

## **Role and Function of NTO**

### **Introduction**

Welcome to the series of tourism lectures. In this lesson let us learn what the role and function of NTO is in tourism.

The development of any industry needs an organisation to plan, develop and monitor its progress and growth and the tourism industry is no exception. Organisations are formed when groups of people come together for a common purpose or interest. They work together to achieve the purpose, which the organisation lays down. The purpose can be best achieved effectively and efficiently when there is unified action through a formal structure of its members. Tourism organisation thus plays an important role in the development and marketing a country's tourism industry.

Tourism plays a crucial role in a country's economic growth. For tourism to succeed, it must be sustainable - economically, socially and environmentally. Unplanned growth of tourism may lead to serious economic and social consequences. In view of this, governments take a direct interest in its development. All the countries promoting tourism have a tourist organisation. However, the pattern and nature of these organisations differ widely from one country to another.

The National Tourist Organisation is a body highly responsible for the formation and implementation of national tourist policy. The National Tourism Organisation may be a full-fledged ministry, a directorate general, a directorate corporation or any other type of body. But it is the proper agency and instrument for the control, direction and promotion of tourism.

In today's lesson we shall learn the role and functions of NTO in tourism with reference to the following topics:-

- 1. Role of NTO**
- 2. National tourist Organisation (NTO)**
- 3. Functions of NTO**
- 4. The Organisation and Work of the NTO**
- 5. National Tourist Organizations in India**

### **1. Role of NTO**

Almost every country in the world today has set up a central organisation for the promotion of tourism. An organisation in the field of tourism can be broadly divided into:

- Official
- Private

Official includes all the National, Regional and Local tourist offices located across the country and private includes Hotels private tour organisers and travel agents.

There are several important factors, which are responsible for the level of involvement of the government in the field of tourism in a country -

- a) Importance of tourism to the economy: In some countries the percentage of GDP contributed by the tourism industry is significant.
- b) Political systems: Where ever there are centrally controlled economies it would be a typical characteristic of the higher government authority to involve in all sectors of economy including tourism. In the case of open market economies the governmental involvement would be minimal.
- c) Level of development: Private sector investment alone cannot meet the infrastructure development in many developing countries. In such situations the intervention of the government is required to meet the demands of the tourism industry.
- d) Recent entry as world tourism: In countries that are witnessing sudden growth in tourism like China the government plays a more centralised role in organising and controlling tourism when compared to other countries.

### **Need for Tourism Organisation**

Tourism organisations are essential for the following reasons:

- Different sectors of the industry are interdependent of each other. For example, for a tour to be successful, many sectors such as transport, accommodation, transfers and entertainment need to work in harmony.
- Many vendors and operators are small-scale operators and need a central agency to defend and protect their rights.
- The tourist market is fragmented and tourist organisations help in reaching out to potential customers.
- Destinations can be located far apart, especially in case of international tourism.
- Tourism has to develop in a planned manner if it is to remain sustainable.

The tourism industry has recognised the fact that successful tourism can be best achieved through a consolidated effort of the government and private organisations. These organisations need to coordinate with the various sectors of the tourism industry to ensure that they function harmoniously and with maximum profits. At the same time these organisations should ensure easy accessibility, adequate facilities, safety and value for money for the tourists leading to customer delight.

### **National tourist Organisation (NTO)**

It was during the United Nations Conference on International Trade and Tourism held in Rome in 1963, that the role of organisations in the development of tourism was considered. A -three part resolution was made.

- i) The incumbent governments should stimulate and coordinate the national tourist activities.
- ii) The task has to be carried out through the medium of national tourist organisations.
- iii) IT recommends that national tourist organisation should be granted the authority and resources to enable them to take effective action, as desired by governments, for the development and promotion of national and international tourism.

**2. The National Tourist Organisation (NTO)** is the body responsible for the formulation and implementation of national tourist policy. It is the proper agency and instrument for the execution of the national government's responsibilities for the control, direction and promotion of tourism. All countries, which are engaged in tourism, have a national tourism organization, which plays a leading role in both the formulation and the implementation of the government's tourism programme.

