CHAPTER 2

Tourism Development—A Profile

2.1 Introduction

In order to make a systematic study of tourism development and its impact on the economy of Kerala, the phenomenon of tourism has to be looked into in all its aspects. This chapter presents a profile of tourism, categorized into four sections: a general review of tourism, a review of the impacts of tourism, a review of the economic impacts of tourism, and an overview of tourism development in Kerala.

2.2 Tourism—A General Review

The word ‘tour’ originated from the Latin word ‘tornus’ that was later changed into ‘tourn’ meaning turner’s wheel. Hence the word ‘tornus’ or ‘tourn’ means a round journey. It means a journey started from one place and returning to the same place, i.e., a circular journey. The word ‘tour’ is defined by Webster’s dictionary as, “a circular trip usually for business, pleasure or education during which various places are visited and for which an itinerary is usually planned.” The Encyclopedia of Tourism1 has this to say: “A tour is now commonly used in

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two distinct senses, to describe either a day trip or excursion or any touristic journey involving a period of travel and overnight stay."

The origin of the practice of tourism can be traced back to the very beginning of man’s history. However, as a regular and professionally meaningful practice, it has passed through many stages and cut across many facets of social organisation, resulting in different types of tourism.

Tourism is often described as the fastest growing and the second largest industry of the world. Ram Laxman also remarks that tourism is the second largest industry in the world, the first being oil industry.

Tourism is indeed a challenging multi-sectoral industry and constitutes a multi-disciplinary field of study. It presents an unparalleled challenge to almost all countries of the world. Different authors have defined tourism in various ways. Kunal Chathopadhyay quotes R De Meyer’s definition of tourism as, “a collective term for humane movement and its attendant activities caused by the exteriorization and fulfillment of the desire to escape, which is more or less latent in everybody”. A more precise definition is given by Swiss professors, Hunziker and Krapf: “tourism is the totality of the relationship and phenomenon arising from the travel and stay of strangers, provided the stay does not imply the

\[\text{References}\]

2 Handbook on Accommodation 2000, 2001, Department of Tourism, p. 1
establishment of a permanent residence and is not connected with a remunerated activity.\textsuperscript{5}

The League of Nations defined foreign tourist as ‘any person visiting a country, other than that in which he usually resides, for a period of at least 24 hours.’ The World Tourism Organization, an intergovernmental set-up under the aegis of the United Nations has defined\textsuperscript{6} a tourist as a temporary visitor staying for at least twenty-four hours in a country visited where the purpose of the journey can be classified under any of the following headings:

(a) Leisure, recreation, holiday, health, study, religion and sports, or

(b) Business, family, mission and meetings.

Travelers staying less than twenty-four hours are called excursionists. Now the officially accepted definition of tourism by WTO is that “tourism comprises the activities of persons travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”\textsuperscript{7}. The Handbook distinguishes the following types of tourism:

\begin{itemize}
  \item Domestic tourism – residents of a country visiting their own country
  \item Inbound tourism – non-residents visiting a country other than their own.
  \item Outbound tourism – residents of a country visiting other countries.
\end{itemize}


\textsuperscript{7} Ibid.
These three types of tourism can be sub-categorized into:

- Internal tourism, which comprises domestic tourism and inbound tourism.
- National tourism, which comprises domestic tourism and outbound tourism.
- International tourism, which comprises inbound and outbound tourism.

2.2.1 Motivators of Tourism

A motive is a person's basic predisposition to reach for or strive towards a particular goal or a group of goals. A lot of factors influenced the growth of tourism. Changing life styles of the people, sudden increases in the income levels of the people, opening up of the economy, flourishing of travel business, globalisation and liberalisation all led to a sudden growth of tourism industry. Louis Erdi of the Swiss Federal University gives a comprehensive list of the factors influencing the growth of tourism. The list includes the following significant items:

(i) Greater affluence and, more leisure for an increasing number of people, particularly in the developed countries.

(ii) The emancipation of the young, and the relatively higher wages they posses (when they have no family responsibilities), enabling them to travel.

(iii) Transport facilities, especially air, very much better and cheaper.

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(iv) An enormous growth of business, necessitating travel.

(v) Growth of Package tours and mass tourism

The list also includes the following: Relief from adverse climatic conditions in the home country; travel has become a status symbol; conferences and business meetings are proliferating the society; better education has interested a large section of the public in cultural tourism; world exhibitions and trade fairs have become very popular; publicity has become more and more aggressive; whetting the appetite of even the most unwilling to travel; ideological pressure groups (political, cultural, scientific, etc.) hold more and more annual conventions.

Maslow’s\(^9\) need hierarchy theory can be aptly used to explain the hierarchy of motivations of tourism.

<table>
<thead>
<tr>
<th>Needs</th>
<th>Types of tourism</th>
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<tr>
<td>Self actualization needs</td>
<td>Pilgrim tourism</td>
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<tr>
<td>Ego needs (esteem)</td>
<td>Travel to exotic destinations</td>
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<td>Social needs</td>
<td>Package, Wildlife, Beach tours</td>
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<td>Safety needs</td>
<td>Tours to overcome fear of flying</td>
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<td>Physiological needs</td>
<td>Health tourism, Spas, Rest and Relax</td>
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Adapted from: Marketing of Tourism, Holloway and Robinsons, 1992.

McIntosh\(^10\) has summarised the basic travel motivations into four categories. They are:

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i. Physical motivators including rest and relaxation, sporting activities, medical treatments etc.

ii. Cultural motivators including one's desire to learn about people and countries, their cultural heritage, literature, art, music, dances, monuments etc.

iii. Interpersonal motivators connected with visiting friends and relatives, to meet new people, to build up new friendships etc.

iv. Status and prestige motivators, which are connected with personal esteem, business interests, professional interests, hobbies etc.

2.2.2 Tourism: Demand and Supply

Tourism is a multi-faceted phenomenon. Today, it is no longer the privilege of a few. It is accepted and expected as part of the life styles of a large section of the modern society. With increased leisure, higher incomes and greater mobility of human life, tourism infiltrates into every economic activity of modern man. Hence, nowadays, the twin market forces of demand and supply rules the tourism development also.

Demand, by nature, is dynamic. This is equally relevant in the case of tourism demand also. The needs, motivations, perceptions, preferences or expectations of the tourism consumer varies with time, circumstances, environment and so on. In short, demand for tourism is a function of individual
characteristic of the tourist, the peculiarities of the destination, the social and cultural factors, and the policies of the government.

Tourism supply is a combination of various attractions, factors and services made available to the tourists. It may be pleasing whether scenic attractions, historical and cultural factors, accessibility, amenities, accommodation, etc. Thus the supply of tourism is consumer-oriented. The tourism product is supplied to the consumers who demand. Therein lies the need for the marketing of tourism products.

2.3 Impacts of Tourism

Tourism brings about an intermingling of people from diverse social, cultural, political and economic backgrounds. The benefits and costs of tourism accrue to both the visitors and to the resident population. It has a wide variety of impacts, some measurable and quantifiable, others immeasurable and qualitative. Some may be positive, others negative.

Usha Arora has this to say about the impacts of tourism: “In addition to the direct revenues which tourism brings into a country, there are tremendous secondary benefits. The money that is directly spent by a tourist travels through many levels in the overall economy, increasing purchasing power all along the way. As it does so, it provides both direct and indirect employment opportunities. It also provides an infrastructure of facilities and amenities that form a base and stimulus for the diversification of the economy and for the development of other
industries. It is an industry that can be developed in places which are deficient in resources other than climate and scenery".¹¹

Impacts of tourism depend on a number of factors. It varies on the basis of the types of the visitors and their activities. The following factors usually influence the various impacts of tourism.¹² They are:-

the volume of tourist arrivals
the structure of the host country
the types of tourism activity
the differences in socio-cultural characteristics between the local residents and the tourists, and
the fragility of the local environment.

He further says, “in reality, the destination area’s land reforms and ecology, its economic and social structure, and political organisation, determine the form and structure within which tourist activity produces specific local results.”¹³ The impacts of tourism also depends on the length of stay of tourists, activities engaged in, mode of transport, travel arrangements and so on.

