CHAPTER 1

INTRODUCTION AND RESEARCH METHODOLOGY
CHAPTER 1

TRAVEL AND TOURISM INDUSTRY

1.1 INTRODUCTION

Tourism is a multi-billion dollar industry. In the year 2005-06 around 842 million people traveled around the world and around USD 4304 billion is spent on tourism. In global terms, the tourism industry is the single largest employer.

Never in the history of the world, there has been movement of people from one country to another on such a large scale as it is taking place today, the world indeed has become small, thus has been named as ‘Global Village’. The above said figures shows that, as a service industry, tourism has a great potential in creating jobs and developing economies of the respective countries. As per an estimate, tourism accounts for 12.2 per cent of total world exports and 8.1 per cent of global employment.

The year 2004-05 saw tourism emerging as one of the major sectors for growth of the Indian economy, the foreign exchange earning increased from Rs. 16,429 crores to 21,828 crores up to December. Similarly in 2005, tourism industry registered a growth rate of 17.3% in foreign tourist arrivals, which has been the highest in last 10 years. Foreign exchange earnings grew at an even higher rate of 30.2%.

The interesting feature of this growth is that it took place even after the global tourism slowdown due to the September 11 attack in the United States, the outbreak of Severe Acute Respiratory Syndrome (SARS) in East Asia, and the Iraq war. Even the disastrous tsunami didn't affect India's tourism industry, as tourist arrivals in India rose 23.5 percent in 2004, and tourist arrivals crossed 3.3 million mark for the first time in 2004. The disaster was expected to have a negative impact on India's

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2 Ibid.
4 Ibid.
tourism in terms of large-scale cancellations of tourists to India, but nothing of that sort happened.

It is no wonder that India is increasingly becoming a preferred tourist destination for both international and domestic travelers. Conde Nast Traveler (an International magazine), in its readers' travel awards for 2004, placed India at number six among the world's tourist destinations. In the same year, India was among the top five favorite international destinations in a survey conducted by Lonely Planet, a travel publications company. The visitors are pouring in from all over the world: Europe, Africa, Southeast Asia and Australia. Some tourists come from Middle Eastern countries to witness the drenching monsoon rains in India, a phenomenon never seen in desert climates.

1.2 CONTRIBUTION OF TOURISM TO THE INDIAN ECONOMY

By 2020, Tourism in India could contribute Rs. 8,50,000 crores to the GDP\(^5\).

The Travel and Tourism industry holds tremendous potential for India's economy. Tourism contribution to the economy indirectly through its linkages with other sectors like horticulture, agriculture, handicrafts and construction, the foreign exchange earnings from tourism during 2004-05 were US $ 5,029 million (Rs.22,630 crores)\(^6\). In the year 2006, the total number of tourist arrivals was 3.9 million and the resulting foreign exchange earnings were US$ 6809 million.\(^7\)

Besides being an important foreign exchange earner, tourism industry also provides employment to millions of people in India both directly and indirectly (through its linkage with other sectors of the economy). It is estimated that around 20 million people are directly employed in the tourism sector.\(^8\) In other words, every man, woman and child could become richer by Rs.7,000.

The following table 1.1 shows the foreign tourist arrivals and the foreign exchange earnings to India.

\(^5\) World Travel and Tourism Council (WTTC), Annual Report, 2004-05
\(^6\) India Tourism, Government of India, Annual Report, 2004-05.
\(^8\) Ministry of Tourism, India, Annual Report, 2004-05.
Table 1.1

FOREIGN TOURIST ARRIVALS AND FOREIGN EXCHANGE EARNINGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Tourist Arrivals Numbers in Lakh</th>
<th>Growth Rate</th>
<th>Estimated Foreign Exchange Earnings Million US $</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>25.05</td>
<td>4.5</td>
<td>3036</td>
<td>1.4</td>
</tr>
<tr>
<td>2000-01</td>
<td>26.99</td>
<td>7.7</td>
<td>3168</td>
<td>4.3</td>
</tr>
<tr>
<td>2001-02</td>
<td>24.28</td>
<td>-10.0</td>
<td>2910</td>
<td>-8.1</td>
</tr>
<tr>
<td>2002-03</td>
<td>24.54</td>
<td>1.0</td>
<td>3029</td>
<td>4.1</td>
</tr>
<tr>
<td>2003-04</td>
<td>29.33</td>
<td>19.5</td>
<td>3979</td>
<td>31.4</td>
</tr>
<tr>
<td>2004-05</td>
<td>36.38</td>
<td>24.0</td>
<td>5029</td>
<td>28.4</td>
</tr>
<tr>
<td>2005-06</td>
<td>39.20</td>
<td>15.5</td>
<td>6809</td>
<td>35.4</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism, India, 2006

India has yet to realize its full potential from tourism. It can provide impetus to other industries, create millions of new jobs and generate enough wealth to help payoff the international debt. That is why the Government has included Tourism amongst the core sector of the Indian economy.

