Chapter 1

INTRODUCTION

The civil aviation sector had been growing exponentially over the past few years because of the Government’s Open Sky Policy and the economic boom. The winds of the proposed liberalisation in the aviation sector could soon offer more choices to the international traveller back and forth. Airports being the nuclei of economic activity, assume a significant role in the national economy. The quality of airport infrastructure, which is a vital component of the overall transportation network, contributes directly to a country’s international competitiveness and economic flow of foreign investment. Airlines are the second most popular mode of tourist transport after automobiles, especially for international travellers.¹

The spurt in disposable income among the middle class in the developed countries during the late eighties and early nineties, thanks to liberal economic policies, forced the tourism industry across the world to identify unseen destinations and add new products. This wave reached the Kerala shores as well. By introducing new destinations and products, Kerala

has succeeded in shifting its tourism industry from mass to class. Low-income back packers have been replaced with the high-end group. And this had a telling effect on the income generation capacity of the industry. In recent years, tourism has emerged as Kerala’s core competency sector, creating employment, enhancing productivity and contributing significantly towards the development of the state. Kerala, as an important tourism destination contributed significantly to the Indian tourism industry. National Geographic Traveller identified Kerala as one of the fifty greatest destinations of a life time.\(^2\) Realising the importance of tourism in stipulating the economic development of the state, the Government of Kerala declared tourism as an industry in 1986.\(^3\) Globally, there has been a boom in tourism. India too experiences a spurt in international tourism. Since the pioneering efforts to promote tourism in India, many important steps were initiated. These include the clubbing of aviation and tourism under the same ministry, enunciating the National Tourism Policy etc.

The tourists interaction with a place begin right from the airport. The airport experience is often a key factor in deciding on other locations to travel. A good quality airport and related infrastructure will aid continued influx of tourists. Airport also represents a country’s window to the world. Passengers form their first impressions about a nation from the state of its airports. They can be effectively used as symbols of national pride if we pay sufficient attention to their quality and maintenance.

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Cochin International Airport Limited (CIAL) is the first of its kind in the history of civil aviation in India, where Government of Kerala, NRIs, travelling public, financial institutions, airport service providers have come together in a joint venture. CIAL is a Government of Kerala sponsored project with public participation, mostly from the NRIs of Kerala all over the world. CIAL is a public limited company with over 10,000 shareholders from 30 countries.\(^4\) This is the first project of its kind in India, built from green field stage to airfield, suitable for Boeing 747-Jumbo Jet operations, outside the ambit of the Government of India. The airport spread in an area of 1300 acres in Nedumbasery was completed at a cost of Rs. 288.61 crores.\(^5\)

Passenger traffic through the airport registered an impressive 35.7 percent growth with around 2.56 million passengers availing of the service of the airport during 2006-07 period compared to 1.8 million during the preceding fiscal year.\(^6\) Flight movement through the Cochin airport registered a substantial growth during 2006-07 financial years with most international and domestic airlines increasing the services. The total aircraft movement during the period was 30,673 as against 20,975 in the preceding fiscal year. International services recorded a growth rate of 23.8 percent for the period with the airport handling 14,172 services compared to 11,444 services in the previous fiscal year. During the period, the airport handled 300 international services a week. The domestic sector witnessed a stellar growth of around 73 percent for the same period and the total aircraft movement

\(^4\) CIAL, Personnel and Administration File No.CIAL/PA/30D/IB.24.
\(^5\) Ibid.
The daily domestic passenger movement through the airport increased from 7,31,661 in 2005-06 to 11,31,898 in 2006-07 registering an impressive growth rate of 55 percentage. The average number of domestic passengers, per day increased from 2000 to 3000.

Kerala is strategically located midway on the tourist trade corridor connecting Europe to the Pacific Rim. In addition, CIAL has served as an entry/exit/transit point to tourists from almost all continents. This inflow of tourists has in turn brought about a spurt in economic activity, apart from generating foreign exchange, investment in infrastructure development, and also ushered in economic prosperity of the area.

1.1 RESEARCH PROBLEM

In Kerala, tourism has emerged as one of the few economic alternatives that has been recognised as an important sector for the development, owing to its potential for generating income and employment. In contrast to the poor prospects of the manufacturing sectors and the severe depression in the agricultural and traditional sectors and the uncertainties with respect to expatriate employment in the gulf, tourism is considered as one of the sectors, which can drive economy to take the state to the pinnacle of socio-economic development. Kerala, popularly known in the World of tourism as “God’s Own Country” is a known international tourist destination and

7. Ibid.
offers a wide range of tourism products. Cochin, the hub of industrial and commercial activities in Kerala is also being developed as the tourist capital of the state. The existence of a new international airport is the first step in attracting more foreign and domestic tourists. The Cochin International Airport is fast becoming a favoured destination of domestic and international carriers in the country. A large number of tourists are travelling through this airport. Therefore an attempt is being made to study the impact of CIAL on the development of tourism in Kerala as well as to determine whether the facilities available at CIAL is sufficient to satisfy the needs of the tourists and suggest suitable recommendations.

