CHAPTER V

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

Financial institutions play a very significant role in the development of tourism industries in Kerala. Kerala Financial Corporation is one of the prime lending institutions in Kerala. Kerala “God’s Own Country” has emerged as the most acclaimed tourist destination in the country. Besides warm weather, backwaters, beaches, hill stations, waterfalls, wild life sanctuaries, ayurveda, year round festivals and the diverse flora and fauna make Kerala a unique destination for tourists. So to make use of all these tourism product portfolio in a profitable way and thereby extend services to tourists in Kerala there is a requirement of sufficient funds.

Much of Kerala’s exotic appeal is centered in the highland area of the Western Ghats. Rising to an average height of 1520 m the tropical forests of the Ghat’s house rich flora and fauna, loaming plantations of tea, coffee, rubber and fragrant cardamom. Kerala has been branded as one of the most wanted tourism destinations in India on account of proactive marketing and promotional measures. Now Kerala is a partner state of the World Travel and Tourism Council (WTTC) which is accorded based on the infrastructure facilities such as tourist accommodation, transport facilities such as tourist accommodation, transport facilities, water and lighting system extended over by Kerala to tourists.

In order to facilitate the fast growth of tourism sector in Kerala, it is necessary to diversify our tourism products. The Western Ghats region of Kerala can be projected as an eco-tourism zone. It is a concept of sustainable tourism. That is, the needs of today’s visitor should not be met at the expenses of future generation.
Tourism has been pivotal in social progress as well as an important vehicle of widening the socio-economic and cultural contacts throughout human history. Tourism is one of the world’s largest and fastest growing industries in the world. A wide array of interests-entertainment, sports, religion, culture, adventure, health and business drives tourism. Travel and tourism is one of the biggest industries in the world in terms of gross output and value added, capital investment, employment generation and tax contributions.

Tourism is a major phenomenon of modern society, which has emerged as an economic activity of immense global importance. Perhaps there is hardly any field of activity where so many people are involved directly or indirectly. It has found a niche for itself as an effective mechanism for generating employment, earning of revenue and foreign exchange, enhancing environment, preserving culture and tradition thereby facilitating over development.

For the development and growth of tourism sector finance is very much needed. The literature review makes it clear that financial support should be extended from various financial institutions and the government. The role of Kerala Financial Corporation is considered very vital as they are very backbone of the industrial development and growth of Kerala economy of Kerala in general and tourism sector in particular. Moreover the Department of Tourism has placed KFC as one of its prime lending institutions. This sector along with other sectors have a unique capacity of generating employment opportunities in the villages for the rural youth and women folk that constitute a large chunk of rural population. Of the various banks and financial institutions rendering financial support to the tourism sector, the role of Kerala Financial Corporation is immense.
OBJECTIVES OF THE STUDY

The present study has the following objectives:

1. To look into the nature and form of assistance given by KFC and other financial institutions to the tourism finance borrowers in Kerala.

2. To identify the form and structure of the tourism units aided by KFC and other financial institutions in Kerala.

3. To study the socio-economic background of tourism entrepreneurs who are financed by KFC and other financial institutions in Kerala.

4. To study the various factors influencing the tourism entrepreneurs to obtain loans from KFC and others.

5. To examine the role of KFC in the development of tourism sector in Kerala.

6. To identify the problems faced by the entrepreneurs of tourism in obtaining financial assistance from KFC and other institutions in Kerala.

7. To assess the impact made by KFC in the development of tourism sector in Kerala.

HYPOTHESES OF THE STUDY

The study formulated the following hypotheses:

1. There exists no difference between KFC and non KFC aided tourism units in the type of revenue generated.

2. There is no difficulty in obtaining loans from KFC.
3. There exists no difference in the nature of difficulties faced by the borrowers of KFC and others.