India’s tourism industry is thriving due to an increase in foreign tourists’ arrivals in large numbers. At the same time, the number of Indians traveling abroad has also gone up. According to the RBI, in the year 2005, Indians (including business travelers) spent US$ 5.52 billion in hard currency while traveling abroad. The World Travel Market (WTM) estimates that Indians visiting Europe spend an average of US$ 5,100 per head on holidays, which is "more than their European counterparts". According to Singapore Tourism, Indians are the highest daily spenders with an average of $300 per day, while in Malaysia, the average daily spend of Indians is $150, more than tourists from the US and Japan. The Spanish Tourism Board

* India Today (Tourism special), March 2007.
estimates that the Indian tourist spends up to Euro 568 on a visit, second only to Japan for Asian countries. Switzerland Tourism statistics also rank Indians among the highest spenders (S.Fr 450 a day). Tourism Australia states that Indians spend around A$ 3,000 per trip, with the average stay ranging between 10-14 days. The number of overnight stays by Indian visitors in Switzerland climbed from 179,647 in 2000 to 320,000 in 2005. The WTM report says that "Indians spend an average of US$ 1,900 on sightseeing and shopping alone 10.

The Great Indian Middle Class with increasing incomes enables a new sense of adventure and a global worldview is truly on the move. A generous foreign exchange allowance, wallets packed with credit cards, Indians are contributing in a major way to the growth of global tourism.

According to WTO, global domestic tourism flows are at least 10 times greater than international tourism flows. Domestic tourists are also fueling the industry’s revival. Indians are traveling like never before to explore the charms of their ‘incredible’ country. The number of domestic tourists in the year 2006 is 420 million, a rise of almost 40% from 2003 11. And this figure just includes people who spent a night in a city where they went as tourists and not those who also traveled but stayed with relatives and friends.

There are several reasons for the buoyancy in the Indian tourism industry:

- The upward trend observed in the growth rate of Indian economy has raised middle class incomes, prompting more people to spend money on vacations abroad or at home.

- Indians get more holidays (for festivals and birth anniversaries of popular leaders) than any country in the world.

- India’s booming information technology industry has made it as one of the IT hub of the world. Next, Aggressive advertising campaign "Incredible India" by the government has contributed in changing India's image from that of a poor land of snake charmers to a country with a bunch of cultures and

10 India Today (Tourism special), March 2007.
11 Ibid.
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festivals. This sparking new interest among overseas travelers to see this country.

However, in-spite of above said growth, India only shares the small portion of the world's tourism market. Globally USD 4304 billion is spent on tourism (inbound, domestic and outbound), India's share is only USD 24.3 billion which is less than 1 % of the total.

India has the potential to develop as a tourist destination but rather limited by a wide range of geopolitical, security and infrastructural problems. Communal violence in Gujarat and terrorist attacks in Srinagar and New Delhi pose security concerns for the potential tourist. Despite these security concerns, the greatest hindrance for visitors to India is the lack of sufficient tourist infrastructure. Insufficient airline capacity, old airports, inadequate hotels, (According to a Confederation of Indian Industry (CII) study, India has only 85,000 hotel rooms compared with a demand for 130,000), poor roads, an overstretched railway system, high levels of taxation and stringent bureaucratic visa procedures. The World Travel and Tourism Council (WTTC) has declared India the highest-taxed country in the world for hotels and tourism expenditure.

Forecast for Indian Tourism Industry

- According to World Travel and Tourism Council (WTTC); Travel & Tourism in India in 2006 is expected to generate USD 53544.5 million of economic activity (Total Demand).
- India's Travel & Tourism Economy (direct and indirect impact) in 2006 is expected to account for 5.3 % of GDP and 24,349,000 jobs (5.4 % of total employment).
- India's Travel & Tourism is expected to grow 8.4 % in 2006 and by 8 % per annum, in real terms, between 2007 and 2016.\(^2\)

A research forecast by the World Travel and Tourism Council (WTTC) pegs tourism industry growth at 4.5% over the next ten years. But India will have a growth

\(^2\) WTTC, Special Country Reports, 2005.
\(^3\) ibid.
of 9.7%; this buoyant outlook also reflects a possibility of the creation of nearly 7 million jobs over the next 10 years.\textsuperscript{14}

\section*{1.3 NEED FOR THE STUDY}

Tourism is a vast and complex term. Its varied aspects—economic, social, cultural and environmental—require research inputs from a large number of disciplines, such as geography, anthropology, political science, history, psychology, planning, business etc., all of which proved valuable information for better quality tourism. The need for a solid foundation on which the future of the industry and its growth could be based have emphasized a greater need for the study and developing new techniques to furnish reliable travel and tourist data.

Therefore 'Tourism', being a multi-disciplinary fields of study, needs careful research study and analysis to help the organizations in tourism to understand the environmental forces and foresee the future prospects to make effective planning and take proper decisions to reap maximum benefits from the available information.

