

# Survey of Foreign Tourists' Expenses on Handicrafts

**Ministry of Tourism & Culture  
Government of India**



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**Economic Services Group**

**National Productivity Council  
Lodhi Road, New Delhi - 110003**



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New Delhi  
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#### Executive Summary

The Ministry of Tourism & Culture, Government of India assigned National Productivity Council (NPC) to carry out a Survey of Foreign Tourists' Expenses on Handicrafts in India. The main objective of the survey was to find out how much the visiting foreign tourists spend on handicrafts (total & item-wise) while they stayed in India. The ultimate aim of this task was to construct the Craft/ Tourism Index (defined as per tourist per day expenditure on handicrafts) for India as suggested by the UNESCO.

The field level survey was launched by NPC during Sept. – Oct., 2002 in six major cities of India viz. New Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad. These cities act as the major arrival and exit points for an overwhelming majority of the foreign tourists visiting India. The foreign tourists leaving India through these six cities were approached with a structured questionnaire to gather information on their spending on handicraft items.



About 47% of the total respondents were interviewed at the departure lounges of international airports and another 28% from the star hotels. The remaining (25%) tourists were contacted at the handicraft emporia/shops. Only those tourists who had completed their purchases from India were interviewed. The purchases on behalf of the companies the tourist(s) work are not considered in the survey. A total of 12,250 foreign tourists from the six cities were interviewed.

Following are the major findings of the Survey:

- ✍ Respondent tourists from about 100 nations had visited India during the Survey. Among the tourists contacted during the survey, 58% are males and 42% females. About 70% of the respondents are in the age group 25-44 years. A large number of respondents (36%) are in business and more than one fourth (27%) are in service, while 10% are students. Income wise, 43% of the respondents belonged to 'more than average' category and another 32% were 'average'. Only 3% of the respondent tourists had 'very high' income level and 2% belonged to the 'below average' category. As observed in the survey, the highest inflow of tourists was from USA (11%), followed by UK (10%), France (7%), Japan (7%), Germany (6%) and Australia (5%).
- ✍ The average duration of stay by a respondent foreign tourist is 20 days. The student tourists and tourists below 25 years of age had spent the highest number of days. Tourists with very high income stayed for the shortest duration.
- ✍ According to survey findings, on an average a foreign tourist spends about Rs. 12,187 on handicrafts. The female tourists spent more than their male counterparts. Income level of the respondent tourists has a direct relationship with expenditure. Profession wise business persons are spending more on handicrafts than the others.
- ✍ Silk is the most bought (value) item among the handicrafts, as 23% of the total expenditure was on this product alone. Other handicraft items of high values bought by respondent tourists include metal & jewellery, cotton & wool textiles and leather products.
- ✍ In terms of per capita daily expenditure the expenses on handicrafts had shown an increasing trend among tourists aged between 25 and 54 years and it declined thereafter. The UNESCO's Craft/ Tourism Index is found to be Rs. 609 ( about US \$ 13).
- ✍ Majority of the purchases were made using Indian Rupee. A sizeable number had used US Dollar and credit cards to finance handicraft purchases. The usage of Euro outnumbered Pound Sterling. Americans as a group spent the highest amount on



handicrafts, contributing 18% of the total expenses. Tourists from UK, France, Australia, Germany, Canada etc. had also spent significant amounts on handicrafts in India. These are also among the major export destinations for Indian handicrafts.

- ✍ Total expenditure on handicrafts by all the foreign tourists has been estimated at Rs. 29,851.54 million in 2001, which constitutes about 18% of the total value of production of handicraft items in India in 2001-02. This also forms approximately 44% of the total handicrafts exports (excluding hand knotted carpets) from India during the year 2001-02. The amount spent on handicrafts by foreign tourists can be considered as deemed export of handicrafts.