According to Mohammad Zulfiker, the general issues concerned with the impacts of tourism must include the notions of carrying capacity. He further says:

¹³ Ibid. p. 181.
“Carrying capacity is a relatively straight forward concept—in simple terms it refers to a point beyond which further levels of visitation or development would lead to an unacceptable deterioration in the physical environment and of the visitor’s experience. Any consideration of tourism’s impact must recognize the pivotal role which carrying capacity plays by intervening in the relationship between the visitor and resource.”

As tourism continues to grow in a region, there will be increasing demands upon the resources of that area. More land is required and the land prices rise. For short-term gains, farmers and other local landowners may sell their land, which leads to landlessness to the locals and farmers. Further the costs and benefits of the host country from tourism have to be analyzed to find out whether there will be net benefits to society.

Mohammed Zulfiker elaborates the political, social, cultural, environmental and ecological effects of tourism. Though international tourism is meant to be a major force for peace and understanding between nations, there exist wide disparities between developed and developing countries. In extreme cases international tourism has imposed a form of ‘neocolonial’ type of development upon emerging nations. Contact between peoples of different backgrounds may generate additional cultural, social and moral stress. The socio-cultural difference

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between visitors and residents are so great that mutual understanding is replaced by antipathy.

The demonstration effect of prosperity amidst poverty may create a desire among local people to work hard and to achieve higher levels or may create a sense of deprivation and frustration which may find an outlet in hostility and even aggression. Zulfikar further says that the demonstration effect may be replaced by confrontation effect. He also says that excessive and badly planned tourism development affects the physical environment of a country. The uncontrolled commercial exploitation of tourism development may intrude into the surrounding cultural and scenic environment. Zulfikar has advocated for a sustainable development and response consumption of tourism. Planning should be designed to maximise the economic and social benefits from tourism to the resident population. Lesly France and Clive Sowden, in a paper, have expressed mixed opinion about tourism development in St Lucia. Though tourism has been perceived by less developed countries as a viable route towards modernisation and development, the negative socio-cultural effects may outweigh the benefits of tourism.

Aranganathan observed the following negative aspects of tourism on society.

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i) Ecological and environmental degradation

ii) Exploitation of common resources

iii) Destruction of livelihood of the local people and social tensions

iv) Unplanned tourism growth

He points out over exposure of the flora and fauna, adverse effect on the tranquillity of the wild life, encroachment into nature’s personality, the over exploitation of ground water, creation of more and more concrete structures, mounting up of garbages, enormous increase in vehicle traffic etc as some ecological and environmental problems due to tourism development. The exclusive use of common resources like water or electricity by the tourist may be at the expense of the local people. The influx of tourism increases prices and impoverishes local communities. Hotel and tourist complexes may grab agricultural land. Social tensions and illegal activities may occur. Over-exploitation undermining local culture for the lure of foreign exchange, mismatch of culture between the host and foreign tourist, etc., may happen as the negative aspects of tourism.

Gunn narrates the positive and negative impacts of tourism. The positive impacts of tourism are primary and secondary. The primary or direct impacts include business receipts, income, private and public employment, and government receipts. The secondary effects are indirect benefits from primary

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business outlays by spending of primary income, the social and personal values derived from tourism, improvement from natural and manufactured environment, etc. The negative impacts may be economic, social or personal. In the economic side, there is the cost of tourism development, drain on the economy due to the seasonality of tourism, and the high opportunity cost. Under the social and personal side, there are the displacement of the local people, demoralization, growth in prostitution and crime, conflict in values, loss of local culture and ecological and environmental problems.

The Manila Declaration of World Tourism by the World Tourism Conference \(^{20}\) considered the nature of tourism phenomenon in all its aspects, and highlighted the responsibility of the various states for the development and enhancement of tourism as more than a purely economic activity. It stated that "the world tourism can contribute to the establishment of a new international economic order that will help to eliminate the widening economic gap between developed and developing countries and ensure the steady acceleration of economic and social development and progress in particular of the developing countries." Usha Arora calls tourism the "locomotive that will drive the world's economy of the 21 century."\(^{21}\) She calls it a great revolution that promises great benefits and great challenges.

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\(^{20}\) Manila Declaration on World Tourism, The World Tourism Conference held at Manila, Philippines in October 1980.

\(^{21}\) Usha Arora, *Facts For You*, October 2000, p. 36.
2.4 Economic Impacts of Tourism

Tourism today is a great economic force. It contributes to the economic development of the area, creates huge employment opportunities, provides equitable distribution of wealth, helps to acquire the much-needed foreign exchange, brings out a speedy development and improvement of infrastructural facilities, improves international understanding by bringing diverse people face to face, and, above all, helps to create a social, cultural, political and educational understanding among the people. Gunn says that tourism has become a vital economic force throughout the world. It is a significant contributor to the economy and the developing countries are rushing into tourism for their economic development. Tourism is a multi-dimensional phenomenon with different activities like accommodation, transportation, food, beverages, travel, financial services, taxis, service stations, telecommunications, retail shops, industry supplies and so on.\(^{22}\)

WTO Secretary General, Francero Frangialli said: “The sustained growth that we have seen since the beginning of the decade and the acceleration now underway proves that tourism is one of the world’s most durable and dynamic economic sectors.”\(^{23}\) Roger Doswell remarks that the study of the economic impact is directed mostly to the aspect of how to achieve a more successful control of a country’s economy in the context of an accepted political frame work, and the system of mechanisms of checks and balances to regulate the economy so as to


\(^{23}\) *Tourism Grows Faster in 1996*, WTO News, Madrid, Spain, March 1997, p. 1
achieve a desired and specified outcome. Negi states that the economic benefit received from tourism has immense multiplier effect.

The major economic benefits that can be obtained by any country include the earnings of foreign exchange, income generation, employment generation, infrastructure development, benefits to local industries, better standard of living, and a balanced regional development.

2.4.1 Income Generation

Tourism is an important source of income for many countries. As one of the prominent income generators of a country or a locality or an individual, tourism can be studied from different angles like foreign exchange earnings, income generated within the country, balance of payment, and taxes.

2.4.1.1 Foreign Exchange

One of the most important economic impacts of tourism is the earnings of foreign exchange. It is a significant source of earnings for many developed and developing countries. Income from foreign tourism adds to the national income as an invisible export and may offset a loss on the visible trading account. As an invisible export, tourist industry earns large amount of foreign exchange without

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actually exporting or sacrificing many material goods. Tourism is therefore a great booster to the economic development of a country. Rajiv Dube says: "It is rightly felt that a competitive tourist industry opens up chances to earn foreign exchange and, besides its effects on the balance of payments, tourism undoubtedly creates additional employment and rising incomes. Tourism may also contribute to better income distribution."  

Narayanan and George identify tourism as the highest foreign exchange earner throughout the world. To them, the development of any country needs foreign exchange and it can be obtained either by grants from overseas or exporting of goods and services. The breakthroughs in technologies and international competitions because of globalization and liberalization made under developed countries and developing countries search for alternative products to earn foreign exchange. One such product is tourism. They further say: "For India, tourism generates the highest net foreign exchange. It is the low-cost high-yielding industry where, the outflow being low, the gross earnings and net earnings are quite close. Tourism perhaps is the only area where developing countries are on par or even above the developed countries."  

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28 Ibid. p. 161.
Bhatia\textsuperscript{29} considers the economic benefits like earning foreign exchange as the prime motive for various nations to promote tourism. Tourism is an important source for maximising foreign exchange for developing as well as developed countries of the world. Bhatia says: “Income from foreign tourism in the form of foreign exchange earnings adds to the national income and, as an invisible export, may offset a loss on the visible trading account and be of critical importance in the overall financial reckoning. Tourism is thus a very useful means of earning the much-needed foreign currency. It is almost without a rival as an earning source for many developed as well as developing countries.

Ajith Kumar\textsuperscript{30} analyses the relationship between tourist arrivals and foreign exchange earnings and also the effect of demographic, psychographic and lifestyle characteristics of the tourists on the spending patterns. The relationship between tourist arrivals and foreign exchange earnings is not merely a function of the number of tourists visiting a tourist destination but depends largely on the spending patterns of foreign tourists. He has also found that tourists coming from European countries spend more than what tourists from Asian countries spend.

