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Dr. C Krishnan
Associate Professor
Research Department of
Economics Government
College Kodanchery,
Kozhikode, Kerala, India

Tourism development in a South Indian State

Dr. C Krishnan

Abstract

The dynamics of tourism in the socio-economic development of a country like India need not be over emphasized. The contribution of tourism as an earner of foreign exchange, provider of employment and inclusive growth has been proved beyond doubt. Kerala, popularly known as ‘God’s Own Country’, is the most wanted tourist destination in the country and hence the state Government has been earnestly supporting the tourism sector. Kerala has an active tourism industry which has been accepted as one of the most suitable industries of the state. The state has clear advantage in the industry and it is bestowed with the natural endowments like beautiful hill, valleys, lakes, waterfalls, beaches, backwaters, lagoons and also manmade facilities like national parks and wild life sanctuaries. In addition, Kerala is endowed with a rich heritage of art, culture, traditional dance forms, festivals, temples and traditional medicine. The Tourism Policy announced by the State in 2012 is committed to promote tourism in the state by encouraging private investment to the sector. In this background, a study has been conducted to understand the progress that the tourism industry achieved during the period of economic liberalization in Kerala. It is found that there is an uninterrupted flow of tourists to the state for the period under study except in two years and the contribution of tourism to the economy are found to be praiseworthy. A recent report states that Kerala emerges as a long-haul tourist destination both domestic as well as international.

Keywords: Domestic tourism, global recession, international tourism, impact of tourism

Introduction

Tourism is emerging as a major tool for economic development in many countries. Its role in the economy varies from country to country depending on the stage of development as well as the degree of tourism infrastructure and attractions. As a global industry, tourism employs one out of every fifteen people across the world and has contributed substantial share to the world economy in terms of income generation. As an economic proposition, tourism involves the spending of accumulated earning of income in the places of destination by the tourists. In turn, tourism becomes a source of income to the countries frequented by tourists. A number of economic outfits like transport companies, tourists agencies, hotel and catering establishment would emerge in the tourist destinations to cater to the needs of the tourists. Such activities would generate employment opportunities for the different categories. Many of the Third World countries look upon tourism as a development fostering phenomenon. In the wake of increasing competition among the countries, each countries and regions embark on viable policies to grab the benefit of new economic policies. Kerala is not an exception. She has evolved new policies and programmes to attract tourists’ world-wide and its impact on the economy are crystal clear. It is true that there is a positive relation between tourism and economic development. Before going to examine the performance of tourism sector in the state economy of Kerala, it is meaningful to go through some of the empirical studies on the role of tourism in the economic progress of various countries.

Review of Literature

The development of the tourism industry is often credited for generating new employment in the destination (UNESCO, 1976; Crandall, 1987; D.G. Pearce, 1989) [34, 4, 24]. However, much of this employment is seasonal, unskilled and low-paid (Vaughan & Long, 1982; Papadopoulos & Mirza, 1985; Allcock, 1986) [36, 22, 1], and the community's traditional work patterns might be seriously affected, resulting in the abandonment of agricultural occupations (Crick, 1996) [5].

Correspondence
Dr. C Krishnan
Associate Professor
Research Department of
Economics Government
College Kodanchery,
Kozhikode, Kerala, India

