bring opportunities for economic development and poverty alleviation, it will also introduce the environmental impacts of tourism to areas which may hitherto have been unaffected by tourism development.

### **SUSTAINABLE SUPPLY CHAIN MANAGEMENT IN TOURISM – A PRACTICAL CASE STUDY OF CHHERA VILLAGE, PITHORAGARH**

Tourism project was undertaken at the Chhera Village, around 9 Kms. away from the Pithoragarh town and around 2kms. away from Chandak. The mainstay of the Chhera village before the project commenced was agriculture with one small grocery shop. One or two families owned jeeps that were mainly used for transporting passengers from Pithoragarh town to Chandak or Mushtamanu Temple, a local attraction dedicated to Lord Mushtamanu. The village was fairly sized and consisted of nearly 15-20 houses. Each household had extended family system. The district of Pithoragarh in the Himalayas had negligible tourism till the commencement of the current project in 1995-96. Also, there was absence of articulated offer in terms of tourist products.

The practical case study was conducted and eventually successfully implemented through support of local communities. Place was marketed commercially in 1996-97 under the acronym of '*Rythm*' ('Round the Year Tourism and Holiday Management'). Camp tourism project was carried out with the financial and marketing assistance from Fast Travel Bureau of New Delhi.

The Methodology adopted to implement the project was carried out in the following chronological steps:

1. *Identifying the destination for tourism activities*: While identifying the area, the following considerations were kept in mind:
  - (a) Identifying the location that may be loosely termed as remote, having at least basic natural tourism attraction;
  - (b) Identifying the location in a rural or local setting;
  - (c) Identifying the location with local communities' readiness to adopt to tourism activities as well as to participate in entire tourism supply chain system arising out of expected tourism activities; and
  - (d) Reviewing the three locations around Pithoragarh Valley (Bhalot Region, Chandag Region, and Jhulaghat Region). The Chhera Village in the Chandag region was aptly suited as tourist destination in comparison with the other two and was also closer to the downtown of Pithoragarh.
2. *Research carried out to measure the readiness*: Willingness of the local communities to adopt to tourism activities in the few short-listed locations in the Pithoragarh district was measured through questionnaires, and eventually leading to the implementation of the project at Chhera Village.

3. *Assessment of supply chain factors:* One of the important components of execution of study and hence the project was to assess and subsequently implement the effective Sustainable Supply Chain Management System to cover the :
  - a) Accommodation
  - b) Transportation
  - c) Food and crafts
  - d) Tourism Activities
4. *Marketing:* This involves service / product development, place / destination and pricing & promotion. Marketing the place with the process of empowering the communities to think, choose and practice the kind of destination their village ought to be through Travel & Tour Agency Channels, Selling as Packaged Product, Promotional series in Game shows on TV Channels and Direct Marketing Activities.
5. *Capacity Building:* Capacity building efforts being put into the operations of tourism project of Chhera Village, Pithoragarh can be loosely be put into the following categories:
  - a) Inclusion of community members into the tourism activities as an entry point strategy;
  - b) Awareness of tourism and development issues including the need for development of sustainable tourism in their areas;
  - c) Training on tourism linked skills and livelihood;
  - d) Practicing tourism as an alternative livelihood and not as main source of profession in their local environments;
  - e) A project of this nature cannot involve all the people of the entire community, however the direct beneficiaries to be identified on the project and also to keep an eye on the interest of the entire community for the indirect benefits.

The project was implemented through the accommodation created and the sustainable tourism activities, practiced between 1996 and 1998 in Chhera Village Pithoragarh, A two way system was created for the accommodation as

1. Camp Tourism as an initial attraction; and
2. Local community residents hosting the tourists in their decked up portion of their house with basic comforts as the guests.