The tourism policy of the government of Kerala 1991 says: “Tourism today is an economic activity of immense global importance. Perhaps there is hardly any other field of activity where so many are involved directly or indirectly. Needless to say, tourism has found a niche for itself as a very effective instrument


for generating employment, earning foreign exchange and thereby facilitating overall development. We cannot afford to overlook the capacity of tourism to generate employment. We should also be able to take maximum advantage of the possibilities of tourism, aptly described as 'invisible export' to bring in foreign exchange.\(^{31}\)

Jose Kandathil\(^{32}\) evaluates the economics of tourism industry in Kerala with special reference to beach tourism. He argues for not merely increasing the number of tourists but for increasing classy tourists who can pay more. He advocates more facilities to be created to enhance the tourists’ expenditure.

Michael and Alan\(^{33}\) feel that the main benefit of tourism is its potential for providing needed capital for the local and national economies. It can be used for sustainable development. Vellas and Becherel\(^{34}\) studied how tourism helped Spain in the economic field. Tourism helped Spain to become the 10\(^{th}\) industrial power in the world. They explain that the trade deficit of Spain in 1994 was completely wiped off by its international tourism earnings. They also explain that tourism is the major source of hard currency and local employment to the majority of Caribbean nationals.

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Dr. Venu, former Director of the Department of Tourism, Government of Kerala,\textsuperscript{35} presents tourism as the most important export industry. He assessed that about 8\% of the total world export industry is from tourism and 10\% of the world employment is directly or indirectly connected with tourism. Pran Nath Seth quotes Dr. N.K. Sengupta, a former secretary of the Planning Commission of India: “Tourism has the capacity to generate valuable foreign exchange with almost 100 percent value added, thus making it the most readily available source for resolving the balance of payment crunch.”\textsuperscript{36} Mohammed Zulfikar\textsuperscript{37} names international tourism as an invisible export. It creates a flow of foreign currency into the economy of a destination country, thereby contributing directly to the current accounts of the balance of payments. This inflow of revenue creates business turnover, household income, employment and government revenue. He also explains how a portion of money received is respent within the destination economy thereby, creating further rounds of economic activity. These secondary effects can exceed in magnitude the initial direct effects.

Satyasundaram points out: “tourism assumes importance for its immense potential to earn foreign exchange. It is said that to earn a dollar, we have to spend only seven cents. Tourism is least import intensive. Imports constitute just 10

\textsuperscript{35} V. Venu, 2000, “Tourism Erupathonnam Nuttandil” (M. R.Vijayanathan, ed.), State Institute of Languages, Kerala, Thiruvananthapuram.
percent of tourism forex earnings as compared to 40 percent in engineering, 70 percent in gems and jewellery and 15 percent in garments."

2.4.1.2 Income generated within the country

Income in an economy can be generated from various sources like salary, wages, rent, taxes, interest, profit and so on. The expenditure made by one person is the income of another person. Income is created directly or indirectly. Tourism, a labour intensive service industry, can create direct as well as indirect income from tourist expenditure by providing tourist goods and services. For example, expenditures in hotels, investment in infrastructure development, taxies, car parking, catering services, purchases of goods, and services like water, electricity, gas, food and beverages etc all result in income generation. The flow of money generated by tourism multiplies many times as it passes through various sections of the economy. This is known as the multiplier effect of tourism earnings. It is the extra income produced in an economy as a result of the initial spending of money. This extra income is again invested directly or indirectly and there can be different rounds of income generation. Along with the initial spending and with each round of spending of tourism income, some benefits of the spending may be dissipated through different sources known as leakages. Savings made by the individuals or by the country, tourists purchasing imported goods, imports to be made by the

local people, remittances of incomes outside the country etc are the examples of leakages. The following figure explains the tourism income multiplier.

Figure 2.1 Tourism income multiplier

Adapted from Krishan K Kamra, 2001

The shaded portion represents the area of leakages. There is an inverse relation between tourism income multiplier and the proportion of leakages. As the proportion of leakages is high, the proportion of tourism income multiplier is low and vice versa.
Matheison and Wall\textsuperscript{39} study the multiplier effect of tourism. The multiplier effect is the circulation of tourists’ expenditure through the economy. The multiplier effect measures the velocity of the circulation and it is the number of times the money changes hands before it apparently moves out of the economy. The greater the value of the multiplier, the larger is the indirect or induced impact of tourism on the economy.

Negri\textsuperscript{40} finds that money spent by tourists (tourist expenditure) does not stop moving after it is spent; rather it circulates through the economy of the country. When a tourist visits a place and spends his money in that particular region, part of this money becomes income for the people living in that region. Part of this income is spent which generates income for others to spend. A part of this income is again spent and so on and so forth. This money changes hands a number of times and is spent and respent. The impact of this expenditure on the nation’s economy will go on multiplying if it is spent and changes hands again and again. Thus the national currency exchanged for foreign currency that enters the country spreads quickly in the market. The intensity of the multiplier depends on the proportion of the income from tourism that is redistributed to other branches of the national economy.


\textsuperscript{40} J.M.S. Negi, 1990, \textit{Tourism and Travel}, Githanjali, New Delhi, p. 33.
agent of change. A well-organised thrust in the field of tourism can attract millions of people to Kerala from other parts of India and abroad and ensure a steady flow of vast sums to the state demanding a variety of services and goods and thereby providing employment to an ever-increasing number people, educated and uneducated. In fact there is no other industry which can meet successfully some of the most vexed problems of Kerala such as poverty and unemployment.41

The tourist expenditure has a tremendous effect on the economy of the host country. From the frontline level it diffuses into the inner levels of the economy. Kamra42 catalogued the various levels of the impact of tourist spending as the direct, the indirect, and the induced effects.

The direct effect or the first round effect is the most obvious effect of tourism spending. The effect is created in the front-line tourist sectors of provisioning of tourist goods and services. Expenditures on hotels, restaurants, taxis, railways, domestic airlines, tourism-generated exports etc are included in this group. The direct impact is in general and depends on the capability of the destination to provide for tourist demands.

The indirect effect is a series of the successive rounds of secondary expenditure by suppliers to the tourist sectors, which results from the direct expenditure. Purchase of goods and services by the front-line establishments from

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41 “Master Plan for Development of Tourism in Kerala,” 1986, a project report prepared by the Asian Institute of Development and Entrepreneurship, for the Department of Tourism - Govt. of Kerala, p. 36.
local suppliers and wholesalers and from other sections within the local economy constitute indirect effect. Generally, indirect effect will be less than the direct effect because of the leakages in the direct effect.

The incremental local incomes accrued to the local people in the form of direct or indirect income may be spent or respent for non-tourism goods and services. Such income generates further additional rounds of income and it is called induced effect of tourist income. For example, hotel workers purchasing goods and services from their wages.

2.4.1.3 Balance of payments

Tourism earnings assume a great significance in the balance of payments of any country. International tourists buy services and goods from another country. Thus there will be invisible payments and invisible receipts. The total value of international tourism receipts minus international tourism payments during a year is the balance of payments on the tourism account. This becomes a part of the country’s balance of payments. Bhatia\textsuperscript{43} classifies payments and receipts into three: (i) The visible balance of trade (relating to the import and export of goods, (ii) invisible items (relating to services such as shipping and insurance), and (iii) capital transfers. The receipts from foreign tourism is an invisible export similar to other invisible items like receipts from transporting and shipping, banking,

insurance etc. Eadington and Redman\textsuperscript{44} says that many regions and countries have realized that tourism is a dominant sector, and perhaps the most dominant sector, often replacing extractive, manufacturing, agricultural or distribution based activities as a major source of job and revenue generation.

Countries with good tourism potential can maximize their tourism receipts and make a favorable balance of payments account. In order to augment a favourable balance of payments the inbound tourism is to be promoted and at the same time the out-bound tourism is to be checked out, because out-bound tourism is a burden on the foreign exchange exchequer of the country.