As a developing country, India has greater need for tourism research than the developed countries because of many reasons:-

- The resources are limited and there are many competing claims for scarce investment fund. Research, therefore, can lead to "practical and effective project appraisal techniques."
- To find out the amount of foreign exchange needed to import goods and services to modernize the tourism sector. This needs exact measurement and accurate evaluation of the contribution from tourism to the economy.
- There are differences between Indian culture and those of the visitors from the industrialized nations. Much of the criticism about tourism centers on its socio-cultural impacts. Hence, attention needs to be paid to the socio-cultural effects of tourism through research.

\textsuperscript{14} W T T C, World Tourism Reports, 2005.
• Indian natural environment also happen to be major tourist attraction. Numerous cases of physical and environmental destruction and degradation have been ascribed to tourism. The assessment of the maximum carrying capacity of visitors at a destination needs to be a priority consideration in developing some attractions.

• The tourism-generating markets of India are located at enormous distances. The visitors come from different socio-economic strata of the populations of the industrialized countries. The identification and analysis of the profiles and requirements of these tourist requires a "finely tuned statistical apparatus" and relatively sophisticated market research.

• Lastly, majority of people in India lacks the means of travel (personal transport) and are unable to partake in tourism. Research, therefore, needs to deal not only with the measurement of domestic tourism undertaken by a minority, but also to focus on ways and means of providing opportunities for travel and tourism to the underprivileged segments of society and devising appropriate means of supply.

There are three specific areas of research, which are common to the needs of all countries. They are, statistics, planning and programming and development. In order to undertake the above functions effectively, adequate data is required to assist the governments in the process of decision-making in the principal areas of promotion and development.

In Karnataka, tourism industry is in such a stage of infancy that, the different facets of tourism have not even been described adequately. This makes it necessary and stresses a greater need for the study of the subject. In recent times, there has not been any comprehensive research done specifically on Malnad region.

The potential opportunities and future challenges of tourism industry have motivated the researcher to select this industry for research study. Since no industry can operate in isolation, it is necessary to analyze the impact of different environmental variables - social, economic, political and technological - on tourism
industry. Government policies are also considered in this study, because they provide the basic framework within which an industry functions.

Tourism industry is segmented into sectors like Hotel business, Transportation business, Entertainment, Food business, Travel agents, Tour operators, and State Travel and Tourism Development Corporations, etc. This made it a big challenge to the researcher. Hence, an in-depth study of all these is beyond the scope of this research. Therefore the researcher tries to put all the pieces together, essentially to give a clearer picture of the existing travel and tourism industry in Karnataka and particularly of Malnad region.

Hence the proposed study touches upon Travel and Tourism industry in Karnataka. However, references may also be made to other south-Indian states wherever necessary. To study the role of the government, Department of Tourism and Karnataka State Tourism Development Corporation (KSTDC) are considered. Subsequently, a comparison will be made using other components of tourism industry.

1.4 SCOPE OF THE STUDY

The definition of tourism gives it a very broad scope of research, especially for the government and private sector. Promoters of tourism services seek information on peoples’ activities and on the factors that influence the activities. For which there is a need for better understanding of tourists’ movement and their behavior.

At present, the planning of tourism industry in Karnataka is based on the data available to the government. The major problem is, they assume that the external factors of influence (government policies) and other factors will remain the same in future. Providers of many services in tourism industry such as transportation, accommodation, food, and entertainment, seek up to date information on both the internal operational factors of their business and behavioral characteristics of travelers.

The understanding of tourism flow based on research data is essential for effective planning, promotion and development of tourism. The State Tourism Organization requires research information primarily for three functions.
These are:

- To understand tourism demand and assess the supply of infrastructure;
- To determine priorities to measure the effectiveness of promotion; and
- To assess the impacts of tourism in terms of costs and benefits.

The assessment of tourists' demand requires measurement of the basic components of variables of tourists' behavior. Information on characteristics of visitors such as purpose and time of visit, place of origin, length of stay, type of accommodation used and expenditure per capita are needed for marketing and development activities. The profile of the tourist, his or her attitude and activities at the destination are also essential for marketing purposes.

Tourism research provides systematic, logical and empirical foundations for proper policy-making, development, and promotion of tourism. The systematic research and information system provide a base for taking suitable management decisions and improvement of managerial effectiveness. The purpose of the research is to serve as a tool to assist the government and private sector in enhancing the quality of planning and decision-making.

1.5 IMPORTANCE OF THE STUDY

Tourism research has a great relevance for all those interested in its development and promotion both in the public and private sectors. Research studies have a special significance for government, its agencies and other organizations concerned with policy-making and planning, preserving natural and cultural resources, assessing impacts of development and use, and management and control systems. Thus research plays an important role in the study of leisure and outdoor recreation, and management of resources, which have a direct bearing on tourism.

There are different needs of information, especially in the private sector, that are served by tourism research. It is necessary for any service provider such as accommodation and transport, to understand the market and its behavior, needs and preferences, which will help him to formulate strategies and policies. The service provider has to make a concerted effort to elicit the right answers from the market.
Thus the present study helps them finding out answers to questions such as,

- Who are the tourists?
- Where do they come from?
- What are their likes and dislikes, Etc.