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## CHAPTER I

### ABOUT THE SURVEY

#### 1. Background

India draws more than 2.5 million foreign tourists annually. The primary factor that motivates majority of the foreign tourists to visit India is the country's bountiful nature, snow-covered mountains in the Himalayas, colorful deserts in Rajasthan, beautiful beaches in Goa, Kerala and Orissa and tropical lush green forests spread far and wide in most parts of the country. Beside the nature, the country's rich cultural heritage has been a tremendous attraction to a large number of foreign visitors. The diversity in climate, religion, language and traditions has always been a matter of curiosity for the people of other countries. So are India's exquisite handloom and handicraft products, which are admired by the foreign tourists. Purchase of Indian handicrafts is therefore a common practice generally noticed among the visiting foreigners.

The handicrafts industry in India occupies an important place in the national economic scene. Firstly, the sector provides direct and indirect employment to a large number of persons like the artisans and also those who are engaged in the supply of inputs and in trading. According to an estimate, handicrafts industry currently employs more than 76 lakh persons in India. Besides high employment potential, the significant contributions of the sector are felt in terms of high value addition from a relatively low capital investment and a steady source of foreign exchange earnings. Available data from Export Promotion Council for Handicrafts show, in 2001-02, total exports of handicrafts (excluding handknotted carpets) from India stood at Rs.6769.50 crores. The economic importance of handicrafts sector is also evident from the huge size of this industry. Turnover of the handicrafts industry, as estimated by Development Commissioner for Handicrafts, is in the range of Rs. 16,320 crores in 2001-02.



In this background the Department of Tourism, Government of India, had assigned National Productivity Council (NPC) to carry out a survey of foreign tourists in order to find how much the tourists spend on handicrafts during their stay in India. The ultimate outcome of the survey is to facilitate construction of the Craft/ Tourism Index for India as has been suggested by the UNESCO. The Index would find the expenses on crafts per tourist per day (in US \$) of the foreign visitors to India. The present report from NPC is the result of the above mentioned survey of foreign tourists.

## **2. Objectives of the Study**

- ❖ To identify the handicraft products/ items purchased by foreign tourists
- ❖ To find out the total expenditure incurred by foreign tourists on handicraft products during their stay in India
- ❖ To find the currencies used for the purchase of such items
- ❖ To find country of origin, age & sex profile, occupation and family income of the foreign tourists
- ❖ To construct the UNESCO Crafts/ Tourism Index for India

## **3. Methodology**

The survey used the same definition of foreign tourists followed by the Department of Tourism, Govt. of India while compiling tourist statistics. According to this definition a foreign tourist is a person visiting India on a foreign passport, staying at least 24 hours in the country for the purpose of (i) leisure (recreation, holiday, health, study, religion and sport); (ii) business, family, mission and meeting. Transit passengers not staying at least a day in India were not covered by the survey. Similarly, minor children accompanying the adult family members (foreign tourists) were not considered for the survey. NRIs were also excluded from the scope of the survey



The foreign tourists visiting India were interviewed from three places viz. (i) international airports, (ii) hotels and (iii) shopping complexes, particularly the handicrafts emporia and similar establishments selling handicraft items. As mentioned at the outset, India receives about 2.5 million foreign tourists every year. Keeping in view the time and cost constraints of the survey, it was decided that about 0.5% of the total foreign tourists coming to India annually i.e. approximately 12,000 tourists would be interviewed. A large number of foreign tourists were approached randomly from the above three places for data collection through a structured questionnaire. The questionnaire sought information mainly on tourists' purchase of handicraft items (quantity & value) during their stay in India apart from some personal data on tourists like the country of origin, age, sex, income etc. The business purchases, defined as purchases on behalf of companies they represent were excluded. A copy of the questionnaire used for canvassing during the field survey is appended in **Annexure**. *It is important to note that the purchases of items by the tourists were not necessarily from the city in which they were contacted. This is especially the case in regard to those who were contacted at the international airports. The items might include those which were bought during their travel anywhere in the country including the major handicrafts centers.*