2.4.1.4 Taxes

Tourism can be used as an important resource for generating government revenue. The tax income to the government from tourism sector may be direct or indirect. Most taxes on tourists accrue in the form of sales tax on tourist spending. The government can collect tax also as import duty on goods imported for tourists' use. Tourism, therefore, contributes to tax revenue both directly through sales taxes and indirectly through property, profits and income taxes. Pran Nath Seth gives the following chart to explain the state benefits from tourism revenue.\textsuperscript{45}


He also estimates that the central and state governments in India get 15 paisa for every rupee spent by tourists.

### 2.4.2 Employment

Today no country in the world can underestimate the role of tourism in eradicating the acute unemployment problem faced by almost all countries in the world. It is a labour-intensive service industry. There is direct as well as indirect employment created by the enhancement of tourism. It generates a wide range of employment from the unskilled to the highly specialized jobs. A number of industries like construction, transportation, furnishing, souvenir industries, farming, food supply and so on partly depend upon tourism industry.

The “Self-employment Ventures in the field of Tourism” — a profile pictures the extensive spread of higher education, causing the most severe unemployment problem in the country, and remarks that tourism can provide a panacea for educated unemployment. It also says: “The employment generation potential of tourism is much higher when compared to other general industries. Apart from providing direct employment, opportunities for indirect employment
are considerable in the tourism industry. Moreover the investment required for projects/schemes in the field of tourism is less.”46

Babu Paul IAS writes: “Government have endeavored to promote tourism into a major economic activity of the state. The entire potential of tourism as a generator of employment has to be further tapped.”47 He also advocated the creation of conditions for the smooth passage and stay of tourists in the state, so as to increase their period of stay and optimize the economic benefits accruing from tourism.

Because of the importance of employment generation, the Kerala Government is providing a scheme for assistance for self-employment and The Planning Board of Kerala says: “The scheme is to encourage unemployed youth for self employment ventures in tourism. Skilled personnel such as artisans, potters etc are assisted under the scheme as per the guidelines of Government. Emphasis will be given to women entrepreneurs in this programme.”48

According to Bagri, “The employment multiplier in the tourism sector is 2.36 i.e. direct employment of one person in the tourism industry creates jobs for 1.36 persons in other sectors of the economy.”49 He also says that the travel and

46 “Self-employment Ventures in the field of Tourism – A Profile,” Department of Tourism, Kerala, p. 2.
tourism sectors will continue to be the major source of employment to one out of every fourteen workers worldwide.

World Travel and Tourism Council\textsuperscript{50} conducted a study on the Asia Pacific region and indicates that while labour supply is a continuing concern, the most serious issue is not the number of the workers in the labour force but the lack of workers with appropriate skills. The labour shortage coupled with the lack of trained personnel will pose major barriers for the continued growth of tourism in the region in a foreseeable future.

Satyasundaram is of the opinion that “tourism deserves special attention for its high employment potential. The employment is for diverse people—highly trained managers, room boys, sales girls, artisans, transport workers etc... Also tourism has a multiplier effect with its linkages to many other sectors like agriculture, horticulture, poultry, handicrafts, construction etc.... In fact, one in every 16 workers world wide owes his or her job to tourism.”\textsuperscript{51} Bhatia\textsuperscript{52} explains the employment multiplier, which can be expressed as the ratio of the combination of direct and secondary employment generated per additional unit of tourism expenditure to direct employment created by the tourism per unit of tourist expenditure. In multiplier evaluations the Keynesian model is usually used. This model is based on identifying streams of income and employment, which are

\textsuperscript{50} World Travel and Tourism Council, 1994, “Gearing up for Growth, A case study of education and training for careers in Asia Pacific Travel and Tourism,” Brussels, Belgium.
generated in rounds. They diminish in geometric progression because of leakages at each round. Payments of goods and services produced outside, remittances of incomes outside, direct and indirect taxation, savings etc are examples of leakages.

Pran Nath Seth \(^3\) also explains the multiplier effect of employment. He says that if there is an increase in the number of visitors to a destination, there is an increase in the manpower requirements. An increase in the occupancy of tourist hotels will result in an increase in the demand for more staff at the hotel counter, more drivers, guides, salesmen etc. It is the direct employment. At the same time indirect employment is also created in other areas like agriculture, horticulture, manufacturing, etc. A third level generation of employment is created by the diffusion of receipts from direct and indirect beneficiaries. This is called Downstream or Induced Employment.

### 2.4.3 *Infrastructure Development*

The inhabitants of tourist centres usually welcome tourism because of a higher level of infrastructure facilities made available to them. Only because of tourism development did certain areas get better infrastructure facilities like roads, airports, telecommunications, sanitary facilities, water supply, amusement sites etc. The state and private entrepreneurs invest huge amounts in better infrastructure facilities, which will be the lifeblood of any good tourist spot. The

new infrastructure development and the improvements in the existing infrastructure facilities will confer additional benefits to the resident population. This will lead to greater economic progress. Thus it is a stimulus to other economic activities.

Bhatia finds that: "one of the characteristics of under development is that of deficiencies in the basic infrastructures, which lie at the root of a series of serious problems related to the development of tourism. Construction of primary infrastructures represents the foundation of any future economic growth even though they are not directly productive. The tourist industry illustrates the elementary need for basic infrastructures. It has today the important benefit of being able to profit from the existing infrastructures and thus to make a decisive contribution to the national economy."54

The National Committee on Tourism points out that it is the service personnel who alone can make good the whole investment in infrastructure.55 A lot depends on the right selection and training of persons engaged in tourist services.

Ashok Pahwa, while analysing the top priorities of tourism development, points out that creation of tourism awareness on a massive scale, attracting investment from everywhere to build up infrastructure, and a committed effort to lure tourists to places like Kerala during off-season days, are the three top priorities set to take the country to its deservedly high spot on the global tourism

arena within a reasonable time span. According to him infrastructure holds the key to future growth. Unless comfortable hotels, good roads, airports with facilities to receive large jet aircrafts and first class fleets of tourist vehicles are all made available, whatever we speak in praise of tourism will remain mere rhetoric.

Tourism Policy of Kerala 1991 says: “for an appropriate development of tourism, there has to be large scale infrastructure which necessitates large scale investment. Investment by the government as well as by the private sector will have to be stepped up. It is a hassle-free and friendly atmosphere that facilitates investment.”

The State Planning Board of Kerala considers infrastructure development as the major thrust area of the VIII and IX plans of the state. It points out that in spite of the huge investment made in the sector, the Task Force on Tourism Development has observed that the problem of lack of infrastructure facilities, marketing and publicity still stand in the way of tourism development in Kerala. Creation of infrastructure facilities, development of information system, strengthening of marketing efforts and assistance to Public Sector and other undertakings closely connected with tourism development are the main programmes envisaged in the Ninth Plan.

2.4.4 Tourism and Local Industry

Local industry is another area where tourism development has a significant role to play. In a state like Kerala, tourism development can function as a motivating force and as an effective catalyst in this area. For the various reasons, Kerala has never been a favorite site for large-scale industries and even now its industrial development is miserably poor. But development of tourism holds tremendous potential for small scale and cottage industries. One of the factors that tempt people to travel is business motivation. Although some people travel strictly for business purposes, the majority links business travel with pleasure. Tourism development can pave way for the development of local industries that will otherwise be neglected. In Kerala there is a tremendous scope for a number of specialized industries of its own, like coir, handicrafts, prawn and fish items, spices, ayurvedic treatment and so on. The farmers to market their products can utilize the infrastructure created by tourism industry.

The Tourism Policy of Kerala\(^5^9\) includes a concerted, deliberate effort to preserve the individuality of the handicrafts, traditions, and art forms. The government will give financial assistance to revive and sustain forgotten traditions, dying skills and traditional designs. The government also offers training and stipends to such craftsmen. Usha Arora is of the opinion that: “travel and

\(^{59}\) "Tourism Policy Kerala, 1991" Published by Kerala Tourism, Park View, Thiruvananthapuram, p. 43.
tourism promote and improve amenities for the local population and enhancement of market for the local products.\textsuperscript{60}

Bhatia divided business travel into two—one for the purpose of attending conferences and conventions and the other for transacting business.\textsuperscript{61} He further says that it is very popular these days to attend conferences and conventions related to one's profession or trade, industry or commerce. Many countries have established modern convention complexes where all types of facilities are arranged so that they can attract more tourists. In these business tourist conferences and conventions the foreign tourists will have better access to local goods and industries. The host countries can effectively market their own local goods and products. Trade fairs and commercial exhibitions can facilitate contracts, exchange information and ideas and initiate sales.