Hence, a clear data about tourist, their attitudes and behavior help the service providers (both government and private) to plan and promote the tourism industry more effectively.

All these call for a detailed study of the different components of tourism sector. The current information provides an insight into the present conditions and show the ways for further development. Such a study can help the government to come out with necessary changes in the tourism policy to suit the present socio economic challenges in the tourism industry. Further it can enable government and private sector organizations to mobilize their efforts for optimum utilization of tourism resources not only benefiting themselves but also ensuring overall development of tourism industry.

The current study stresses upon the need for strengthening public (government) and private partnership in tourism industry. Both public and private sectors need to focus on potential areas of investment and understand their role in the socio economic development of the state by promoting tourism industry.

1.6 OPERATIONAL DEFINITIONS

Tourism is traveling for predominantly recreational or leisure purposes, and also refers to the provision of services in support of this act.

According to the World Tourism Organization, "Tourists are people who travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

The terms tourism and travel are sometimes used interchangeably. In this context travel has a similar definition to tourism, but implies a more purposeful journey. Thus in this study we consider that conceptually, tourism denotes a temporary short-term movement of people to destinations outside their normal
environment and their activities; for particular purposes, mainly by reference to purpose, time and distance criteria.

**Prerequisites of tourism**

Before people are able to experience tourism they usually need at least:

- Disposable income (money to spend on non-essentials)
- Leisure time and inclination to travel
- Tourism infrastructure, such as transport and accommodation etc.

As a service industry, tourism has numerous tangible and intangible elements. The major tangible elements are transportation, accommodation, and other components of a hospitality industry. The major intangible elements are the purpose or motivation for becoming a tourist, such as rest, relaxation, the opportunity to meet new people and experience other cultures, or simply to do something different such as going for an adventure.

The following table 1.2 shows the four main sectors of travel and tourism industry.

**Table 1.2**

<table>
<thead>
<tr>
<th><strong>ACCOMMODATION SECTOR</strong></th>
<th><strong>TRANSPORT SECTOR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels/motels</td>
<td>Railways</td>
</tr>
<tr>
<td>Guest houses/bed &amp; breakfast</td>
<td>Bus operators</td>
</tr>
<tr>
<td>Apartments/ villas/ flats/ cottages/</td>
<td>Coach operators</td>
</tr>
<tr>
<td>Condominiums/time share resorts</td>
<td>Car rental operators</td>
</tr>
<tr>
<td>Farmhouses /Holiday centre</td>
<td>Airlines</td>
</tr>
<tr>
<td>Conference/exhibition centre</td>
<td>Shipping lines</td>
</tr>
<tr>
<td>camping sites</td>
<td>Ferries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TRAVEL ORGANIZERS’ SECTOR</strong></th>
<th><strong>DESTINATION ORGANIZATION SECTOR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tour operators</td>
<td>National Tourism Offices (NTOs)</td>
</tr>
<tr>
<td>Travel agents</td>
<td>State Tourism Offices</td>
</tr>
<tr>
<td>Conference organizers</td>
<td>Local Tourism offices</td>
</tr>
<tr>
<td>Booking agencies</td>
<td>Destination Marketing Organizations (DMOs)</td>
</tr>
</tbody>
</table>

Source: Adapted and modified from *Marketing in Travel and Tourism* by Middleton V.¹⁵

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In the year 1994, The United Nations has classified tourism into three categories:

1. **Domestic tourism** - that involves residents of the given country traveling only within his country;

2. **Inbound tourism** - involving non-residents traveling in the given country;

3. **Outbound tourism** - involves residents traveling to another country.

UN has also derived different categories of tourism by combining the 3 basic forms of tourism:

1. **Internal tourism**, which comprises domestic tourism and inbound tourism;

2. **National tourism**, which comprises domestic tourism and outbound tourism;

3. **International tourism**, which consists of inbound tourism and outbound tourism.

Recently, there is another type of tourism coming in to the picture: **Intrabound tourism**, a term coined by the Korea Tourism Organization and widely accepted in Korea. Intrabound tourism differs from domestic tourism in that the former encompasses policy-making and implementation of national tourism policies. Nowadays, the tourism industry has shifted from the promotion of inbound tourism to the promotion of intrabound tourism because many countries are experiencing tough competition for inbound tourists. Some national policymakers have shifted their priority to the promotion of intrabound tourism to contribute to the local economy. Examples of such campaigns include "See America" in the United States, "Get Going Canada" in Canada, and "Guseok Guseok" (corner to corner) in South Korea.

**Other Special forms of tourism**

In the last two decades, niche tourism, has been becoming more popular to cater a particular segment of tourists, they are namely:

- **Adventure tourism**: tourism involving travel in rugged regions, or adventurous sports such as mountaineering and hiking (tramping).