Naylon (1967)^[21] describes the significance of tourism as a means to correct the adverse balance of payments and regional imbalances. He estimates that the foreign exchange earnings from tourism contributed about half of Spain's foreign currency account of tourism. A case study of tourism in the smaller islands of Common wealth Caribbean by is concerned with the estimation of the value of multiplier of hotel visitor's expenditure at different occupancy rates. examined the impact of tourism on the Tonga economy and the social and cultural problems associated with the advent of recent mass tourism in an over populated and underdeveloped Polynesian region. Garg (1978)^[9] reveals the importance of tourism promotion in the developing countries as a dominant means to provide employment opportunities and generating economic growth. Studies have also been conducted in the context of Indian continent. In a study, Roy (1970)^[28] focuses on the importance of effective information network to ensure the steady flow of tourist to destination. Prakash (1983)^[25] points out the possibilities of earning foreign exchange and providing employment through tourism activities in India. While attesting the role of tourism as an economic activity for earning foreign exchange and generating employment, Kumar (1992)^[18] blames the lopsided investment in the tourism sector. Verma et.al (1995)^[35] throw light upon the reason for India remaining on the periphery of international tourist map and the need for building infrastructure and shaping imaginative packages for realizing India's vast potential as a holiday destination. Identifies the basic dimensions of domestic tourism and outlines its broad geographic structure through an analysis of inter-regional flow of tourists. The Ministry of Tourism and Civil Aviation (1969)^[20] studied the expenditure composition and reaction pattern of foreign tourist in India. In the regional context of Kerala, a few scholars have attempted to discuss some of the pertinent issues of tourism. As an attempt on the economic aspects of tourism in the State, the study conducted by Joseph (1990)^[14, 15] is worth mentioning. Through a primary survey of foreign tourism to Kerala, he reveals the economic background and the pattern of preferences of the tourist for different types of tourism attractions. Sudhir (1993)^[33] reveals that banks and travel attractiveness of the agencies are the facilities that rank the highest regarding sufficiently in the state and facilities which are considered relatively more important to the tourists, namely accommodation and transport area ranked second and third respectively. Kamalakshi (1996)^[17] argues that the growth of the hotel industry in any place is an index of the economic development of that region, especially industrial development in terms of tourist industry. Kumar (1998)^[17] observed that the psychological factors have influenced their spending pattern during their tourist map. Dileep (2004)^[8] conducted a study on the current tourism scenario at Kovalam in view of its prominent position among the best beaches with tourism activities in India. Biju (2004)^[2] examined the potential of eco-tourism in Kerala. Sreekumar & Parayil (2002)^[30] analyzed the role of tourism as a development model in Kerala and has pointed out the lack of economic, cultural and social benefit sharing to the local population. However, on the other side some of the tourism operations like house boat operations has been confirmed by as an entrepreneurship involving much of local participation. Ravindran and Vinodan (2009)^[27] in a study seek to identify the role of micro finance in the changing

tourism development scenario as it is considered as one of the viable option for inclusive growth. The investigation is to unravel tourism options in micro finance not only to the destination facilitation but travel enhancement among the low-income people through an exploratory study on tourism sector by citing the case studies from Kerala. Even though both models of destination facilitation and travel enhancement found to be viable, destination facilitation model is more conducive to employment generation, gender development and inclusive growth. The aforesaid discussion on the role of tourism on economic development, the cross country evidences shows encouraging results. Regardless of the level of development, every country follows a suitable tourism policy to promote income, employment and overall development. It is this fact that induced us to study the achievements of tourism industry in Kerala in terms of tourists' arrival, income generation and the like. The study is exclusively based on secondary data released by the State tourism department and Planning Board.

Trend and Pattern of Tourism in Kerala

Kerala is the southern-most state in India, which has been blessed by the bounties of the lush green nature. It has a natural blend of backwaters, hill stations and beaches. It is this mighty combination that has made the state an important destination in the international tourism map. The state has been given the title, "God's own Country" with reference to the blessings bestowed upon it by the nature (Oommen, & Nair, 1994)^[21]. Adding to the glory of the state as a tourism destination, the colorful traditions of the place, along with the much renowned hospitality of the people has made it a much in demand destination. The economy of Kerala since last few decades has highly depended on tourism as a core source of income. The variety in the destinations it hold as a state has helped to maintain consistency in the tourist in flow. To explain this further, when the activity of tourism was affected highly due to some reason or the other in one kind of destination, Kerala was able to maintain a consistency as the different type of destination negated the loss happened on other sides. When Thekkadi, Munnar and Wayanad gained tourism interests as hill stations, Alapetty and Kumarakom gained huge publicity as much wanted backwater tourism spot. On the other side, Kovalam acquired the status of a high in demand beach destination (Oommen, & Nair). Thus the combination of all these diverse kind of tourist spots has helped Kerala to gain the status of a highly preferred destination. The policy makers of the state have evolved with a number of tourist friendly programs which also ensured to support the community participation in tourism. Resultantly tourism has become the economic backbone of the state. Government with a number of support mechanisms is supporting the entrepreneurs involved in tourism helping them to serve the guest to their best. All these efforts in totality has helped Kerala to gain international recognition and since last ten years have successfully evolved as a key destination. One of the result of these efforts is that it has been listed by National Geographic Magazine among the 50 must see destinations.