This organisation is also responsible for coordinating the different activities of all the bodies interested in tourism development. The national tourist organisation may be a full- fledged ministry, a directorate general, a department, corporation or board. There is, however, no set formula as to what constitutes the most satisfactory constitutional arrangement for the national tourism body. Tourism ranks as a full ministry in some countries with the minister enjoying a cabinet rank and in somother countries it is part of another ministry.

Yet other possibilities include attaching the tourism office to the presidency of the council, putting it in the charge of an official of the rank of a deputy-secretary with an occasional voice in the council of ministers. In others, it has the semi-autonomous status of a corporation and functions not as an organ of the government but rather as a professional body outside of it.

It must be apparent by now that the arrangement and the Constitution for the national tourist organisation vary widely. It depends on factors like political structure of the country, the level of economic development, potential value of tourism to the economy, the level of tourism development and also, availability of capital for tourism development including infrastructural developments.

The table below shows the functions and activities of NTO

Area	Activity
Agency	Semi-public
Functional	<p>Formulating and implementing marketing campaigns</p> <p>International promotional activities</p> <p>Operating overseas promotion offices</p> <p>Designing/ producing publication and multimedia advertisements</p> <p>Serving as a link between government and private sector</p>
Activities	<p>Licensing and regulation</p> <p>Hotel/ restaurant classification</p> <p>Training and education</p> <p>Tourism product development</p> <p>Market research and statistics</p>
Funding	Mix of private and public sector

The objectives of a National Tourist Organisation are to ensure that the maximum possible value from international tourism accrues to the country for its economic and social benefit. It helps determine the degree of the direct intervention that the government desires to exercise and the level of development of tourist industry in the country concerned. At the Estoril Seminar in 1966 (England), it was agreed that the NTO would normally undertake the following functions:

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- (i) Research
- (ii) Information and promotion within the country,
- (iii) Regularisation of standards of lodging and restaurants
- (iv) Control of activities of private travel agencies
- (v) Publicity overseas
- (vi) Technical and juridical problems,
- (vii) International relations,
- (viii) Development of select areas and
- (ix) Overall tourism policy and promotion.

### 3. Functions of NTO:

Let us now discuss in detail the functions of NTO:-

- i) **Research** is a basic function of a national tourist organisation. An element of institutional promotion is research into the tourism potential of the principal markets and investigation into the marketability of the country's tourist product. This is an important direct responsibility of the NTO.
- ii) **Information and promotion** within the country helps not only the actual international tourist but also, the domestic tourist. The information offices located at important tourist centers serve as a facility to the tourist. These are a major aid to tourists both overseas as well as local.
- iii) **Regularisation of standards of lodging and restaurants** is very essential for tourist satisfaction. Since the growth of tourism depends directly on consumer satisfaction, the NTO in its role as administrator, manager and promoter of tourist products, should act as the watchdog to ensure the maintenance of appropriate standards of quality and service of lodging and restaurants.
- iv) **Control of activities of private travel agencies** is another important supervisory role of the NTO. More and more tourists are utilising the service of private travel agencies. It is essential that the tourist should get good and efficient service and protection.

#### (v) Publicity

**Publicity** oversees among other activities promotion of Tourism through advertising, publicity of all kinds, public relations, the provision of information and the distribution of printed sales material. Planned publicity and promotion on behalf of the country are among the basic functions common to all NTOs.

- v) **Technical and Judicial problems** are those which are related with the administration of law. This is very crucial as on it will depend the quality of various services provided by various sectors. NTOs have to be very cautious while administering law. Technical problems on the other hand are concerned with the development and maintenance of various services.
- vi) **International relations** are a very essential part of tourism. International contacts resulting from tourism have always been among the most important ways of spreading ideas about other cultures. Tourism can be a vehicle for international understanding by way of bringing diverse people face to face. It has been cited as a major contributor to international goodwill and as a prime means of developing social and cultural understanding among all people of the world. The interaction of a large number of people with the local population of a country visited results in making friends. It is the responsibility of the NTO to deal with those aspects of tourism development that have a bearing on relations with foreign countries. It maintains offices and representatives abroad for the promotion of tourism traffic to the country, and has close relations with foreign tour operators, travel agents and carriers. It cooperates with NTOs of neighbouring countries in promoting joint regional travel promotion programmes.
- vii) **Development of selected areas** to attract tourists is necessary. In every country there are hundreds of areas that can attract tourists. However, due to various constraints, it is not possible to develop all these areas. It is important to identify and select certain areas, which have the better potential for tourism development. A detailed scientific survey of these areas will help in avoiding wasteful expenditure. To the extent permitted by its economic resources, the NTOs should encourage development of selected tourist destinations. Existing possibilities of attracting tourists for mountaineering, winter sports, beaches, national parks, pilgrim centers, folk traditions and customs, festivals and sporting events-should likewise be developed and protected.
- viii) **Overall tourism policy and promotion** are very essential as they help in the optimum utilisation of resources. In calculating returns from investments in tourism, the national tourist policy cannot restrict itself to limited considerations of immediate financial and economic profitability.