- **Agri tourism**: farm based tourism, helping to support the local agricultural economy.
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- **Ancestry tourism:** (also known as genealogy tourism) is the travel with the aim of tracing one's ancestry, visiting the birth places of their ancestors and sometimes getting to know distant families.

- **Armchair tourism and virtual tourism:** not traveling physically, but exploring the world through internet, books, TV, etc.

- **Backpacker Tourism:** is a term used to denote a form of low-cost independent international travel, differentiating it from other forms of tourism notably by the following typical attributes: minimal budget use, longer duration of travel, use of public transport and multiple destinations/countries. The origin of the name comes from the backpacks that budget travelers generally carry in the interests of mobility and flexibility.

- **Creative Tourism:** is a new form of tourism that allows visitors to develop their creative potential, and get closer to local people, through informal participation in hands-on workshops that draw on the culture of their holiday destinations.

- **Cultural tourism:** includes urban tourism, visiting historical or interesting cities, and experiencing others cultural heritages. This type of tourism may also include specialized cultural experiences, such as art museum tourism where the tourists may visit many art museums during the tour.

- **Coastal Tourism:** involves tourist products located along Coastal regions (such as beaches and back waters of the sea) for example Goa and Kerala.

- **Disaster tourism:** traveling to a disaster scene not primarily for helping, but because it is interesting to see the level of disaster.

- **Ecotourism:** sustainable tourism which has minimal impact on the environment, such as Rainforests (Sahyadri Hills) and National parks (Nagarhole), and observing the life of tribals.

- **Educational tourism:** may involve traveling to an education institution, a wooded retreat or some other destination in order to take personal-interest classes, such as cooking classes with a famous chef or crafts classes.
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- **Free Independent Traveler**: a sector of the market and philosophy of constructing a vacation by sourcing one's own components ex. accommodation, transport.

- **Garden tourism**: visiting botanical gardens and famous places in the history of gardening, such as Rose garden in Ooty and Krishna Raj Sagar gardens (K.R.S. in Mysore).

- **Heritage tourism**: visiting historical sites like, Ajanta, Ellora, Hampi etc. or old temples, battlegrounds, etc.

- **Health tourism**: usually to escape from cities or relieve stress, perhaps for some 'fun in the sun', etc. often to Sanatoriums or "health spas".

- **Hobby tourism**: tourism alone or with groups to participate in a specific interests, to meet others with similar interests, or to experience something pertinent to the hobby. Examples might be garden tours, amateur expeditions.

- **Mass Tourism**: is an ecotourism policy to minimize the footprint of tourists by concentrating them into a small area. Mass tourism also maximizes the utilization of tourist infrastructure.

- **Medical tourism**: e.g.:
  - For advanced care that is not available in one's own country or in the case that there are long waiting lists in one's own country or for use of cheap health care organizations.

- **Mystical tourism**: Tourism for people who likes to travel to places to meditate, yoga, special events, ceremonies, mystical rituals.

- **Perpetual tourism**: individuals always on vacation; some of them, for tax purposes, to avoid being resident in any country.

- **Pilgrimage Tourism**: pilgrimages to ancient holy places (Temples and Stupas of Nepal for the Hindus and Buddhist, Painted Churches of Goa for the Orthodox), religious sites such as mosques, shrines, etc.

- **Shopping tourism**: promoting shopping festivals as tourist draw cards such as the Dubai, Singapore, Hong Kong and Malaysia shopping festivals.
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- **Sport travel:** skiing, golf and scuba diving are popular ways to spend a vacation. This could also include traveling to a major international sporting event such as the FIFA World Cup or Cricket World Cup.
- **Wine tourism:** the visiting of growing regions, vineyards, wineries, tasting rooms, wine festivals, and similar places or events for the purpose of consuming or purchasing wine.
- **Space tourism:** traveling in outer space or on spaceships.

1.7 RESEARCH METHODOLOGY

This part describes the methodology used for the current study. It includes statement of the problem, objectives of the study, and the formulated hypotheses to test the objectives. This is followed by the research design, sampling design and methods of data collection. The data analysis plan and chapter scheme are presented, followed by limitations of the study.

1.7.1 STATEMENT OF THE PROBLEM

After studying the need, scope and importance of the study, it is observed that the Government of India is planning and trying hard to improve and uplift the tourism industry. The different states of India too are trying their level best to develop infrastructural services and promoting tourism in their states. Karnataka state is also trying to woo private investors to invest and develop infrastructure to promote tourism. However, to attract tourists and private investors to the state, the government has to understand the real problems faced by the tourists and their opinions about the Public-Private Partnership (PPP). This has motivated the researcher to make an attempt to identify the problems and to find possible solutions that may strengthen the efforts of the government in uplifting and promoting travel and tourism industry. 

**Hence, the title of this proposed research is:**

**TRAVEL AND TOURISM INDUSTRY:**
(A Case study of Malnad region)

This research attempts to study and analyze the problems and prospects of the travel and tourism industry of Malnad region. The researcher tries to present the real
picture of travel and tourism industry in this region with the help of data collected from various stakeholders.