4. There is no difference in the annual income of tourism units assisted by KFC and other agencies.

5. There is no difference in the form and structure of tourism units of KFC and other agencies.

6. There is no difference between KFC and non KFC in the disbursement of long term loans.

7. There is no difference between KFC and non KFC in the amount of loans disbursed.

8. There is no difference between KFC and non KFC aided tourism units in the income before and after availing loans.

9. There is no difference in the variation in the amount of loans applied and sanctioned between KFC and non KFC units.

10. KFC has not made any impact in the development of tourism sector in Kerala.

**METHODOLOGY**

Data used in this research was collected from both primary and secondary sources. Extensive literature survey was carried out to develop an in-depth study and identify pertinent variables for the study. The study used both exploratory research and descriptive research. Exploratory research was used for the preliminary study, to get a better understanding of the tourism units and tourism products of Kerala and various aspects
related to financing tourism units in Kerala. At this stage, data was mostly collected through the pilot study, observations, discussions and also from published materials. Descriptive research was adopted to develop an in-depth study through survey method.

SOURCES OF DATA COLLECTION

The data for the present study has been collected from both secondary and primary sources.

Secondary Data

Secondary data have been collected from the following sources, viz.,

- Annual reports of KFC and various publications of KFC.
- Published reports of Directorate of Tourism, Government of Kerala, Ministry of Tourism, Government of India, District Industries Centres and District Tourism Promotion Councils.
- Plan documents of both Central and State government.
- Reports and websites of WTO, UNWTO and WTTC.
- Official websites of KFC, Directorate of Tourism (Government of Kerala).
- Journals of tourism and research publications.
- Text books, articles, reports in newspapers, annual reports and brochures related to tourism in India and Kerala.
Primary Data

Primary data required for the study was collected through survey of the tourism entrepreneurs in Kerala using a structured interview schedule. Also relevant information was collected through holding discussions with various officials of KFC, other financial institutions and Department of Tourism, experts in tourism and academicians.

SAMPLE DESIGN

Random sampling method was used for the selection of sample units for the study. The entire data was classified based on region-wise distribution as depicted earlier in Table 1.2 which is developed on the basis of the official records furnished by the Directorate of Tourism, Government of Kerala. Also standard statistical methods were suitably followed for formulating the sample size.

Selection of Sample Districts

The population of the study is the entire tourism units in Kerala. There are 3997 tourism units spread all over Kerala. In the first stage, the State of Kerala is divided into three regions, namely southern, central and northern. Then three districts are identified and from these three regions one district each is selected from each region based on the location of the number of tourism units. The district having the maximum number of units in each region is chosen for the study. The district-wise and region-wise location of units in Kerala are given earlier in Tables 1.1, 1.2 and 1.3.

In the southern region, Thiruvananthapuram district is identified as sample district which has 654 units (47.77 per cent) out of a total of 1369 units in southern region. In the central region, Ernakulam is identified as sample district which has 698 units (43 per
cent) out of the total of 1624 units in central region. In the northern region, Malappuram district is identified as sample district with 209 units (25 per cent) out of a total of 1004 units in northern region.

**SELECTION OF THE SAMPLE UNITS**

Random sampling technique is used for the selection of respondents. 10 per cent from each of the region making a total of 400 units are taken for the study. The units were chosen randomly from each region i.e., 137 units (10 per cent of 1369 units in southern region) from Thiruvananthapuram district, 163 units (10 per cent of 1624 units in central region) from Ernakulam district and 104 units (10 per cent of 1004 units in northern region) from Malappuram district. This sample comprises of tourism units financed by Kerala Financial Corporation (KFC group) and also units financed by other financial institutions (non KFC group). In aggregate, a total sample of 400 units is selected, which is equal to 10 per cent of the total number of 3,997 tourism units spread all over in Kerala by way of sole trader, partnership, public sector, private sector and public limited company.