Tourists' Arrivals to Kerala

The ever increasing number of visitors to the State is a clear testimony for the conscious policy of the State Government in promoting tourism. As given in the Table, the state in the

year 2012, the latest period for which data is available, has registered 7.41 per cent growth in the sector of domestic tourism and 8.28 per cent growth in international tourism

(Department of Tourism, 2012). This statistics is in reference with the count of tourist arrival.

Table 1: Flow of Domestic and Foreign Tourists to Kerala

Year	Domestic Tourists (in Lakhs)	% of variation	Foreign Tourists (in Lakhs)	% of variation
1999	48.88	9.07	2.02	6.44
2000	50.13	2.55	2.10	3.80
2001	52.40	4.52	2.09	-0.53
2002	55.68	6.3	2.33	11.33
2003	58.71	5.4	2.95	26.70
2004	59.72	1.7	3.46	17.3
2005	59.46	-4.3	3.46	0.27
2006	62.72	5.47	4.28	23.7
2007	66.43	5.92	5.16	20.37
2008	75.91	14.28	5.99	16.11
2009	79.14	4.25	5.57	-6.96
2010	85.95	8.61	6.59	18.31
2011	93.81	9.15	7.33	11.18
2012	100.77	7.41	7.94	8.28
2013	110.23	10.20	8.16	7.21

Source: Department of Tourism (DoT), Government of Kerala, 2012

Domestic tourist refers to the tourists from within the country which includes the ones from the state as well as from other states of India. Contrary to the common trend, in 2005, there had a downfall of 4.3 percent in the tourist inflow to Kerala (DoT, 2009). This was caused due to detrimental effect of tsunami in December 2004. There is ample evidence to confirm that tourism on a global basis has been hit badly by tsunami. However, as far as tourism in Kerala is concerned with reference to the domestic tourists, the industry reinstated its pace of growth as by the end of the year 2006, there had been an increase of 5.47 per cent in the number of domestic tourists who visited the God's own country. The destination-wise details of domestic tourists in Kerala is provided in Table 2. As per the 2010 estimation, 71.03 per cent of domestic tourist visits originate from within the state itself. Tamil Nadu, Karnataka, Andhra Pradesh and Delhi together contribute 26.31 per cent of domestic tourist arrivals.

Table 2: Domestic Tourist Visits from Indian States/UTs in 2014

State/UTs	Number	Percentage
Kerala	6105297	71.0
Tamil Nadu	1118905	13.02
Karnataka	554996	6.46
Maharashtra	290831	3.38
Andhra Pradesh	170774	1.99
Delhi	125500	1.50
Others	228772	2.66
Total	8595075	100.00

Source: Ibid

Consistent growth in tourist arrivals can be observed in the case of international tourists as well. As in the case of domestic tourists, in the post tsunami year, International tourist arrival also slowed down. However, the slowdown didn't grow to a level that could bring in negative growth, reflecting a growth rate of only 0.27 percent (DoT, 2009). A downfall of 0.53 per cent was shown in the year 2001 for which a number of factors pertaining to the global economy would have contributed. This should be read together with the fact that the global economy in this period was on a recessive mode following the dot com bubble blast. The September eleven terrorist attack on the US also contributed

much towards this downward trend. However, while comparing the trend of growth in the previous years to that of 2001, this downfall did not create a major problem (Government of Kerala, 2009). Similar to the situation of 2001, there was a steep fall in foreign tourist arrival in 2009 mainly due to the global economic meltdown. However, the years followed witnessed commendable flow of foreign travelers to India. The single largest source market of Kerala for foreign tourist arrivals is United Kingdom, with a share of about 23.7 per cent in 2010, followed by the United States 10.79 per cent. The other three countries in order of their share have been France, Germany and Australia. While comparing the ratio of domestic and International visitors, it can be observed that there had been a considerable growth in the quantum of international tourists. This would mean a considerable increase in the revenue as the spending capacity of the international tourist would be high in comparison with the domestic tourist. In the recent years both domestic and international tourism has observed abrupt growth. The influence of internet has helped generally both the small and large players in Kerala's tourism arena to widely extend and market their facilities to the world. This facility when merged with the scope of technologies like online booking and e-commerce has made the growth process spread across the globe with no geographic limitations (Symonds, M, 1999) [34].