1.7.2 OBJECTIVES OF THE STUDY

The proposed research has the following objectives:

The primary objectives of the study are:

- To study the infrastructural facilities (Transportation, Accommodation, Travel agent / Tour operators services) available to the tourists in Malnad region.
- To study the role of private sector in the development of tourism industry in Malnad region.
- To study the role of government and the viability of Public Private Partnership (PPP) in the development of tourism industry in Malnad region.
- To make a comparative study of other south Indian states and their important tourist destinations with that of Malnad region, and to explore possible interventions for improvement.
- To study the role of Karnataka State Tourism Development Corporation (KSTDC) as an organization in the promotion and development of tourism in Malnad region.

The Secondary objectives of the study are:

- To study the major factors impeding the growth of tourism industry in Malnad region.
- To study the potential opportunities for tourism in Malnad region and also to study how Malnad region can be promoted as a major tourist destination of Karnataka state.
- To study the role of Department of Tourism - Government of Karnataka in the development of tourism in Malnad region.
- To come out with useful suggestions to Department of Tourism and Karnataka State Tourism Development Corporation for developing tourism in Malnad region based on information received from the respondents.
1.7.3 HYPOTHESES OF THE STUDY

Based on the above stated objectives of the study, the hypotheses are formulated for empirical verification. They are:

**Hypothesis-1**

*Ho 1:* Infrastructural facilities don’t play any role in the development of tourism in *Malnad* region.

*Ha 1:* Infrastructural facilities play significant role in the development of tourism in *Malnad* region.

**Hypothesis-2**

*Ho 2:* The role of private sector in the development of tourism in *Malnad* region is not significant.

*Ha 2:* The role of private businesses in the development of tourism in *Malnad* region is significant.

**Hypothesis-3**

*Ho 3:* Public-Private Partnership (PPP) is not necessary for the development and promotion of tourism in *Malnad* region.

*Ha 3:* Public-Private Partnership (PPP) is necessary for the development and promotion of tourism in *Malnad* region.

**Hypothesis-4**

*Ho 4:* *Malnad* region doesn’t have the potential to develop it as an important tourism destination.

*Ha 4:* *Malnad* region have a great potential to develop it as an important tourism destination.
Hypothesis 5

Ho 5: The role of K.S.T.D.C. in the development of tourism in Malnad region is not significant.

Ha 5: The role of K.S.T.D.C. in the development of tourism in Malnad region is significant.

1.7.4 RESEARCH DESIGN

This study is both descriptive and exploratory in nature. Hence the research design is formulated in accordance with the requirements of the subject, where both the primary and secondary data sources are tapped effectively, with emphasize on gathering first hand assessment of the situation.

The research undertaken used different research tools to collect the data: a questionnaire survey, and semi-structured interview. Primary data is collected from the respondents with the help of questionnaires. The respondents are classified into Tourists, Travel agents / Tour operators, and Hotel owners/ Managers. The population is targeted through selected sample size by segmenting the Malnad region clearly based on districts. These selected districts of Malnad region are covered carefully with proportionate stratified sampling method, and from each district a sample of Hundred (100) Tourists, Twenty (20) Hotels and Ten (10) Travel Agents are selected for the purpose of study.

Secondary data is collected from various resources like books, journals, periodicals, research papers and from various websites on tourism.

1.7.5 TARGET POPULATION

In tourism industry segmentation can be done with different bases, viz. geographic, demographic, psychographic and socio-economic. Since, the subject is to study the Malnad region of Karnataka state; the researcher has chosen the geographic segmentation method and segmented Karnataka state geographically in to north, south, east and west. Then western part of Karnataka state is segmented in to two regions; i.e.
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Coastal region and Malnad region.

- **Coastal region** is the region situated on the Arabian Sea coast.
- **Malnad region** lies alongside of Sahyadri hills (i.e. Western Ghats of south India).

To choose a good sample for the study purpose, four districts are selected i.e. Shimoga, Chikmagalur, Hassan, and Kodagu/ (Coorg). From the selected districts primary data is collected from a total of Four hundred Tourists, 67 Hotels and 40 Travel Agents/Tour operators.

1.7.6 SAMPLING METHOD

In this study, the researcher uses proportionate stratified sampling procedure, i.e. selecting samples from each district (stratum) in proportion to the relative size of each stratum in the whole population. Hence the researcher has selected a sample of hundred tourists from each district to study their perceptions and opinions about tourist places of Malnad region. Also from each district Twenty Hotels and Ten Tour operators/Travel agents are selected for the study. This procedure helps to reduce the standard error of an estimate.

1.7.7 QUESTIONNAIRE DESIGN

Since the research is descriptive and exploratory in nature, the questionnaires were structured and designed according to the objectives set out in the previous section. Care has been taken to design each questionnaire in such a way that it will avoid any ambiguity or duplication of data. To make it more realistic, the researcher discussed the questions with expert colleagues. Based on their suggestion the questionnaires are finalized. Before administering the questionnaires to the respondents, a pilot study has been carried out to test the technical faults of the questions.

