CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

7.1 INTRODUCTION

The hotel accommodation and transportation constitute the vital and essential components of the tourism industry. The tourism industry, in other words, is also termed as leisure industry while hotel industry is termed as hospitality industry. It goes without saying that this hospitality industry provides services such as accommodation, food and beverages not only to those travelling for pleasure, but also to the business travellers. By doing so, the hotel industry as a whole benefits from increased travel. It has therefore been aptly said “No Hotels, No Tourism”. Tourism as such refers to the mobility of human beings from the place of their residences to places of interest in order to seek mental pleasure and peace during leisure time. Thus tourism involves both travel and pleasure. It has been estimated that nearly 50 per cent of the expenditure by a tourist is on transportation.

Among the numerous types of facilities sought by the tourists, transport and accommodation constitute the most important items. In this study ‘accommodation’ is assumed to be the first and the foremost infrastructure necessary to improve tourist traffic since the demand for accommodation away
from home has become an important function of tourism. Hence, without offering suitable, satisfactory hotel accommodation and transportation, all the natural scenery, the attractive and pleasing climatic conditions, plethora of sporting, recreational facilities will not be adequate to attract and sustain a large number of tourists.

Tourism has a considerable contribution to the cultural and economic development of the country. The government is keen in providing excellent facilities for the tourists both internal and international with a view to attract tourists in large numbers.

Tourism also leads to an optimum growth of economy as a whole if designed to fit into the general economic policies and programmes. The tourism industry with a short gestation period and simple production technique is achieving greater attention from the government and entrepreneurs of other services sectors.

There has been a growing importance for tourism in India as the Government of India recognized the economic advantages of tourism. It is a very important source for maximizing foreign exchange earnings. Moreover, the tourism industry is highly labour-intensive and as such is a source of employment to the skilled, semi-skilled and unskilled alike. Apart from its utility for argumentation of the foreign exchange reserves and employment, its importance
in social and political context of understanding interaction by people and nations of the world can hardly be exaggerated. In addition to economic significance, it has far reaching socio-cultural, educational and political dimensions as well.

In India, star hotels alone provide employment opportunity to 25 lakh persons directly and to 40 lakh persons indirectly. The amount spent by the tourists in India has a multiplier effect. As per the findings of the survey conducted by the U.S. Government about the multiplier effect of tourist expenditure in the Pacific areas, an initial spending by tourists (taking into account the response of those who receive the money) generates and sustains economic activity which is 3.2 to 4.4 times higher.

The world demand for travel is growing at a faster rate than that of merchandise exports and therefore the future for international tourism is brighter than for the traditional export items, and thus it provides an attractive means of foreign exchange earnings especially for the developing countries in their effort to augment their national income.

Tamil Nadu, one of the states of India, is also a land of splendour, scerenity and tranquility renowned for its hospitality. Its vast and colourful canvas studded with diverse cultural, architectural and historical gems makes it one of the most interesting and satisfying tourist regions. It has something to offer to every
category of tourists. It is ranked third among the Indian states in the matter of attracting tourists.

In order to provide suitable accommodation facilities for the tourists visiting Tamil Nadu, the Tamil Nadu Tourism Development Corporation has set up a chain of hotels and Youth Hostels throughout the state to suit every pocket and taste despite the overall constraints in resources. Apart from this, the private sector undertakings also provide considerable accommodation facilities both to the foreign and domestic tourists in Tamil Nadu. Inspite of this, demand for travel is generally identified by Tamil Nadu Tourism Development Corporation in terms of factors (i) reasons or motivation of travel, (ii) origin and destination of travel, (iii) distance to be traveled, (iv) type, speed and convenience of movement and (v) the cost of travel.

The present study is an attempt to analyse the commercial aspects of tourism with special reference to accommodation and transportation in Tirunelveli district.