We can easily identify various sectors of tourism industry where the small entrepreneurs have the opportunity to invest.\textsuperscript{62} They are:

(i) Accommodation—small lodges, inns, home-stays

(ii) Food and beverages—cafes, restaurants

(iii) Internal Transport—cars and small coaches for local sight-seeing

\textsuperscript{60} Usha Arora, 2000, "Strategic Management in Travel and Tourism", \textit{Facts For You}, October, p. 6.


(iv) Souvenirs—Producing crafts and souvenirs

(v) Travel agency—for providing information and booking for transport and accommodation

(vi) Guiding and interpretation facilities

These are all areas where much can be done. Both skilled and unskilled entrepreneurs can utilize the emerging opportunities in local industries. There is the added advantage that these are not going to be affected by the vagaries of nature or state planning.

2.4.5 Standard of Living

Tourism can play a vital role in enhancing the standard of living of the people of the tourism developed areas. The standard of living of a community largely depends upon the earnings of the people, infrastructures available, mode of employment, regional development etc. Tourism is a vibrant and economically useful activity. Tourists not only bring money into a locality, but also carry a strong and visible life style, dress code, food habits, merry making manners, new cultural and social habits, etc. The local people can imbibe a lot from the tourists. They can study and adopt better techniques of life from the tourists who invariably have a better standard of living.
The joint declaration between WTO and UNEP\textsuperscript{63} states that the protection, enhancement and improvement of the various components of man's environment are among the fundamental conditions for the harmonious development of tourism. Efficient management of tourism may contribute to a large extent to protecting the physical environment and the cultural heritage as well as improving the quality of life.

The visit by tourists to a state affects the living pattern of indigenous people. Their personal relationships with the people of the state have a profound effect on the mode of life and the attitude of the local people. Tourists can also contribute significantly to the removal of poverty. Thus tourism can raise the standard of living of local people.

2.4.6 Regional Development

Tourism development can contribute significantly to the development of underdeveloped regions of the country. Many economically backward areas have rare scenic beauty and other cultural attractions. Tourism can bring a lot of prosperity to the local people of such areas. Tourism expenditure is of special importance in such relatively isolated, economically undeveloped areas.

Kunal Chathopadhay points out: "Tourist centres are frequently located in 'untouched' regions usually in less favoured parts of a developing country, where the local population has been cut off from the process of socio-economic

\textsuperscript{63} Joint Declaration between WTO and UNEP, Madrid, 1982.
development and many have had to recourse to migration to the nearest principal city in search of a job. In other words, tourism, particularly domestic tourism, opens up new growth centres in the interior of a country.\footnote{Kunal Chadopadhyay, 1995 \textit{Economic Impact of Tourism Development, An Indian Experience}, Kanishka Publishers, New Delhi, p. 90.} He also points out that some of the great tourist attractions of India like Khajuraho, Konark, Ajantha, Ellora, Humpi, the Himalayan shrines etc are located in remote places. He cites the example of Khajuraho, which is now an internationally famous tourist spot, but a remote and unknown small village until thirty years ago. But for the development of tourism in the area, Khajuraho would have remained a remote unknown village. Tourism is one of the primary investments whose benefits will help in the regeneration of backward regions.

Smith\footnote{L. J. Smith Stephen, 1989, \textit{Estimating the local economic magnitude of tourism}, \textit{Tourism Analysis: A handbook}, Longman, UK, p. 27.} argues that one of the major benefits of regional development from tourism is a significant contribution to their economy, and the creation of new jobs. The revenue earned from tourism is a basic income since it is equal to export earnings. The money spent by tourists is new money in the local economy. It is not just a recycling of wealth. It is the creation of new money.

In some cases, a place is made famous and is made economically advanced, only because of tourism-related activities. The example of Gokarna in Karnataka is a case in point. As \textit{India Today} remarks, “the economy of this tiny town is entirely dependent on the floating pilgrim population, the chief attraction being the
temple dedicated to Mahabaleswara. Kerala too has such tourist spots which are otherwise ordinary underdeveloped rural areas. Kovalam, Kumarakom, Varkkala, and Bekal have seen the kind of socio-economic development that we find today only because of the tourist inflow to those places. Moreover, they are places which possess no other potential for development as they are comparatively unsuitable for industrial development or other economic ventures.

Socio-economic development of the tourist centres in Kerala has contributed to a better distribution of wealth among the various regions in the state. It has, to a considerable extent, rectified regional imbalances. If tourism-related activities progress at the expected rate, Kerala will soon see the fruits of economic development embracing the whole of the state.

### 2.5 Tourism Development in Kerala

Kerala, 'God’s own country', is a narrow strip of land on the southwestern corner of India. From time immemorial Kerala has been famous for its natural wealth and beauty. Traders from different parts of the world visited this part of the country. The present state of Kerala was formed in 1956 from the princely states of Travancore and Kochi and parts of Madras State. With 38,863 sq.kms of area and 318.38 lakhs of population (2001 census), Kerala has the highest literacy rate and the lowest birth rate among the states of India. Kerala is famous for its scenic beauty and charms. Its backwaters, lagoons, and beaches, its colorful dances and

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66 India Today, September 30, 1983.
romantic history, its rare flora and fauna, art and culture, its healthcare and hospitality, its 570 km long coast line and 900 km long rivers and canals, its green hills and wildlife, all attract travellers from all over the world.

Tourism in Kerala has achieved a remarkable growth in the last decade. It has been acknowledged by the tourism organisations and by the whole world. The tourism Vision 2025 (draft) published by the Department of Tourism compiles some of the opinions and recommendations about Kerala tourism. For instance, World Travel and Tourism Council has selected Kerala as a partner state for tourism purposes. Agencies the world over have started recommending Kerala as a favourite tourist spot. Some have identified it as one of the most enchanting places. The following are some of the greatest praises received by Kerala tourism.

<table>
<thead>
<tr>
<th>Acclaims</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the 50 must see destinations of a life time</td>
<td>National Geographic Traveller</td>
</tr>
<tr>
<td>One of the 10 paradies of the world</td>
<td>National Geographic Traveller</td>
</tr>
<tr>
<td>One of the 100 great trips for the 21st century</td>
<td>Travel and Leisure</td>
</tr>
<tr>
<td>One of the best breakfasts in the world</td>
<td>Travel and Leisure</td>
</tr>
<tr>
<td>One of the 10 love nests in India</td>
<td>Cosmopolitan</td>
</tr>
<tr>
<td>One of the ten hot spots for the millennium</td>
<td>Emirates In-flight Magazine</td>
</tr>
<tr>
<td>One of the six destinations of the millennium</td>
<td>Khaleej Times</td>
</tr>
<tr>
<td>'Where the smart traveller goes'</td>
<td>Financial Times</td>
</tr>
<tr>
<td>'Where India flow at a relaxed pace'</td>
<td>New York Times</td>
</tr>
<tr>
<td>'State of Enlightenment'</td>
<td>National Geographic Traveller</td>
</tr>
</tbody>
</table>


67 Tourism Vision 2025 (Draft), 2001, Department of Tourism, Government of Kerala, p. 3.
68 Tourist statistics, 1999 and 2000, Department of Tourism, Government of Kerala, Thiruvananthapuram, p. 7
The Government of India has awarded Kerala the Best Performing State Award for the year 1999 and 2000 for achieving rapid growth, development and achievement in the tourism sector. It has also won the Best Performing State Award instituted by Out Look Traveller for year 2000-2001. All these acclaims received by Kerala show its relevance in the field of tourism.