#### 4. The Organisation and Work of the NTO

These centers provide important and accurate up-to-date information to tourists visiting various places. In most countries, the NTO has its own branch offices in strategic places throughout the country. These offices are responsible for information and reception service for visitors and liaison with the local tourist.

It is also the responsibility of the NTO to encourage and promote tourism consciousness among the government agencies and the public so that they realise the benefits that a country can derive from tourism.

This supervisory role has been enlarged and strengthened because of the complex problem arising from the growth of tourism and the expanding need for safeguarding the interest of tourists. The degree of tourism development, and of the travel sector's growth naturally

determine the extent to which the travel industries are self-regulating and the scope of the NTOs supervisory role.

The NTO should be responsible for the maintenance of appropriate standards of quality and service of the travel agents. Travel agents should be regarded as having professionals' status and introducing appropriate legislation of the NTO could best bring this about. One of the most important activities of any national tourist office is promotion of the country as a destination for tourists.

Normally no other government agency exercises this function. The NTOs cooperate with other government departments and the travel trade in promoting tourism for their country.

Continuous detailed assessment has to be made of the extent to which the infrastructure, superstructure and organisation plans are likely to meet future tourism demands. It is imperative that the NTO should take part directly in each of these stages.

The optimum development of tourism in any country implies a close knowledge of the attractions of the market: the promotion and presentation of the country's attractions in the manner most favourable and acceptable to the market; action of the market to create effective demands; and the provision of adequate facilities, amenities and services to ensure maximum satisfaction of tourists. All these areas are of technical nature and the NTOs have to take proper care for their efficient maintenance.

Governments also empower NTOs to represent the country's tourism interests in international organisations and, wherever necessary, to join with other government agencies in negotiations for the conclusion of agreements in the field of tourism with foreign governments.

The National Tourist Organisation in a developing country should consider obtaining a preliminary survey in clearly what positive tourist attractions existed and how they could most effectively be developed within the limits of the resource available. The National Tourist Organisation is likely to be concerned with the following four broad areas:

- (i) Administration
- (ii) Production
- (iii) Marketing and
- (iv) Financing

- i) **Administration:** The administration is concerned with the personnel of the organisation; with the part to be played by tourism in the overall national development plan; with effective liaison amongst related government departments like finance, home, planning, health, transport, communications, education, culture, public works, labour. It facilitates regional cooperation, co-ordinates legal matters and offers advisory service from time to time.
- ii) **Production:** The production part is concerned with all those elements and activities, which make up the tourism product. Production includes the inventory and

assessment of the country's natural attractions and the development and protection of these assets; the requirements in infrastructure where tourist development is to be planned. The drawing up of plans for regional or area development, the establishment of close relations with hotels, catering and transport sectors of tourism, the recruitment and training of personnel for the tourist industry also come under this section.

- iii) **Marketing:** This is concerned with market research into the principal and potential tourist markets, their size, socio economic characteristics, preferences of tourists for food and accommodation, spending power and the likes, sales promotion, public relations, advertising, maintenance of overseas offices, etc. and collaboration with other countries.
- iv) **Financing:** Finally, the financial work involves investment in, and financing of tourism in the country. It will, for example, provide financial assistance for approved tourist projects, approve loans or grants for hotels and for the provision of amenities, etc. It also seeks and encourages private investment in various tourism projects and where these are not enough, source funds from international agencies such as World Bank, International Bank for Reconstruction and Development. The role of foreign participation in tourism development is of importance in many of the developing countries that do not have the necessary capital available for investment.