In the foregoing chapters, tourist spots in Tirunelveli district, trends in tourist traffic and hotel accommodation, expenditure portfolio, views of the tourist transport operators, drivers and tourists regarding transportation were discussed. In this chapter, an attempt has been made to present major findings along with conclusion and suggestions.
7.2 FINDINGS

The second objective was examined in Chapter IV. A steady increase was observed in the arrivals of domestic as well as foreign tourists in Tamil Nadu and Tirunelveli during the period under study. The fluctuation in arrival was found to be less in Tirunelveli compared to Tamil Nadu. The arrival of tourists was studied by analysing the variations due to seasonal, cyclical, irregular and trend components. The results revealed that the seasonal variations within a year for arrival were found to be high. Further, it was observed that September to October was an off-season period of arrivals, whereas April to June was a peak period for both domestic and foreign tourist arrival. It is inferred from the analysis that the irregular fluctuations in the arrival of domestic tourists were much higher than those of foreign tourists. This may be due to social ceremonies and religious festivals. The same trend was observed in cyclical variations during the period under study. The trend in arrival was found to be positive and significant over a period of time. The growth rate was estimated to be 9.417 per cent and 4.081 per cent for domestic and foreign tourists respectively.

Regarding the third objective, namely demand and supply of hotel accommodation, the analysis revealed that there are three different classifications, namely first class, second class and third class of rooms based on tariff in hotel accommodation. The demand for first class rooms was higher linked to the rate of
growth per annum, followed by second and third class rooms. Out of total arrivals, 85 per cent of the tourists were seeking accommodation of hotels in Tirunelveli. Further, it is inferred that demand and supply of beds have steadily increased in hotels at Tirunelveli.

In Chapter IV, the fourth objective of the study was to bring out in detail the expenditure portfolio and its basic determinants with respect to sample tourists in Tirunelveli. Among the foreign tourists, tourists from Sri Lanka and Malaysia stayed on an average for 12 and 11 days respectively. The age group of 25-35 years represented nearly 46 per cent of domestic and 49 per cent of foreigners of total arrivals in Tirunelveli. Sex-wise classification showed that male tourists outnumbered (70 to 73 per cent) female tourists (27 to 30 per cent). In Tirunelveli the government tourist vehicles scored over private/own cars. The books on travel and tourism considerably have influenced the foreign tourists. The foreign tourists visited Tirunelveli on holidays for sightseeing. Foreign as well as domestic tourists are attracted to Tirunelveli mainly by its temples. More than 64 per cent of the tourists opted to visit Tirunelveli at any cost at least once more in their lives.

It is inferred from the analysis that domestic tourists prefer only economy type, while foreign tourists prefer high-class rooms. The patterns of expenditure of domestic and foreign tourists were subjected to a detailed statistical study.
While dealing with the expenditure pattern of the tourists, care was taken to show how money was spent on food, accommodation, health, shopping, transport, entertainment, handicrafts and the like by the tourists of national and foreign origin. The multiple log linear regression model was used to identify the factors which determine the expenditure of tourists in low and high income brackets. The results revealed that the income, age and duration of stay have influenced the expenditure of the tourists.

In Chapter VI, the study has highlighted the problems in tourist transport operation related to van owners/operators, drivers–cum-owners, drivers and tourists.

Heavy excise duty and less return on investment and maintenance were taken to be the problems faced by the owners/operators. Lack of literature and authorized lending facility, higher taxes, penalty for non-payment of taxes, heavy tolls and fine, restriction on inter-state movement, high insurance fee, non-coverage of insurance for overloaded vehicles, less permitted capacity, higher prices of tyres, tubes, fuel and oil prices were found as some important issues that affect the tourist transport operations in Tamil Nadu.

The results of the opinion survey conducted among the tourist transport owners / operators, drivers and passengers are summarised below:
The socio-economic characteristics of the sample respondents among owners/operators of tourist transport reveal that majority of the respondents are middle aged and young and only a small percentage belong to old age.

There is found to be no illiterates among the sample owner/operators.

About 77.43 per cent of the respondents had previous experience in driving.