Duration of Stay

A recent report by Radhakrishnan (2014) [26] states that the average stay of a holidayer in the State rose from 17.1 days in 2012 to 18.6 days in 2013. It reflects the concerted efforts by the industry stakeholders to promote the destination, thereby boosting foreign tourist arrivals by 8.12 per cent and domestic tourist arrivals by 7.75 per cent. The main reason why tourists are spending more time in the State and giving it a long-haul destination tag is the growing popularity of Ayurveda following its marketing as a 'standalone' and 'strong product'. The minimum holiday opted by a domestic tourist who arrived in the State last year was four nights/five days, while a foreign tourist was here for 7 to 14 days.

Economic Impacts of Tourism in Kerala

The Government of Kerala has confirmed tourism to have emerged as an important tool for the economic development of the state (Govt. of Kerala, 2009). The industry is a major income generator and holds the potential to provide huge amount of employment opportunities. Tourism sector becomes of more relevance in the current economic context of Kerala as its conventional industries like Agriculture and Manufacturing industries are facing serious threats in terms of profitability. Another major concern for the state is the inconsistency developed in the job prospects in the Middle East countries which had been a major revenue maker for Kerala. In the context of these developments tourism

occupies much economic importance to the state of Kerala (Joseph & Joseph, 2005). In light of this, the government of Kerala is giving priority to invite large scale private investments in the tourism sector of the state. The government has estimated that in the year 2008, a total investment of 5000 Million Indian Rupees has been made in the tourism industry (DoT, 2009). The same year tourism contributed to up to 6.29 per cent of the Gross Domestic Product. The industry has also created 700 thousand jobs in Kerala. Kerala had earned 131300 Million Indian Rupees as direct and indirect revenue through tourism (Dept. of Tourism, 2009).

Table 3: Revenue from Tourism in Kerala

Year	Revenue from Tourism (Direct and Indirect) (Rs. In Crores)	Foreign Exchange earnings (in Rs.Crores)
2001	4500.0	535.00
2002	4931.0	705.67
2003	5938.0	983.37
2004	6829.0	1266.77
2005	7738.0	1552.31
2006	9126.0	1988.41
2007	11433.0	2640.94
2008	13130.0	3066.52
2009	13231.0	2853.16
2010	17348.0	3797.37
2011	19037.0	4221.99
2012	20430.0	4571.69
2013	20563.00	4600.00

Source: Department of Tourism, Government of Kerala,

It is interesting to note that though there had been a minor fall in the growth of tourist arrival in the year 2005, this has not affected the total direct and indirect revenue earned by the state. This confirms the economic impact that tourism makes on the state of Kerala. An added economic benefit is that the department of tourism in Kerala had facilitated the development of infrastructure in the state so as to attract more guests. This would in turn promote other economy related activities as a place with efficient infrastructure facilities would further help to have investments in different industries.

Conclusion

The study on the role of tourism in the economic development reveals encouraging results. All the countries in the world make efforts to step up their development through tourism. India is not an exception. This study takes into account the performance of Kerala, a small south Indian state, in the field of tourism. Kerala has a legacy of tourism. Her geographical location, the literacy standards of the people, popularity of Ayurveda and above all the pro-active government policy promotes Kerala's tourism in every sense. Except during 2005 and 2009, Kerala has witnessed tremendous flow of tourists to the state. Similarly, there has been commendable increase in the direct and indirect revenue from tourism. The latest Tourism Policy announced in 2012 clearly underscores the commitment of the state in attracting private investment to tourism, the effect of which will witness in a few years' time. There is no doubt that a state with cent per cent literacy which faces acute educated unemployment will find a better option through tourism. However, if the vision of the state Tourism department which aims at accomplishing a double digit growth rate and enable the direct and indirect revenue that was Rs.22,926.55

crore in 2013 to cross the Rs.25,000.00 crore mark during 2013 needs to address several challenges. Hence, it emphasizes adequate infrastructure, a hartal-free region and conservation of the bio-diversity of the State. These are all formidable tasks for the state and we wish that the state apparatus will rise up to the expectation. The government is in the process of announcing a new tourism policy in 2017 which is expected to give a boost to the regional tourism development of the state.

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