The collected data was tabulated and organized segment-wise and category-wise. The Statistical Package for the Social Sciences version 17.0 (SPSS 17.0) was utilized for analyzing the data. The data so classified are analysed and interpreted suitably by using mathematical tools like Percentage Analysis, Weighted Average, Chi Square Test, Analysis of Variance (ANOVA), Kendall Tau-b, T-test, F-test, Pearson(r), Spearman rho, etc.

**MAJOR FINDINGS**

The summary of findings and conclusions of the study are the following:
Analysis of the socio-economic profile of entrepreneurs of the tourism sector in Kerala

Analysis was done to identify the gender-wise classification of the tourism entrepreneurs financed by KFC and non KFC. It is seen from the data that the tourism units in Kerala are operated both by male and female members. A large majority of the respondents in the sample are male entrepreneurs. 316 respondents (79 per cent) out of 400 are male operated business and only 84 respondents (21 per cent) of them are females as owners / entrepreneurs. In the case of KFC tourism finance borrowers 75.86 per cent of the total respondents are males and 24.14 per cent are females. In the case of non KFC borrowers, there are 81.67 percent male entrepreneurs and 18.33 percent of female-owned business units. It is clear that a large majority of the tourism units in Kerala are run by the males and the trend is almost same in both the cases, but KFC group has slightly more number of female entrepreneurs when compared to non KFC group.

Age is a factor which determines the socio-economic profile of entrepreneurs. The management and running of the business in a profitable manner is influenced by the age of the respondents. 293 respondents (73 per cent) are between the age group of 25 and 40 years. 99 respondents (25 per cent) out of 400 are in the age group of above 40 years and less than 55 years. Only 8 respondents (2 per cent) are in the age group of above 55 years. It is concluded that the majority of the respondents in the sample are in the age group between 25 and 40 years. Of the total 203 respondents from KFC borrowers, 153 respondents (75 per cent) are between the age group of 25 to 40 years of age and 47 respondents (23 per cent) are from the age group of 40 to 55 years. Only 3 respondents are in the age group of above 55 years in the case of KFC tourism finance borrowers. In the case of non KFC borrowers majority are from the age group of 25 to 40 years and 27
per cent of them are from the age group of 40 to 55 years. Similar picture is noticed in both the cases.

Age-wise classification based on the type of ownership is analysed. 203 respondents (79 per cent) out of 256 respondents (20 per cent) in the sole proprietary business are in the age group of 25 and 40 years, 50 respondents (23 per cent) out of 256 are in the age group of 40 and 55 years. Only 3 respondents (1 per cent) out of 256 are in the age group of above 55 years in the case of sole trader. In the case of partnership firms, 75 respondents (78 per cent) out of 96 are in the age group of 25 and 40 years, 20 respondents (21 per cent) are in between 40 and 55 years of age and 1 respondents (1 per cent) of the respondents of partnership business are in the age group of above 55 years. In the case of public sector company business, 11 respondents (44 per cent) out of 25 respondents belong to the age group of 25 and 40 years. 12 respondents (48 per cent) are in the age group of 40 and 55 years and the rest 2 respondents (8 per cent) are in the age group of above 55 years. In the case of private sector firms, the entire 17 respondents belong to the age group of 40 and 55 years. So also in the case of public limited company all the 4 respondents belong to the age group of 25 and 40 years. The overall position reveals that 293 respondents (73 per cent) out of 400 respondents in the sample are in the age group of 25 and 40 years. 99 respondents (25 per cent) are in the age group of 40 and 55 years and the rest 8 respondents (2 per cent) are in the age group of above 55 years.

The tourism entrepreneurs are classified on the basis of their education level. Analysis is done to show the break-up of respondents on the basis of the education level. 90 respondents (44 per cent) of KFC borrowers having education at school level and 83 respondents (43 per cent) of the non KFC borrowers and 2 respondents in the non availed group belong to this category. 54 respondents (27 per cent) of the KFC borrowers, 65
respondents (34 per cent) of the non KFC borrowers and 4 respondents of the non availed group have education at college level. 25 respondents (12 per cent) of the KFC borrowers and 21 respondents (11 per cent) of the non KFC borrowers belong to group of technical education. 34 respondents (17 per cent) and 22 respondents (12 per cent) of the respondents from KFC and non KFC borrowers belong to the level of education at professional level.