## 5. National Tourist Organizations in India

It was during the time of Independence, that tourism formed part of the Ministry of Transport. In 1949, a 'tourist traffic' branch was set up within the Ministry of Transport

### a. Tourist Information Offices

In the 1950s, these were set up in major cities. The duties of its staff included:

- Attending to tourist enquiries from India and abroad;
- Collecting information relevant to tourists and preparing handouts and brochures for distribution
- Assisting travel formalities, issuing concession cards and introduction cards, arranging guides
- Making arrangements for departmental guests
- Inquiring into tourist complaints, inspection of hotels and other facilities
- Collecting and maintaining statistics

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- Conducting special programmes,
- Publicity and tourism promotion

#### **b. Tourist Offices Overseas**

The first overseas tourist office was opened in the United States in 1952, followed by Europe, Australia, and our neighbouring nations. Overseas offices are opened depending upon the tourism potential from that nation to India, need for foreign exchange and other tourist-related policies.

The functions of an overseas tourist office are:

- Liaise with the national tourist organisation of other nations, airlines, cruise companies and travel agents.
- Promote Indian tourism through advertising and events.
- Supply information for tourists, publish brochures, monthly newsletters

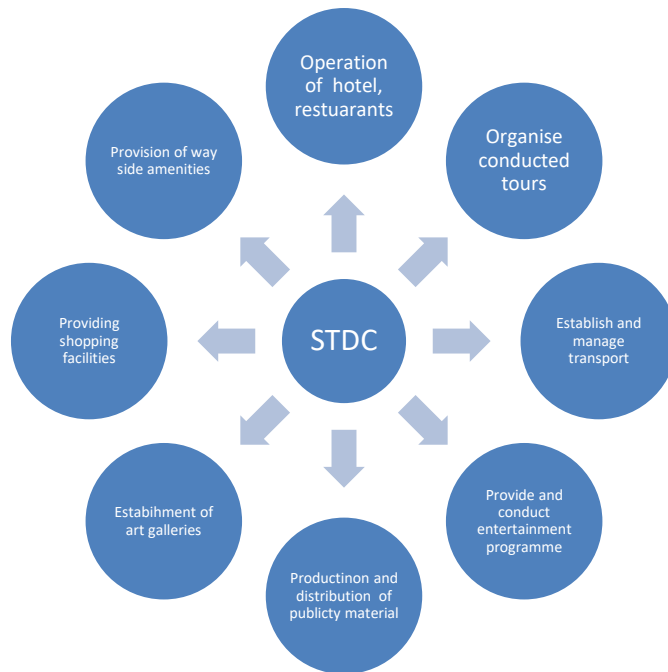
#### **c. Indian Tourism Development Corporation (ITDC)**

The ITDC is a government-owned company, established in 1966, that owns hotels (the Ashoka chain of hotels) and resorts, provides travel and other services for tourists, and does advertising and tourism promotion. Some of their services include catering, sound and light shows, tours, and trade shows. Since liberalization, ITDC has withdrawn from providing some of the services and has leased out some properties. However, it continues to be a profit-making public sector unit.

#### **d. State Tourism Development Corporation (STDC)**

All states in India have their own corporations. The STDCs concentrate largely on domestic tourists. For this STDC's are involved in construction of low income rest houses, development of tourist centers, publicity, guide provision and arrangements of sightseeing tours, establishment of galleries and provision of shopping and way side amenities to name a few. They also have information centers located at every entry point like railway stations, airports and bus stands to facilitate the incoming tourists.

The main functions of STDC are listed in the figure below:



### **Conclusion:**

National Tourism organisations have been formed to plan, develop and monitor tourism related activities within each country. They play an important role in marketing destinations and managing a country's tourism industry. Unplanned tourism activities can have a detrimental effect on the destination. Many tourism organisations exist in both the private as well as public sectors, at the international, national, state and local level. They play a central and decisive role in promoting the development of responsible, sustainable and universally accessible tourism. Thank you!