About 56.00 per cent of the respondents have chosen van/car operation as a self-employment venture, 8.00 per cent found it to be profitable and 36 per cent were employed as professional drivers. Most of the vehicle operators have raised loans from private agencies at a higher rate of interest, and therefore, repayment has been a problem for them.

The reasons cited for difficulty in repayment is less profit, high maintenance and diversion of funds.

The rising cost of the vehicle, poor quality, less durability, and spurious spare parts were stated to influence vehicle operation as non-viable.

There has been a dissatisfaction among the vehicle operators regarding the tax rate, penalty, insurance fee, claim of settlement and restrictions on inter-state movement.
The vehicle operators are also hard hit by the rising cost of fuel and other spares of vehicles.

The survey reveals that only 2.67 per cent of respondents find vehicle operations to be economically viable and 97.33 per cent feel that it is not so.

Less fare per kilometer and lack of organization or association to represent the grievances have put the vehicle operators into difficulty.

Among the reasons stated by the respondents for the high cost of vehicle operation, high maintenance cost ranks first, price rise of fuel and oil ranks second and rising prices of tyres and spares rank third. Age of van/car, low fare structure and poor quality of roads were also to influence the cost of van operation.

The economic viability of the vehicle operation is found to be poor due to price hike of tyres, tubes, fuel and so on. Low fare structure is ranked next. Stiff government rules are ranked third.

Among the problems faced by the vehicle operators, tax penalties were ranked first, heavy tolls and fines at check posts was ranked second and price hike of fuel, oil and other spares ranked third.

The economic conditions of the tourist transport drivers show that the income from their occupation is inadequate and only 65 per cent were found to
have supplementary income from agriculture or through other family members. In about 84 per cent of the cases, the job is insecure.

The survey revealed that they do not have any organization to represent their grievances.

The problems of the vehicle drivers were found to be police fines, penalty, accidents and poor salary.

The problems faced by the vehicle drivers were ranked by using Garrett’s ranking technique. Stiff rules were ranked first, heavy fines by policies owing to excess load are ranked second and heavy fines at check post are ranked third.

The opinion of the passengers revealed that they enjoy tourist van operations due to privacy. It offers door to door service and flexibility in programme timings. Road safety, passenger safety and accommodation are found to be satisfactory in vehicle operation.

Over loading of vehicles, frequent checking by transport authorities and fines during inter-state journeys were stated to be the problems faced by the passengers.

Appointing tourist guides and experienced drivers were found to be essential for better functioning of tourist vehicle operations in Tamil Nadu.
7.3 CONCLUSION

The tourist transport operation in Tamil Nadu is found to be economically not viable inspite of its growing importance as a mode of tourist operation in the study area. There has been a general preference and satisfaction among the passengers for tourist transport operation. The tourist transport owners and operators call for government liberalization on taxes, fines and other formalities in inter-state movement. The future of tourist vehicle industry is dependent on a set of relaxations, certain reforms and efficiency of van operators and promotion of organizations to voice the opinion of the van operators.

7.4 SUGGESTIONS AND POLICY RECOMMENDATIONS

It is quite heartening that recently hotel industry has been recognized by the government as one of the major industries. The hotel industry is yet to be treated as an industry in the right sense of the term. To put it more bluntly, hotel business (industry) is not considered as an industry fully and fairly in India whereas concessions and incentives are provided to various other industries. However, it is quite disheartening to note that hotel business is very much treated as ‘industry’ for the purpose of levying taxes.

Keeping all the problems connected with hotel and tourism industries in the country in general and at Tirunelveli in particular, the researcher has made the
following suggestions and recommendations applicable, both at the national level as well as at the micro-level. The first few recommendations are meant for country as a whole and the remaining are to be adopted to the hotel and tourism industries at Tirunelveli.