1.2 OBJECTIVES OF THE STUDY

The study envisages the following objectives:

1.2.1 To analyse the role played by the Cochin Airport in the development of tourism in Kerala.

1.2.2 To assess the customer satisfaction level of passengers boarding from CIAL.

1.2.3 To examine whether there is an increase in the flow of tourists after the establishment of CIAL.

1.2.4 To study whether there is a substantial increase in facilities in the Cochin Airport.

1.2.5 To analyse the problems and shortcomings of the airport with special reference to the facilities for tourists.
1.2.6 To make suitable recommendations to improve the quality of services provided so as to attract more tourists to Kerala.

1.3 HYPOTHESES

The following hypotheses were developed for the purpose of the study.

1.3.1 The establishment of Cochin International Airport Limited has had a major impact on tourism in Kerala.

1.3.2 This airport has led to a quantitative increase in the number of tourists both international and domestic.

1.3.3 Investment on tourism in Kerala has had a quantum leap due to the coming of CIAL.

1.4 METHODOLOGY

The methodology used for research can be divided into two.

(1) Collection of Primary data

(2) Collection of Secondary data

1.4.1 No study has yet been conducted on the Cochin International Airport in general. Direct personal interview method and the survey method by making use of well-structured questionnaire was made use of. This method helped to collect reliable and accurate data from the respondents. An interaction with officers of the various departments of CIAL was also done. The data so collected, were analysed with the help of statistical techniques, which included percentages, averages and chi-square test.
1.4.2 The secondary data were made use for analysing the impact of CIAL in the development of tourism in Kerala. The main sources of data were Annual Reports of CIAL, Tourist Statistics published by Government of Kerala and Economic Review published by State Planning Board. Moreover, to substantiate the study, data were collected from books, journals, magazines, newspapers, CIAL records, websites of airports etc.

1.4.3 Survey Design

To study the impact of CIAL in the development of tourism in Kerala a survey was conducted covering 200 tourists and 20 tour operators. The number twenty was arrived at based on the records available in the CIAL. Another criterion adopted was the popularity index of the tour operators among both domestic and foreign tourists. Sampling technique employed is stratified sampling to determine the number of samples and judgment sampling to decide who should form the sample. The population of international tourists passing through CIAL was 11,54,717 tourists who arrived from 23 countries. In proportion with the number of tourists of each country, the sample size was determined. Thus, 150 international tourists were surveyed. The number of domestic tourists during the same period was 7,31,661. At random, 50 were selected. A structured questionnaire was prepared and fifty domestic tourists and one hundred and fifty foreign tourists were interviewed. All the fifty domestic tourists surveyed were from outside Kerala.

1.4.4 Collection and Analysis of data

The collected data were edited, coded and then entered into a master chart using MS Excel. Each item of the data was strictly checked
for its accuracy before being entered into the master chart. Tables were prepared and the data analysed with reference to the objectives and hypothesis of the study. Care was taken to employ the analytical tools depending upon the type of the data. The tool applied in the present study is chi-square distribution. Statistical program in social science (S.P.S.S) has been used for the analysis.

1.5 SCOPE AND SIGNIFICANCE OF THE STUDY

Air transport has certainly been a key factor in the growth of international tourism, especially in respect of long distance and intercontinental travel. For international travel, flying is the most commonly used mode of transport. The study attempts to analyse the performance of Cochin Airport, in the specific areas of tourism. As per the report of Tata Consultancy Services 2000, tourism accounts for direct employment of 1.5 lakh, direct and indirect employment of 7.0 lakh.\(^8\) Planners and policy makers in Kerala has reckoned the emergence of tourism as a lead sector of the economy.

This study assumes much significance because it provided an insight into relative significance of Cochin airport in the tourism industry, growth performance, tourists flow, facilities available in the airport to attract tourist and investment of the state. The findings and conclusions has much relevance in helping planners and policy makers in evolving appropriate measures to attract tourists to Kerala. By studying these aspects, one can

generalise the present status and future possibilities of airport development and its impact on tourism development in Kerala.

1.6 LIMITATIONS OF THE STUDY

Primary data, collected could have suffered response errors, as some of the sample respondents were reluctant to give correct information. Further, the secondary data from the foreign tourists arrivals world wide and by regions with respect to 2005–2006 was not made available for technical reasons. Therefore, the analysis suffered from non-sampling errors. Since it was a qualitative study, quantification of data became a difficult task.

1.7 DESIGN OF THE STUDY

The present study is divided into seven chapters.

1.7.1 The first chapter deals with the introductory remarks regarding Cochin Airport and its importance, the problem explained briefly, purpose of the study, objectives of the study, the hypothesis set, and the methodology adopted for data collection and survey design of the study.

1.7.2 Second chapter deals with working of CIAL. Here an in-depth study of the structure of CIAL, passenger traffic, administrative set up and financial pattern is also attempted.

1.7.3 Third chapter presents a historical sketch of tourism development in Kerala. An account of tourism growth, tourism agencies and tourism products in Kerala is explained in this chapter.
1.7.4 Chapter four comprise the analysis of primary data, collected through the field survey. The focus of these chapters is to understand the tourism potential of Kerala and to analyses the economic impact of CIAL.

1.7.5 Fifth chapter deals with the analysis of the impact of CIAL on tourists.

1.7.6 Sixth chapter deals with the empirical approach of the impact of CIAL. In this chapter, an attempt is being made to verify the degree of significance of each finding based on the survey data. The chi-square test was employed to test the significance of each aspect analysed.

1.7.7 The major findings of the study and conclusions drawn are presented in the seventh chapter. Suggestions for strengthening the tourism development in Kerala are also given in this chapter.