**Questionnaire I** is for Tourists which contains forty multiple choice questions, in which the first twelve questions are about understanding their knowledge about the
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place, their arrangements of tour, the services they hired and their opinions about that particular place.

Second part asks questions about the infrastructural facilities of Malnad region, where the respondents are asked to rate the infrastructural facilities on a five point Likert scale. Also, they are asked to compare the facilities of that particular place with other places on cost basis.

Part three questions are straight questions about the government's role as well as private participation in the development of tourism. This question has been repeated in all the three questionnaires, as it is necessary to test the hypotheses.

Part four consists of comparative study questions, where the respondents are asked to rate the available infrastructural facilities with other states of south India on a five point Likert scale. Also, they are asked to compare the KSTDC services with other private tour operators.

Lastly they are asked to give their suggestions for the improvement of tourist places of Malnad region. The researcher also collected the respondents' personal information like age, income, qualification, address etc. By placing these sensitive questions at the end, the initial mistrust of the respondents was neutralized to some extent.

**Questionnaire II** contains thirty multiple choice questions for Hotel owners/Managers, in which first five questions are about their type of business, the next nine questions are about the nature of services offered to the tourists.

Second part of this questionnaire collect information about the promotional plans of their business, and they are asked to rate the infrastructural facilities of their area in terms of cost on a four point scale.

Part three deals with the government's role in the development of tourism. Also, they are asked to compare their services with that of other competitors on a five point Likert scale.

Last part of this questionnaire collects suggestions from the respondents and their profile to keep their addresses for future references.
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Questionnaire III is for the Tour operators/Travel agents, which contains thirty-two multiple choice questions, in which the first sixteen questions are about the types of business and the nature of services offered to tourist.

Next part contains questions regarding the infrastructural facilities available in their area of operation, where they are asked to rate the facilities on five point Likert scale. Also they are asked to compare the available infrastructural facilities of their region with other states of south India.

Part three questions deals with the government's role in the development of tourism, and also they are requested to give their suggestions.

Last part of this questionnaire collects the respondents' profile to have their addresses for future references.

1.7.8 DATA COLLECTION METHODS

For the study purpose the researcher collects both primary data and secondary data systematically.

COLLECTION OF PRIMARY DATA

The research uses three different research tools for the collection of primary data: A questionnaire survey, semi structured interview and a handy camera to record the tourist sites, the infrastructural facilities, and their present conditions, showing the true picture of Malnad region.

Three separate questionnaires are prepared to collect primary data,

Questionnaire I for the Tourists who visited the tourist places of Malnad region.
Questionnaire II for Hotel owners/Managers, and
Questionnaire III for the Tour operators/Travel agents.

Thus Primary data is collected from Tour operators/Travel agents, from Hotel owners/Managers, and from the Tourists who visited the tourist sites of Malnad region. Also data is collected by personal observation method by visiting the various tourist places of Malnad region and recorded the moments in a camera to get the real picture.
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COLLECTION OF SECONDARY DATA

Secondary data have been collected from various sources like books, journals, periodicals, research papers, news papers and through various websites of tourism on internet. The details of the secondary data have been given in bibliography.

1.7.9 ADMINISTRATION OF QUESTIONNAIRE

Before administering the questionnaires, a pilot study has been carried out at a few nearby tourist places of Shimoga district to understand the technical faults of the questionnaires. After realizing the language problems, the questions are rephrased into simple language and arranged in a sequence, which can make the respondents feel comfortable and easy while answering the questions.

The researcher administered the revised questionnaires to the tourists by visiting the tourist places in Malnad region. Collecting the data on the tourist spot gave the researcher a true picture of the problems facing by the tourists. Also the data has been collected from the Hotel owners/Managers, and Tour operators/Travel agents. Most of these hotels, tour operators, and travel agents are situated in district headquarters.

The primary research was carried in different seasons of the year, 2006. The purpose of collecting data in different seasons is, some sites are popular in summer like Kemmangundi and Coorg vis-à-vis some are worth visiting in rainy season like Jog falls. And the schools were conduct tours in winter seasons. Also the researcher wants to study the tourist flow and the prevailing problems of tourists in different seasons.

Questionnaire I: This questionnaire collected data from the tourist visiting the tourist sites of Malnad region. The response rate is high and in addition to filling the questionnaire, they willingly shared their personal experiences about the other tourist places and gave their valuable suggestions for the improvement of the tourist spots. Four hundred (400) such questionnaires were administered to the tourist and their valuable suggestions are considered in the last chapter of this report.
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**Questionnaire II:** This questionnaire collected data from Hotel owners/Managers, of four selected districts, where they have shown great interest in answering the questions; Sixty seven (67) such questionnaires were administered.