Because of the commercial viability and importance of tourism the Government of Kerala in G.O (P) No.224/86/GAD dated 11-7-1986 declared Tourism as an industry. This notification entitled the tourism establishments in the state to the numerous concessions and privileges enjoyed by other industries. As per the government order, classified hotels, motels, restaurants (approved by the classification committee of the Government of India), amusement parks and recreation centres approved by the Department of Tourism of the state, rope ways at tourism centres, purchase of luxury cars, coaches, boats, aircrafts etc by tour operators approved by Department of Tourism, construction of structures like Koothambalam / auditorium etc by schools/institutions teaching Kalaripayattu and traditional art forms of Kerala, institutions teaching surfing, skiing, gliding, trekking, and similar activities which will promote tourism, ayurvedic centres with tourism potential, building of traditional types of boats, like Chundan, Iruttukuthy, Veppu, Kettuvallams, Houseboats and exclusive handicrafts emporia have now been made eligible for the aforesaid concessions and privileges.
### 2.5.1 Tourism Potential of Kerala

Many factors help Kerala to transform itself into an important international tourist state in India. Some of the important features of Kerala are given below:

<table>
<thead>
<tr>
<th>Location</th>
<th>South West tip of India’s main land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>38863 sq.kms (1.27% of India’s land area)</td>
</tr>
<tr>
<td>Population</td>
<td>318.38 Lakhs (2001 census)</td>
</tr>
<tr>
<td>Density of population</td>
<td>819 per sq.kms</td>
</tr>
<tr>
<td>Sex ratio</td>
<td>1058 women for 1000 men</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>90.92%</td>
</tr>
<tr>
<td>Male literacy rate</td>
<td>94.20%</td>
</tr>
<tr>
<td>Female literacy rate</td>
<td>87.86%</td>
</tr>
<tr>
<td>Infant mortality rate</td>
<td>14</td>
</tr>
<tr>
<td>Climate</td>
<td>Tropical, moderate</td>
</tr>
<tr>
<td>Air ports</td>
<td>Three international air ports – at Thiruvananthapuram, Kozhikode and Nedumbassery (Kochi)</td>
</tr>
<tr>
<td>Coast line</td>
<td>570 kms</td>
</tr>
<tr>
<td>Backwater system</td>
<td>900 kms</td>
</tr>
<tr>
<td>Sea ports</td>
<td>Kochi (Major), Beypore, Alapuzha, Kollam (Minor)</td>
</tr>
<tr>
<td>Major Beaches</td>
<td>Kovalam, Varkkala, Fort Kochi, Kappad, Bakel</td>
</tr>
<tr>
<td>Major wild life sanctuaries</td>
<td>Thekkady (Periyar), Parambikulam, Wayanad, Silent valley, Aralam, Peechi - Vazhani, Chimani, Idukki, Chinnar, Peppara, Neeyar, Shenduruny</td>
</tr>
<tr>
<td>Bird Sanctuary</td>
<td>Thattekad, Kumarakom</td>
</tr>
<tr>
<td>Major hill Stations</td>
<td>Ponmudi, Peerumedu, Thekkady, Munnar, Wayanad</td>
</tr>
<tr>
<td>Farm/cash crops</td>
<td>Rubber, coffee, pepper, cashew, coconut, arecanut, tea, spices, rice</td>
</tr>
</tbody>
</table>
The above mentioned facts serve as a profile of Kerala's tourism potential.

One can never experience such a geographic diversity within so small an area as in Kerala. There are five major beaches and a number of minor ones in Kerala. Out of these, Kovalam is an internationally famous tourist resort. The 570 km long coastline of Kerala plays a key role for international tourist attraction. Kerala is blessed with a very famous backwater system inter-connected by canals, rivers, lagoons and lakes. The boating facilities of Veli, Ashtamudi lake, Vembanadu lake, the triangles of Pathiramanal, the backwaters of Alappuzha and Kumarakam, the kettuvalams and house boats and the typical Kerala cuisine are the other facts that help foster tourism development in the State. Kerala is famous for its fairs and festivals. Kerala is the citadel of a lot of classical performing arts, folk performing arts and martial arts. Koodiyattom, Kathakali, Mohiniyattam, Thullal etc. are some
of the ancient but still living classical performing arts. It has also a rich repertoire of folk performing arts, folk songs and folk drama. Theyyam, Thira, Mudiyettu, Kaduvakali, Velakali, Kakkrussi natakam, Chavittu natakam, Margam kali, Kolkali, Parichamuttu kali, Pulluvan pattu, Thiruvathirakali etc. are some of the folk art forms of the state. Kalarippayattu is one of the oldest and most scientific systems of martial arts of Kerala.

Kerala is also famous for its unique arts and crafts. The teak and rose wood of Kerala is ideal for woodcrafts. Cane furniture, articles of coconut shells, bell metal lamps, hair from elephant's tail, tiger claws and teeth etc. are magnificent attractions. The traditional jewellery made in Kerala was associated with magic and rituals. There is also every scope for a full-fledged growth of pilgrim tourism. Sabarimala and Guruvayoor are famous pilgrim centres. The annual Nehru Boat Race at Punnamada kayal, Thrisur pooram famous for its elephant pageantry, the colorful Onam celebrations, the ayurvedic and yoga rejuvenation packages, the fabulous wealth of spices, the numerous mountain streams and waterfalls and, above all, a literate, communally harmonised, friendly population make Kerala a unique tourist destination.

2.5.2 Organization of Tourism in Kerala

2.5.2.1 Department of tourism

In Kerala, the Department of Tourism under the Ministry of Tourism looks after the various aspects connected with tourism, co-ordinates activities, and acts
as a facilitator between various agencies involved in the development of tourism in Kerala. The present Department of Tourism is evolved from the State Guest Department of the erstwhile Travancore State. The State Guest Department was renamed Tourist Department and in 1989 it was named the Department of Tourism. Now the Department of Tourism has three functions, namely, hospitality wing of the State Government, estate office duty, and tourism development. As hospitality wing, it provides accommodation and transport to state guests. It caters to the needs of the VVIPs and VIPs of the state, maintains the guest houses of the state, and owns and operates a fleet of cars for providing transport to the guest of the state. As part of its estate office duty, the Department of Tourism is responsible for providing furnished residential bungalows and transportation to ministers, leader of opposition, chief whip, speaker etc. As part of tourism development duty the Department of Tourism is involved in marketing and promotion, planning and development and support to other agencies. It undertakes various measures such as media advertisements, printing and distribution of multicolour brochures, hospitality to travel writers, conducting festivals, participating in national and international fairs and festivals, etc. for marketing and promoting tourism. Department of Tourism is now responsible for identifying and developing new destinations and various schemes for the development of tourism in the state.

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2.5.2.2 KTDC

KTDC is the commercial agency, which is mainly responsible for the provision of accommodation and transport facilities to tourists visiting Kerala. KTDC also undertakes, to a limited extent, promotion and publicity of Kerala tourism. It offers various tour packages like Ayurvedic rejuvenation programmes, backwater houseboat holidays and leave travel concession tours. It is funded by the state government as its sole shareholder, institutional loans and central government assistance. KTDC runs 18 hotels, 25 government guesthouses, and 65 tourist and PWD rest houses.\(^7\) The authorised share capital of KTDC is Rs. 40 crores. The other financial resources of the corporation comprise institutional finance, assistance from the government of India, and internal resources of the corporation.

2.5.2.3 District Tourism Promotion Councils (DTPCs)

DTPCs are a novel attempt in the promotion of tourism. These councils are under the chairmanship of the district collectors with official and non-official members. It undertakes the implementation and running of small and medium-size tourism projects at district levels. During the year 1997-98 the DTPCs spent Rs 100 lakhs.\(^7\) It also undertakes tourism day celebrations, children’s festivals, food festivals, tourism week celebrations and such other programmes at the district level.

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level. A more active participation from DTPCs can be expected in the coming years.

2.5.2.4 Tourism Resorts (Kerala) Ltd. (TRKL)

TRKL is another public sector organisation aimed at mobilisation of private sector investments and institutional finance. It has invested in joint sector ventures with Taj and Oberoi groups. The authorised share capital of TRKL is 20 crores and paid up capital is 16.40 crores as on 31-1-2000.\textsuperscript{72} The company has started two joint sector companies in association with Taj and Oberoi hotels, namely, Taj Kerala Hotel and Resorts Ltd. (TKHRL) and Oberoi Kerala Hotel and Resorts Ltd. (OKHRL). It has also started a Land Bank project to make land available at tourist destinations.