Analysis was done to identify the experience of the tourism entrepreneurs financed by KFC and non KFC. 160 respondents (40 per cent) out of 400 have experience in running the business with less than 10 years of experience. 180 respondents (45 per cent) out of 400 have experience between 10 and 20 years. 6 respondents (2 per cent) out of 400 have an experience of above 20 years. 82 respondents (40 per cent) of KFC borrowers and 78 respondents (41 per cent) from non KFC borrowers have experience of less than 10 years. 89 respondents (44 per cent) of KFC borrowers and 91 respondents (48 per cent) of non KFC borrowers have experience between 10 and 20 years. Only 32 respondents (16 per cent) of KFC and 22 respondents (11 per cent) of non KFC borrowers having experience of above 20 years. The entire respondents from the loan not availed have experience of above 20 years. To conclude, a large majority of them have experience of 10 to 20 years and above 20 years but the experience of the borrowers in both case are more or less similar. The significant association of the experience of entrepreneurs with the type of the tourism finance borrowers (KFC and non KFC group) are tested by using Chi-Square and it is proved that there is no association between the experience of the tourism entrepreneurs and the type of financing.

Training is a factor which can influences the entrepreneurs in managing the business efficiently. Analysis is done to ascertain whether the respondents received any
training in the respective field or not before starting the business. 265 respondent (66.25 per cent) out of 400 are of opinion that they did not receive any training for conducting the business earlier. But 135 respondents (33.75 per cent) out of 400 are of the view that they have received sufficient training in the respective fields prior to the starting of the business. 78 respondents (38.42 per cent) of KFC borrowers and 51 respondents (26.7 per cent) of the non KFC borrowers group are of the opinion that they got training for starting tourism business. 125 respondents (61.57 per cent) of KFC and 140 respondents (73.29 per cent) of the non KFC borrowers are of the view that they did not receive any kind of training in the area of tourism for starting tourism Business. It is concluded that large majority of them reported that they have not received any kind of training in their respective areas of tourism business. But among the group, the training received is more with respect to KFC group than others. The significant association of training of entrepreneurs and the KFC and non KFC tourism finance borrowers (type of financing) are tested by using Chi-Square and it is proved that there is significant relation between the training of entrepreneurs and the type of financing.

There are different types of entrepreneurs such as first generation and inherited business / hereditary type. 290 respondents (73 per cent) out of 400 in the sample belongs to the first generation category of entrepreneur and the rest 110 respondents (27 per cent) belongs to inherited businesses / hereditary type. 159 respondents (78 per cent) of KFC borrowers and 131 respondents 69 (per cent) of non KFC borrowers belongs to the category of first generation entrepreneurs. 44 respondents (22 per cent) KFC, 60 respondents (31 per cent) of non KFC and 6 respondents from non availed group fall under the category of inherited businesses. The significant association of type of entrepreneurs and the type of financing (KFC and non KFC group of tourism finance
borrowers) is tested by using Chi-Square and it is proved that there is significant association between the entrepreneurial type and the type of financing.