**Questionnaire III:** This questionnaire collected data from the Tour operators/Travel agents of four selected districts and they have shown excellent response to the researcher, Forty (40) such questionnaires were administered.

1.7.10 DATA ANALYSIS PLAN

Data Analysis has been carried out using descriptive statistics and advanced statistical tools like Microsoft Excel and Statistical Program for Social Sciences (SPSS) software. The researcher uses SPSS Software for advanced statistical analysis to determine the relationship between the different variables available to tourist like food, accommodation, transportation, etc. and the ratings of tourist on infrastructure facilities.

Some of the questions in the questionnaires allow for a five-point (Likert) scaled response. The collected responses were averaged and analyzed to determine the relationship and their significance between the different variables. To analyze the variance and to test the formulated hypotheses, the researcher uses Analysis Of Variance (ANOVA) test with the help of statistical tools like Microsoft Excel and SPSS software. These results are presented in the form of tables, charts and graphs/diagrams in chapter five of this report.

The results of the observations, interviews, and the respondents' views were categorized and presented according to the topics in a systematic way.

Findings from the analysis are used to arrive at recommendations, which are given in chapter six of the thesis.
1.7.11 TIME PERIOD

The data for the study pertains to the time period: Year 2003 to 2007. This period also coincides with the tourism policy period of Government of Karnataka (i.e. Karnataka Tourism Policy 2002-07).

The primary data is collected from the respondents in different seasons of the year 2006, i.e. summer, rainy, and winter seasons.

1.7.12 CHAPTER SCHEME

The research thesis consists of Six main chapters.

Chapter One introduces the Travel and Tourism industry in general and provides some facts and figures about Indian Tourism industry. This chapter also highlights the need, scope, and importance of the study.

Part two of this chapter discusses the research methodology of the current study, where objectives, hypotheses, research design, sampling method, questionnaire design, data collection methods, data analysis plan and limitations are discussed.

Chapter Two describes a brief review of literature relating to Travel and Tourism industry, in which the contributions of various scholars and the work of different researchers are highlighted.

Chapter Three describes the history of Travel and Tourism and its developments in the world. It also highlights the different sectors of tourism such as the transport sector in which, railways, road transport, air transport, tour operations and the accommodation sector are discussed.

Part two of this chapter discusses the Indian Tourism industry, its history, developments, the national tourist corporations, and their roles in the development of tourism, along with a clear picture of present status of Indian tourism industry, the government’s role, its plans and the measures taken for the promotion of tourism in recent years are discussed.

Part three of this chapter describes the Karnataka Tourism industry, along with its profile, history, geography, art and culture, and the important tourist places of
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Karnataka. It also highlights the state government’s role in the development of Tourism in Karnataka.

In this section, the Karnataka state tourism policy (2002-2007) is referred to study the plans of the government, its implementation and to see how successful the government is in its projects planning and implementation. This chapter also highlights the profile of Karnataka State Tourism Development Corporation (KSTDC).

Chapter Four introduces Malnad region of Karnataka state. In this section the four districts of Malnad region are listed. Each district is highlighted with the demography, geography, and a detailed list of all tourist spots in each district is described.

Chapter Five presents the primary data collected for the study. The data is analyzed and presented in the form of tables, charts and graphs. The researcher presents the analysis and interpretation of each table. For analysis, different statistical tools Microsoft Excel and SPSS software are used.

To test the significance of the set parameters and to test the formulated hypotheses, the researcher applied ANOVA test with the help of statistical tools like Microsoft Excel and SPSS software to find results. These results are carefully analyzed and interpreted to make some concrete conclusions.

Chapter Six is the concluding part of the report. In this chapter, major findings of the study are summarized. Based on the analysis and interpretation, the results are drawn and suggestions and recommendations are given to the government and private tourist organizations. This may help both the government and private tourist organizations in planning and applying their strategies according to the requirements of the tourists. This will also help them to guide in the development of tourism in Malnad region.

The current report may also assist future researchers to enlarge the scope of research and to contribute positively.
1.7.13 LIMITATIONS OF THE STUDY

The proposed research study has the following limitations:

- The Malnad region as a tourist destination is in its nascent stage and may lack in the major attributes of tourism such as accessibility, infrastructure and basic amenities.
- Covering the four districts of Malnad region requires extensive traveling and expenditure on food and accommodation. Therefore, some of the minor/remote tourist spots of this region are excluded from this study.
- Along with an analysis on the demands of tourism, it is equally necessary to analyze the physical supply or capacity of tourism facilities and resources. Thus the matching of demand and supply is one of the most important research tasks.
- The primary data collected from the tourists at the tourist spots are based on their perceptions/opinions at that particular time which may differ at another point of time. Also the comparisons of the Malnad region with that of other states are for that particular year only.
- The study is limited to a period of four years (i.e. From 2003-2007), and the primary data collected for the study is only for the year 2006 owing to paucity of time.

The next chapter briefly discusses the review of literature of some popular research work done in the field of Travel and Tourism industry.
References

Books

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