### 3.1 Field Survey

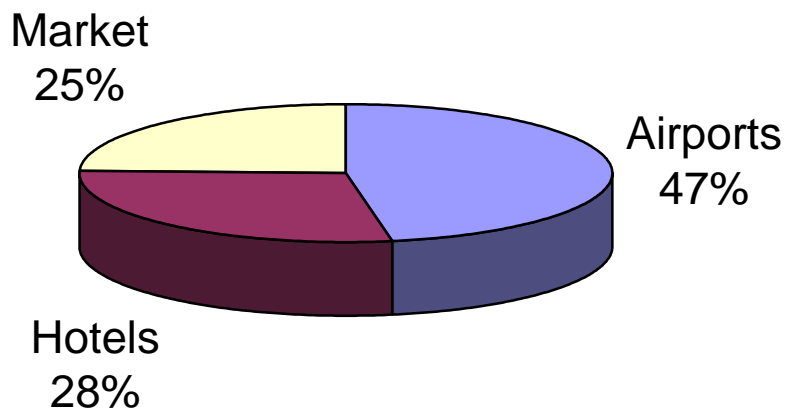
During the field survey about 12,250 foreign tourists were interviewed by the NPC survey team, against the target of 12,000. The survey was conducted during Sept. 11 – Oct. 25, 2002, simultaneously in six major cities of India namely New Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad. About 47% of the total contacts were made in the international airports of the six cities mentioned above, while the remaining interviews were held in the hotels (28%) and shops/ emporia (25%) (**Fig.1**). In the airports the tourists were interviewed at the departure lounges and in hotels the contacts were at check-out points. In the handicraft emporia and other shops selling handicraft products only those foreign tourists were interviewed whose departure from India was scheduled within the next twenty-four hours. In all

the cases, first it was ascertained whether the tourist's purchase of handicrafts was complete and data were gathered only from those who had completed purchase from India. The distribution of respondents across the cities (**Fig. 2**) and the place of contact are given in **Table 1.1**.

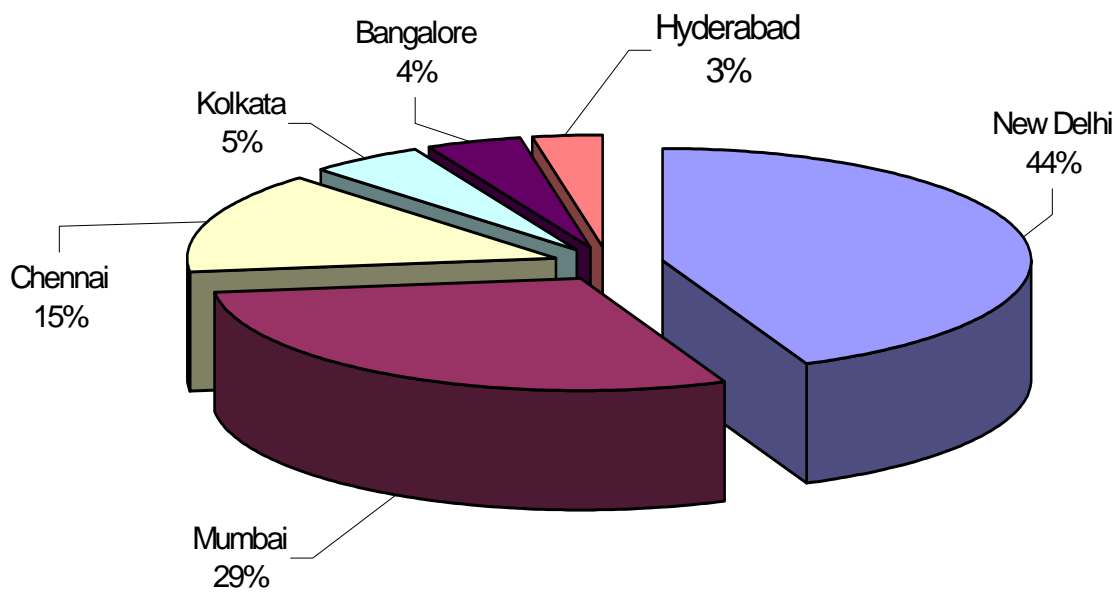
**Table1.1: City & Location wise Distribution of Survey Respondents**