The main reason as to why the respondents choose the business of tourism is also looked into and the data is analysed. The main reason for starting tourism business as reported by the majority of 140 respondents (35 per cent) out of 400 is because of the advice received from friends and relatives. The reason which guided some of them to the selection of tourism industry as suggested by 82 respondents (20.5 percent) is the advice and guidance received from agency officials. 67 respondents (16.75 per cent) revealed that the reason which led them to start tourism industry is basically on account of their personal experience. 49 respondents (12.25 per cent) out of 400 stated that the reason for starting tourism industry is due to the guidance from consultants. 47 respondents (11.75 per cent) revealed that the reason for selecting tourism business was on account of the guidance given by the Government officials especially officials of the Department of Tourism. The factor which motivated at least 15 respondents (3.75 percent) to start tourism industry is on account of the various surveys for identifying potential industries which finally resulted in setting a business in tourism industry. 78 respondents (38 per cent) of the KFC and 80 respondents (42 per cent) of non KFC borrowers states that the reason which led them into tourism business is the advice from friends and relatives. The reason according to 36 respondents (17.73 per cent) which led to the tourism business as per the KFC group is due to the guidance given by Department of Tourism officials. These two are reported as the major reason by majority of the respondents in the KFC group. Whereas in the case of non KFC group, according to a majority of 59 respondents (30.89 percent), the reason which led them to tourism business was due to the advice given by friends and relatives. Another reason among the non KFC group for starting
tourism business as revealed by 50 respondents (26.18 percent) was on account of the guidance given by the agency officials. It is concluded that the main factor which led the tourism entrepreneurs into the tourism business is the advice of friends and relatives.

For analyzing the duration and life of tourism units under study, the age of establishment has been taken into account. A large number of units established their business during 1990 to 2000. 180 respondents (45 per cent) out of 400 belong to this category of the period between 1990 and 2000. 160 respondents (40 per cent) started their business after 2000 and the rest 60 respondents (15 per cent) started their operation before 1990. 70 respondents (34 per cent) of KFC borrowers, 85 respondents (42 per cent) on non KFC borrowers and 5 respondents from non availed group started their business after 2000. 90 respondents (44 per cent) of borrowers of KFC, 89 respondents (47 per cent) of non KFC borrowers and 1 from non availed group reported that they started their business after 1990 but before 2000. 43 respondents (22 per cent) of KFC borrowers and 17 respondents (11 per cent) of non KFC borrowers reported that they have started the business before 1990. It means that the business units taken in the sample includes both the industrial units commenced prior to liberalization and post liberalized era. The significant association of age of establishment and KFC / non KFC type of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is significant association between the year of establishment and the type of financing.

The investment level is also an important factor for judging the socio- economic conditions of the respondents. 182 respondents (46 per cent) out of 400 units in the sample have invested in the category of less than Rs.50 lakhs. 169 respondents (41 per cent) have invested in the category of between Rs.50 lakhs and Rs. 1 crore. 49 units (13 per cent) are having an investment level of more than Rs. 1 crore. It is concluded that a large majority
of the respondents in the sample belong to investment level of less than Rs. 1 crores and only a nominal number are in the investment category of more than Rs. 1 crore. 93 respondents (46 per cent) of KFC borrowers and 89 respondents (47 per cent) of non KFC borrowers have invested in the business in the category of less than Rs. 50 lakhs. 85 respondents (42 per cent) of the KFC borrowers, 81 respondents (42 per cent) of the non KFC borrowers and 3 respondents from non availed group have invested in the category of Rs 50 lakhs to Rs. 1 crores. 25 respondents (12 per cent) of KFC borrowers, 21 respondents (11 per cent) of non KFC borrowers and 3 respondents from non availed group they have invested in the category of more than Rs. 1 crore. The level of investment made in business by both the KFC tourism finance borrowers and non KFC borrowers are similar.