**Regarding Accommodation (Hotel Industry)**

- Hotel and tourism industries should, first of all be treated as infant industries and be provided with all due protection, particularly in connection with concessions, incentives in terms of guarantees grants, tax exemptions and subsidy on loans for construction of hotels even though it would certainly entail costs to the governments and other financial institutions. But it should be kept in mind that, in due course, as the industries develop and grow satisfactorily, the costs will be off-set by the gains accruing to it. Thus, the economic impact of hotel industry is the balance between the associated costs and their benefits, and hence it becomes necessary for the accommodation industry to form appropriate judgements very carefully.

- Since hotel and tourism industries are still in their infant stages expenditure tax in hotels should be reduced either considerably or exempted completely at least for a specific period of time depending
upon their growth and development. In this respect, it is encouraging to note that the expenditure tax in hotels has been reduced from 20 per cent to 10 per cent as per the 1994-95 budget. However, such considerations to the resorts and other tourist destinations which are seasonal in character must prove to be still more favourable.

- The supply of food or drinks to the customers staying in a hotel does not partake the character of a sale of goods. The hotel industry constitutes a distinct activity altogether to which the existing Sale of Goods Act would not apply. Imposition of sales tax on hotel services is not justifiable. Therefore, Sales tax on food and beverage should be abolished.

- The rate of Luxury Tax is varying in accordance with the volume of room sale. It is also varying from state to state in India. It should be rationalized by designing uniform structure of luxury tax throughout the nation for hotel industry. The uniform luxury tax would not create any confusion in the minds of customers. The rate of luxury tax should be at a minimum level as against the present rate.

- For the development of hotel industry, hotels should enter into tie-ups with the leading hotel chains in the world. These tie-ups would
provide facilities for global marketing inputs, intensive training to the executives and others, consultancy services on operative systems, computer software, business meeting facilities and equipment procurement and joint participation in the international sales convention.

- It is the duty and obligation on the part of the hoteliers to maintain a good public relation. For this purpose, a handy travel packet guide with detailed information about Indian tourism and hotel facilities and service should be given. Apart from that, sales calls and seminars should be arranged frequently inviting participants from various fields such as consultants, travel agents, employees of the hotels, government agencies and hotel association members.

- The existing scheme of star rating and classification should be abandoned as it is a costly and unnecessary practice. But the new hotels should be approved by the Department of Tourism on certain quality standards as practiced in other countries. The Hotel Association should evolve a self-regulatory mechanism to fulfill the objectives of quality control.

- In South Indian hotels, the demand for rooms is higher than the supply of rooms. This situation leads to sellers’ (hoteliers’) market in the hotel industry. Hence, to some extent, the hoteliers are not
concerned about customer satisfaction and quality of facilities and services. The Hotel Association should therefore form a committee which consists of hoteliers and government representatives to watch the standard of services and facilities offered by the hotels. Those hotels which are not giving co-operation in this regard should be given no concession or incentive and should be sidelined.

**Regarding Transportation (Tourist Transport Industry)**

- Free inter-state tourist travel is to be ensured by removing all prohibitory traffic rules among the southern states.
- A South Zone Traffic Consultative Council should be formed to regularize traffic rules between states.
- Tourism should be declared as an industry with all incentives.
- A co-operative bank at the state level should be formed in order to involve the concerned persons and to finance for the purchase of tourist vans and to extend credit facilities for maintenance and repairs.
- The dealers of the tourist vehicles may arrange periodical owners’ and operators’ meeting in order to develop market follow up.
- The Tamil Nadu government shall fix up fare for the tourist vans to make the trade more viable.
The unutilised actual seating capacity in tourist vehicles should be utilized with an increase in the seating capacity to 16 from the present 13.

The present quarterly vehicle tax on tourist vehicle should be reduced to help the operators to avoid loss.

The Tamil Nadu Industrial Investment Corporation Limited should be geared up further to assist the operators financially in the purchase of vans.

Qualified and trained tourist guides shall be employed in tourist vehicles to facilitate further growth.

An awareness should be created among operators for the use of the latest make in tourist vehicles.

The government of Tamil Nadu has to establish tourist information booths on the State and National highways. This will provide information to tourists regarding places of interest and stay.