City	Airports		Hotels		Shops/Emporia		Total	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
New Delhi	2400	2399	1200	1709	1200	1250	4800	5358
Mumbai	1800	1826	900	883	900	903	3600	3612
Chennai	960	962	480	427	480	407	1920	1796
Kolkata	420	185	210	200	210	220	840	605
Bangalore	240	267	120	124	120	128	480	519
Hyderabad	180	158	90	102	90	100	360	360
<b>Total</b>	<b>6000</b>	<b>5797</b>	<b>3000</b>	<b>3445</b>	<b>3000</b>	<b>3008</b>	<b>12000</b>	<b>12250</b>

**Figure 1: Distribution of Survey Respondents based on Place of Interview**



**Figure 2: Distribution of Respondents based on City**





There have been some minor variations in the number of tourists responding to the survey among the cities as well as across places of contact when compared to the targets set. While in Delhi, Mumbai and Bangalore the total number of respondents exceeded the targets, in two of the remaining cities, viz. Chennai and Kolkata the achievement fell short of their respective targets. In Hyderabad, however, the survey team could achieve the targets. Similarly, the number of contacts inside airports fell marginally below its target, which was fixed at 50% of the total. That the inflow of foreign tourists during the period of survey was found to be less than expected in some of the cities was the main reason for not mustering the required number in these places.

### **3.2 Data Analysis**

Data collected through the structured questionnaire were scrutinized thoroughly before being entered into computer systems. Such data were once again checked to detect possible entry errors. Finally, corrected data were analyzed by computers using Microsoft Excel and SPSS packages.

## **4. Limitations**

Progress of the survey was affected adversely by a number of factors, most of which are beyond the control of the survey team. Firstly, the survey was conducted during middle of Sept. and October, which is generally considered to be a lean season in India for foreign tourists. The inflow of foreign tourists was further low on account of the anticipated disturbances during the anniversary of the Eleventh Sept. incident in New York. The disturbance in Karnataka as a sequel to abduction of a political leader by the notorious sandal wood smuggler and subsequently the Cauvery disputes affected tourist inflow to Bangalore unfavorably. As a result, contacts with adequate number of tourists in Southern locations where, interviews were held, were unfavorably affected leading to delays in the completion of the survey.



Secondly and perhaps most importantly was the delay in the procurement of entry passes for airports. As per plan, 50% of the total contacts were scheduled to be made in the departure lounges of international airports. The international airports being high security zones, issue of entry passes involved procedures and scrutiny by the Airports Authority of India. Therefore, the survey team had to wait for some time after completing its job in the shops and hotels. The permission to carry out the survey inside airports was granted only for one week, which was short considering the large number of tourists to be interviewed, particularly in places like Delhi and Mumbai.

Finally, the availability of foreign tourists for interview was constrained by the time at their disposal, compatibility of language and also willingness to co-operate by the tourists. All tourists contacted by the team did not agree for the interview for a variety of reasons. Some of the tourists contacted during the survey though provided total expenses on handicrafts, could not recollect its item wise break -ups. All these made the task of the investigation difficult and also delayed the completion of survey by a few days.

## CHAPTER II

### PROFILE OF FOREIGN TOURISTS

As mentioned in the earlier chapter the Survey had covered a total of 12250 foreign tourists from six cities. Among these, 7145 (58%) were males and the remaining 5105 (42%) were females. The age distribution of the respondent tourists displays a skewed pattern with more than 70% of them falling in the range of 25-44 years of age. **Table 2.1** shows the age and sex distribution of the foreign tourists contacted during the survey.