2.5.2.5 Bekal Resorts Development Corporation (BRDC)

BRDC was formed in 1995 exclusively for the development of an integrated tourism project at Bekal. Its aim is to identify, acquire and develop potential resort sites, develop and strengthen infrastructure like roads, electricity, sanitation, solid waste disposal and water supply, invite promoters and investors, market Bekal as an integrated tourist destination and co-ordinate development at every level.\textsuperscript{73} The total cost of the project is Rs 130 crores.

\textsuperscript{73} Ibid.
2.5.2.6 Kerala Institute of Travel and Tourism Studies (KITTS)

KITTS was started in 1988 and plays a pioneering role in providing manpower training in the field of tourism. It undertakes various human resource development programs connected with tourism. Now KITTS is conducting two postgraduate courses and several diploma courses, which can boost up the skilled manpower available in tourism sector.

2.5.2.7 Thenmala Eco Tourism Society

This is a society registered under the Kerala Societies Registration Act with members from the department of tourism, department of power, department of forest and department of irrigation. The society has the aim of developing Thenmala dam and its surroundings as a unique eco-tourism destination, promoting eco-tourism on the basis of principles of ecological sustainability in the surrounding areas of Thenmala, and developing a well planned tourism destination with emphasise on sustainable tourism development. The first phase of the project was completed on January 2001.

Besides the above mentioned organisations, there are various schemes of the State Government like ‘Grihastali’ for conservation of heritage buildings and investment guidance cell for guidance to private investors. Centrally sponsored schemes for construction of Yatrinivas and Wayside amenities; various departments of the government like, department of power, department of forest and department of irrigation; a number of private sector companies and individuals
like Taj Oberoi, Le Meridian, Golden Tulip, Casino, Mahindra Resort etc. and a group of nonresident Keralites are taking an active roll in the promotion and development of tourism in Kerala.

2.5.3 Tourism Statistics of Kerala

2.5.3.1 Tourist Arrival in to the State

The tourist arrival in Kerala can be taken in tabular form from the year 1994 to 2000.

<table>
<thead>
<tr>
<th>Year</th>
<th>No of foreign tourists</th>
<th>% variation over previous year</th>
<th>No of domestic tourists</th>
<th>%variation over previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>104568</td>
<td>9.83</td>
<td>1284375</td>
<td>25.03</td>
</tr>
<tr>
<td>1995</td>
<td>142972</td>
<td>36.73</td>
<td>3915656</td>
<td>204.87</td>
</tr>
<tr>
<td>1996</td>
<td>176855</td>
<td>23.7</td>
<td>4403002</td>
<td>12.45</td>
</tr>
<tr>
<td>1997</td>
<td>182427</td>
<td>3.15</td>
<td>4953401</td>
<td>11.11</td>
</tr>
<tr>
<td>1998</td>
<td>189941</td>
<td>4.12</td>
<td>4481714</td>
<td>-9.52</td>
</tr>
<tr>
<td>1999</td>
<td>202173</td>
<td>6.44</td>
<td>4888257</td>
<td>9.07</td>
</tr>
<tr>
<td>2000</td>
<td>209933</td>
<td>3.84</td>
<td>5013221</td>
<td>2.56</td>
</tr>
</tbody>
</table>

Source: Tourism Statistics, Dept of Tourism

The table above shows that there is a tremendous growth in the tourist arrival in the state over the past few years. The Department of Tourism estimates foreign tourist inflow during the year 2000 as 209933, which shows an increase of 3.84% over the year 1999. Except in 1995 and 1996 where there is an abnormal
increase in foreign tourists arrivals, in all the years, we can see a steady growth in the number of foreign tourist arrival. The same trend can be seen in domestic tourist inflow. Except in the year 1998 where there is a negative growth, there is a steady growth of domestic tourist inflow.

Figure 2.2 shows the growth of foreign and domestic tourist arrival from 1994 to 2000.

Figure 2.2. Tourists arrival from 1994 to 2000
2.5.3.2  Earnings from Tourism

Tourism has been contributing revenue to state exchequer. The following table shows earnings from foreign tourists from 1994 to 2000.

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings (Rs in Crores)</th>
<th>% Growth over previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>116.11</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>158.76</td>
<td>37</td>
</tr>
<tr>
<td>1996</td>
<td>196.38</td>
<td>23.70</td>
</tr>
<tr>
<td>1997</td>
<td>273.20</td>
<td>39.12</td>
</tr>
<tr>
<td>1998</td>
<td>302.08</td>
<td>10.57</td>
</tr>
<tr>
<td>1999</td>
<td>416.07</td>
<td>37.74</td>
</tr>
<tr>
<td>2000</td>
<td>525.30</td>
<td>26.25</td>
</tr>
</tbody>
</table>


The table given above shows an increasing trend of tourism earnings from foreign tourists over the years. This can be shown in Figure 2.3.
2.5.3.3 Share of Kerala in Indian Tourism Market

Table 2.3 Percentage share of foreign tourist arrivals to Kerala

<table>
<thead>
<tr>
<th>Year</th>
<th>No of foreign Tourists</th>
<th>% share of foreign tourist arrivals to Kerala</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>India</td>
<td>Kerala</td>
</tr>
<tr>
<td>1994</td>
<td>1886433</td>
<td>104568</td>
</tr>
<tr>
<td>1995</td>
<td>2123683</td>
<td>142972</td>
</tr>
<tr>
<td>1996</td>
<td>2287860</td>
<td>176855</td>
</tr>
<tr>
<td>1997</td>
<td>2374094</td>
<td>182427</td>
</tr>
<tr>
<td>1998</td>
<td>2358629</td>
<td>189941</td>
</tr>
<tr>
<td>1999</td>
<td>2481928</td>
<td>202173</td>
</tr>
<tr>
<td>2000</td>
<td>2624259</td>
<td>209893</td>
</tr>
</tbody>
</table>

Source: Tourism Statistics, Dept of Tourism, Tourism Vision 2025(Draft)

The above table shows foreign tourist arrivals to India and Kerala. There is a steady growth in the number of foreign tourist arrivals to India and Kerala, but the percentage share of foreign tourist arrivals to Kerala shows a greater increase.
compared to Indian foreign tourist arrivals. The share of foreign tourist arrival to Kerala increased from 5.54% in 1994 to 7.99% in 2000.

Table 2.4. Central financial assistance for tourism

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Allocation (in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1995-96</td>
<td>2.10</td>
</tr>
<tr>
<td>2.</td>
<td>1996-97</td>
<td>2.36</td>
</tr>
<tr>
<td>3.</td>
<td>1997-98</td>
<td>2.77</td>
</tr>
<tr>
<td>5.</td>
<td>1999-2000</td>
<td>9.30</td>
</tr>
<tr>
<td>6.</td>
<td>2000-2001</td>
<td>5.93</td>
</tr>
<tr>
<td>7.</td>
<td>2001-2002</td>
<td>14.00</td>
</tr>
</tbody>
</table>


The central allocation for the state has also increased several times from 1995-96 to 2001-2002. The central financial assistance to Kerala has increased from a mere Rs 2.10 crores in 1995-96 to Rs 14 crores in 2001-2002, which shows an increase of over 550% during last five years. The assistance from central allocation has increased because the state has been able to convince the Central Government about the importance of tourism in Kerala.
2.5.3.4 Growth in Accommodation Facilities

The following table shows the availability of accommodation in classified hotels during 1999 and 2000 in Kerala.

Table 2.5. Availability of accommodation

<table>
<thead>
<tr>
<th>Category of hotels</th>
<th>Number</th>
<th>Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
<td>2000</td>
</tr>
<tr>
<td>5 star deluxe</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5 star</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>4 star</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>3 star</td>
<td>24</td>
<td>39</td>
</tr>
<tr>
<td>2 star</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>1 star</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Heritage resort</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>104</td>
<td>122</td>
</tr>
</tbody>
</table>

Source: Tourism Vision 2025 (Draft)

The accommodation aspect is a significant one which gives a lasting impression on the tourists who visit the state. Table 2.4 shows that there is steady growth in the number of classified hotels and rooms available during the years 1999 and 2000 in the state.
2.5.3.5 **Average expenditure of tourists in Kerala**

The following table gives the average per day expenditure of tourists in Kerala.