This helped in better environmental performance; employment conditions for staff and provision of training on sustainability issues for local community residents. This also helped in creating the socially and environmentally sustainable tourism packages and suppliers at low operational costs. Further this type of arrangements led to tourism being welcomed as an alternative means of livelihood for the local communities. This helped reduce the over burdening of the place in the longer run and the right skilling at the destination itself. The *Rythm Camp* project took into consideration how ground transportation by local operators can generally promote greater fuel efficiency and cultural synergy with the local environment. Utilizing the local transporters (few of whom were earlier plying between the village and Pithoragarh town) vehicles on the tour itineraries of *Rythm Camp* also caused a subsequent rise in Jeep vehicle ownership in the village.

Food and crafts can generate considerable profits for the local population, when volume production and delivery at set quality standards can be met by local producers. Key issues for local sourcing of food supplies in the tourism sector are quality, reliability and quantity of supply. Promotion of local sourcing of food supplies. Soar Adventure Club promoted the soft to medium trekking and expeditions programs for visitors' itineraries / packages and developed free training events to promote environmental awareness. The training emphasized the fragility of mountain ecosystems. Basic skilling program on Hospitality Management, Guides and Trekking Supervisors were imparted and induced local employment in Camp tourism for serving their own tourist guests sourced through *Rythm Camp* at Chhera Village, Pithoragarh, supporting the substitution of locally-grown and locally manufactured products. The tourism activities helped promote local arts and crafts as well as local entertainment to increase the income levels of host communities and enhance the preservation of local culture.

## RESULTS AND CONCLUSION

The mainstay of the Chhera village before the project commenced was agriculture with one small grocery shop, few tea stalls and a small store selling daily household use items. One or two families owned jeeps that were mainly used for

transporting passengers from Pithoragarh town to Chandak or Mushtamanu Temple. Each household has had at least one member working or were small tradesmen in the Pithoragarh town, or were working outside in Delhi or Nainital or one or two members serving in the Indian armed forces. The average income of each of households was around Rs.4000-5000 per month (as per the primary door to door research carried out in the village in December 1995, this may have excluded their agriculture produce for their own household use).

The tourism project funded through Fast Travel Bureau Pvt. Ltd. remained operational for more than two years in the summer seasons and the financial finding gave the following result:

1. The fixed project cost incurred initially for the two years has been around Rs. 70,000 including cost of rent of the site, Camping tents, and all related accessories, etc.
2. At least two members from each family remained employed as *Rythm Camp* Member as either regular staff; or on the local communities' local kitchen and food; trek and day excursion tourism activities.
3. The earning can be visualized by following figures on total guest nights and the spending locally at the Chhera Village.

**Table 1: Growth in Tourism in Chhera**

Period	Total Nights/Days	Total Spending at Chhera Village (INR) /Day
<i>Summers (May-June) 1996</i>	30	19500
<i>Summers (May-June &amp; October) 1997</i>	224	145600

This figure of spending includes the Camp / room rents in the Chhera Village and all tourism activities pursued in the village and do not includes the other outside expenditures or marked up profit for Fast Travel Bureau on each guest who visited at the *Rhythm Camp* at Chhera Village.

## CONCLUSION

It can be effectively concluded that the local communities were ready to adapt to controlled and sustainable tourism as an economic supplement to their pre -existing rural economy. Almost 20 families in the Chhera Village collectively earned a considerably extra income during the two summer seasons. Deducting all costs (and assuming equitable income on the long run for all families in the village), a family earned more than INR2000 during that period which was much more than the earning from the excess agriculture produce after meeting out their requirements. This is just an eye opener for the companies who can effectively market as well as effectively earn the profits as well as carry out their CSR obligations aimed at further enhancing their business growth.

The study and the project show intense focus on sourcing activities and on establishing strategic local inroads, in order to benefit from a competitive advantage. But very few have researched the downstream supply chain management, especially demand management, most research being in theory. We believe the above results are a starting point for future research and implementation on establishing tourism adopted by the CSR- led Corporate in the rural hinterland along with local participation and plan the tourism on long term sustainability. If at all the companies diversify their businesses into adopting the rural areas and villages with their local communities in the tourism potential areas or developing the villages into tourism potentials, they can solve much of the problems of 68% rural India with regards to employment and income.

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