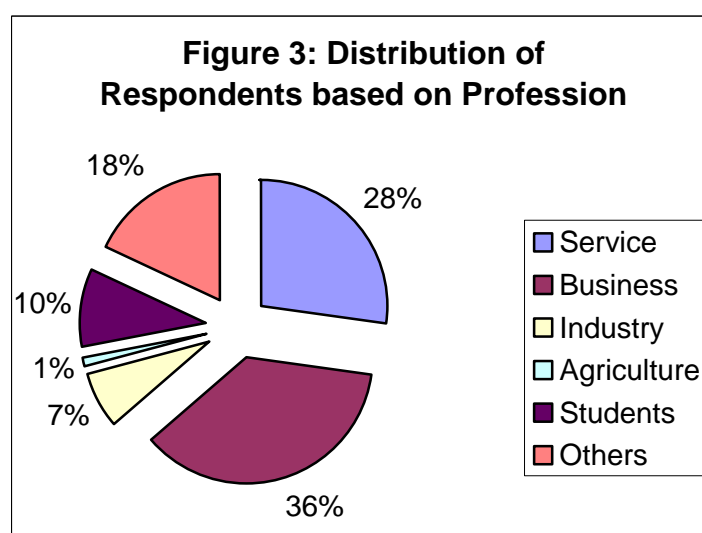
**Table 2.1 : Age & Sex Profile of Foreign Tourists Contacted during the Survey**

Age (Years)	No. of respondents		Total	
	Male	Female	No.	Percent
Less than 25	535	602	1137	9.28
25-34	2090	2025	4115	33.59
35-44	2997	1724	4721	38.54
45-54	1192	530	1722	14.06
55-64	268	164	432	3.53
65 & above	63	60	123	1.00
<b>Total</b>	<b>7145</b>	<b>5105</b>	<b>12250</b>	<b>100.00</b>

The visiting tourists were asked about their professions. It was found that a large number of respondents (36%) are business men/women. While 27% of them are in service, more than 10% are found to be students. The break up of professions of the foreign tourists interviewed during survey is given in **table 2.2 (Fig. 3)**.

**Table 2.2: Distribution of Respondents According to Profession.**

Profession	No. of Respondents	Percentage of Respondents
Service	3361	27.44
Business	4456	36.38
Industry	850	6.94
Agriculture	150	1.22
Students	1247	10.18
Others	2186	17.84
<b>Total</b>	<b>12250</b>	<b>100.00</b>



The respondent foreign tourists were also arranged according to their income levels. Income, being a highly personal and hence very sensitive information, the tourists were asked to categorize themselves in to Below Average, Average, More than Average, High and Very High. Since no uniform norm can be applied to all the countries having widely varying per capita GDP, the information on income was collected according to the respondent's own judgment with respect to his/her own country's situation. It was observed that among the foreign tourists interviewed, the

highest number (43%) was from the 'more than average' category. More than 3960 (about 32%) respondent tourists reported that they had only 'average' income. About 20% of the them were from the 'high' income category. Only 2% of the respondents had 'below average' income and about 3% belonged to the 'very high' income category (**Table 2.3**).

**Table 2.3 : Distribution of Respondents According to Income**

<b>Income Group</b>	<b>No. of Respondents</b>	<b>Percent of Respondents</b>
Below Average	271	2.21
Average	3962	32.34
More than Average	5240	42.78
High	2458	20.07
Very High	319	2.60
<b>Total</b>	<b>12250</b>	<b>100.00</b>

It was found that about 33% of the foreign tourists responding to the survey had spent a week or less in India and another 27% had stayed for periods ranging between 8 days and two weeks. About 28% of the visiting foreigners had spent between 15 days and one month. Only 10% of the respondents had stayed beyond one month and up to 90 days, while about 2% had spent above 90 days. Detailed information on the number of days spent by foreign tourists is presented in **table 2.4**.



















































