<table>
<thead>
<tr>
<th>Items</th>
<th>Per day expenditure of domestic tourists (Rs)</th>
<th>Per day expenditure of foreign tourists (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>390</td>
<td>693</td>
</tr>
<tr>
<td>Food on trip</td>
<td>38</td>
<td>80</td>
</tr>
<tr>
<td>Beverages</td>
<td>28</td>
<td>85</td>
</tr>
<tr>
<td>Local Transport</td>
<td>70</td>
<td>116</td>
</tr>
<tr>
<td>Health Rejuvenation</td>
<td>19</td>
<td>59</td>
</tr>
<tr>
<td>Entertainment</td>
<td>21</td>
<td>65</td>
</tr>
<tr>
<td>Communication</td>
<td>16</td>
<td>60</td>
</tr>
<tr>
<td>Personal care</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Shop-Handicraft</td>
<td>13</td>
<td>182</td>
</tr>
<tr>
<td>Shop-Textiles</td>
<td>7</td>
<td>82</td>
</tr>
<tr>
<td>Shop-Spices and cashews</td>
<td>8</td>
<td>62</td>
</tr>
<tr>
<td>Shop-Leather and Rubber</td>
<td>6</td>
<td>43</td>
</tr>
<tr>
<td>Shop-Others</td>
<td>24</td>
<td>165</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>31</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>682</td>
<td>1764</td>
</tr>
</tbody>
</table>

Source: Tourist Statistics, 1999 and 2000, Department of Tourism, Government of Kerala
2.5.3.6  Labour-Capital Ratio for Different Sectors of the Economy

The following table gives the labour-capital ratio for different sectors of the economy for the country.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Labour-capital ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>44.7</td>
</tr>
<tr>
<td>2</td>
<td>Manufacturing</td>
<td>12.6</td>
</tr>
<tr>
<td>3</td>
<td>Mining and Quarrying</td>
<td>2.6</td>
</tr>
<tr>
<td>4</td>
<td>Railways</td>
<td>0.9</td>
</tr>
<tr>
<td>5</td>
<td>Other transports</td>
<td>13.8</td>
</tr>
<tr>
<td>6</td>
<td>Hotel and restaurants</td>
<td>89</td>
</tr>
<tr>
<td>7</td>
<td>Tourism</td>
<td>49.5</td>
</tr>
</tbody>
</table>


The above table shows that the labour-capital ratio is more favorable in the case of tourism industries and hotel and restaurants than many other industries. Thus tourism is a labour-intensive industry.
2.5.3.7 Kerala Tourism under Five Year Plans

Nowadays Kerala Government is taking every step to boost up tourism as a locomotive to develop the economy of the state. Specific appropriations are made in the Plan Outlays of the state. An examination of the plan outlays and actual expenditures made by the state government in different five-year plans makes it clear. The following table gives a broad view of the total plan outlays, tourism outlays and the actual expenditures.

<table>
<thead>
<tr>
<th>Five year plans</th>
<th>Total plan outlay (Rs in lakhs)</th>
<th>Outlay on tourism</th>
<th>Share of tourism to total outlay</th>
<th>Actual expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 1951-56</td>
<td>2590</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11 - 1956-61</td>
<td>8701</td>
<td>12.8</td>
<td>.15</td>
<td>11.55</td>
</tr>
<tr>
<td>111 - 1961-65</td>
<td>17000</td>
<td>50</td>
<td>.29</td>
<td>21</td>
</tr>
<tr>
<td>Annual plans 65-69</td>
<td>14254</td>
<td>31</td>
<td>.22</td>
<td>19</td>
</tr>
<tr>
<td>IV - 1969-74</td>
<td>25840</td>
<td>50</td>
<td>.19</td>
<td>55</td>
</tr>
<tr>
<td>V - 1974-78</td>
<td>56896</td>
<td>71.05</td>
<td>.12</td>
<td>79</td>
</tr>
<tr>
<td>Annual plans 78-80</td>
<td>39296</td>
<td>130</td>
<td>.33</td>
<td>132</td>
</tr>
<tr>
<td>VI - 1980-85</td>
<td>155040</td>
<td>675</td>
<td>.44</td>
<td>557</td>
</tr>
<tr>
<td>VII - 1985-90</td>
<td>210000</td>
<td>900</td>
<td>.43</td>
<td>811.5</td>
</tr>
<tr>
<td>Annual plans 1990-92</td>
<td>144200</td>
<td>650</td>
<td>.45</td>
<td>816.95</td>
</tr>
<tr>
<td>VIII - 1992-97</td>
<td>546000</td>
<td>2922</td>
<td>.54</td>
<td>5274.81</td>
</tr>
<tr>
<td>IX - 1997-2002</td>
<td>1610000</td>
<td>14000</td>
<td>.87</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Economic Review, Govt. of Kerala, various issues.
From the table given above we can see that since the IV th plan there is a steady growth in the total plan outlays and in the share of tourism in the total plan outlays. In spite of the huge investments made, the share of tourism is still less than 1 % of the total plan outlays. Compared to the huge potentiality of tourism, the share of tourism in the plan outlay is not satisfactory.

Ninth Five Year Plan

Because of the vast potential available in tourism sector in terms of income and employment, the Ninth Plan of the State has proposed an amount of Rs 140 crores. The State Planning Board says, “creation of infrastructure facilities, development of information system, strengthening of marketing efforts and assistance to Public Sector and other undertakings closely connected with tourism development and to Bekal Resorts Development Corporation Ltd to complete their project and availing of maximum private institutional investments, are the main programmes envisaged in the Ninth Plan.”

In Ninth Plan the outlay allocation includes Rs 700 lakhs to development of Identified Tourist Centers, Rs 100 lakhs as subsidy for creation of infrastructure facilities in private sector, Rs 700 lakhs to infrastructure facilities for schemes sponsored by Government of India, Rs 50 lakhs to renovation of Historic Buildings and Palaces, Rs 50 lakhs to Cultural Heritage Museum and Auditorium, Rs 200 lakhs to wildlife tourism, Rs 250 lakhs

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75 Ibid.
to construction of guest houses, Rs 50 lakhs to tourist transport services, Rs 2500 lakhs to KTDC, Rs 1300 lakhs to Tourism Resorts (Kerala) Ltd, Rs 2500 lakhs to Bekal Resorts Development Corporation Ltd, Rs 200 lakhs to District Tourism Promotion Councils, Rs 75 lakhs to KITTS, Rs 40 lakhs to preparation of project reported, Rs 10 lakhs to surveys and studies, Rs 40 lakhs to development and maintenance of beaches and life guard services, Rs 90 lakhs to assistance for self employment, Rs 10 lakhs to promotion of youth tourism, Rs 10 lakhs to awards of excellence, Rs 900 lakhs to Destination Kerala Programme, Rs 150 lakhs to direction and administration, Rs 2075 lakhs to promotion and publicity, Rs 1500 lakhs to backwater tourism, Rs 200 lakhs to Thenmala project, Rs 200 lakhs to Muzhappilangad project, and Rs 100 lakhs to other new projects.

Table 2.8 State plan allocation for Tourism

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation (in crores of Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>6.70</td>
</tr>
<tr>
<td>1995-96</td>
<td>17.30</td>
</tr>
<tr>
<td>1996-97</td>
<td>29.20</td>
</tr>
<tr>
<td>1997-98</td>
<td>36.00</td>
</tr>
<tr>
<td>1998-99</td>
<td>37.20</td>
</tr>
<tr>
<td>1999-2000</td>
<td>36.00</td>
</tr>
<tr>
<td>2000-2001</td>
<td>46.00</td>
</tr>
<tr>
<td>2001-2002</td>
<td>40.00</td>
</tr>
</tbody>
</table>

From the table it is seen that the state plan allocation for tourism has achieved significant increase. It has increased from Rs. 6.70 crores in 1994-95 to Rs. 40 crores in 2001-2002.

A review of tourism and its impact on the economic development of Kerala reveals that tourism is fast emerging as a major industry of the state. With the limited prospects of the manufacturing sector and the stagnation of the agricultural sector, tourism can be considered as one of the few economic alternatives to develop the state economy. For this what is needed is a clear vision and strategy which can optimise the tourism potential of the state.