Another factor which determines the socio-economic background of the tourism entrepreneurs is the level of income generated from the business. 265 respondents in the sample (66.25 per cent) earned a level of annual income less than Rs. 5 lakhs. 50 respondents (12.5 per cent) earned an annual income between Rs. 5 lakhs and Rs. 10 lakhs. 45 respondents (11.25) earned an annual income between Rs. 10 lakhs and Rs. 15 lakhs. Only 40 respondents (10 per cent) have generated annual income of more than Rs.15 lakhs. 115 respondents (56.65 per cent) of KFC borrowers, 150 respondents (78.53 per cent) of non KFC borrowers and 2 respondents from non availed group earned annual income in the range of less than Rs. 5 lakhs. 39 respondents (19.21 per cent) of KFC borrowers, 11 respondents (5.76 per cent) of non KFC borrowers and 4 respondents from non availed group earned annual income in the category of Rs. 5 lakhs to Rs. 10 lakhs. 33 respondents (16.26 per cent) of KFC borrowers and 12 respondents (6.28 per cent) of non KFC borrowers generated annual income in the category of Rs. 10 lakhs and Rs. 15 lakhs.
16 respondents (7.89 per cent) from KFC borrowers and 24 respondents (12.57 per cent) from non KFC borrowers earned an income in the category of more than Rs 15 lakhs. To conclude that all respondents generated an annual income in different proportions and a large majority of them fall into the category of earning an annual income of less than Rs. 5 lakhs. The significant association of the annual income generated and the KFC and non KFC category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is difference in the annual income of tourism entrepreneurs aided by KFC and non KFC group.

**Analysis of the form and structure of KFC aided tourism units**

The tourism entrepreneurs in Kerala have availed loans from various financial institutions and banks for meeting the fixed capital requirements, working capital and other needs. Type of financing in this study represents the category of tourism entrepreneurs financed by KFC and the non KFC category financed by financial institutions other than KFC. 203 respondents (51 per cent) of the total avail financial support from KFC. Whereas 191 respondents (47 per cent) out of 400 avail financial support from other institutions. 6 units (2 per cent) out of 400 reported that they did not avail loans from KFC or other institutions. It is concluded that a large majority of the respondents in the sample avail financial support from KFC.

For the purpose of financing industries, banking institutions and KFC classify the units into those located in rural or backward areas and those in urban or non-backward areas. 105 respondents (52 per cent) of KFC borrowers, 112 respondents (59 per cent) of non KFC borrowers and 3 respondents from non availed group are from rural areas. 98 respondents (48 per cent), 79 respondents (41 per cent) of non KFC borrowers and 3 respondents from non availed group are from urban area.
The study covers different tourism units in Kerala under differing nature. It includes sole proprietorship, partnership, company, public sector and public limited company. 256 respondent units (64 per cent) in the sample belong to sole proprietorship. 96 respondents (24 per cent) out of 400 belong to partnership form 25 respondents (6 per cent) in the category of public sector, 17 respondents (4 per cent ) in the category of private sector and 6 respondents (2 per cent) in the category of public limited company. On the basis of nature of ownership, 127 respondents (62 per cent) belongs to the category of sole trader financed by KFC borrowers and 126 respondents in this category are financed by non KFC institutions. 50 respondents (25 per cent) of the partnership businesses are financed by KFC and almost the same number of 45 respondents (24 per cent) are financed by other institutions.10 public sector units and 13 public sector (a total of 6 per cent) are financed by KFC and others respectively. 13 respondents (6 per cent) of the private sector units are financed by KFC and 4 private sector units (2 per cent) in the sample are financed by KFC and non KFC respectively. In the case of public limited company firms, there are equal number of units i.e., 3 units each financed by KFC and non KFC. It is concluded that a large majority of the tourism units in the sample belong to proprietorship business and partnership business. Hence the extent of financial support extended by KFC and other institutions are similar in respect of the type of ownership. The significant association of the type of ownership and the KFC and non KFC category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is no significant difference between the KFC and non KFC group in the type of ownership of the establishment.

The micro, small, medium and large enterprises (MSMEs) engaged in business in the tourism sector of Kerala is classified conveniently for the study. 148 small enterprises
(58 per cent) of the total tourism units are in rural and 108 units (42 per cent) are in the urban area. In the case of tourism units classified as medium enterprises, 66 units (55 per cent) in rural area and 54 units (45 per cent) are in the urban area. In the case of large sized tourism units, 6 units (25 per cent) in rural and 18 units (75 per cent) are in the urban area. To conclude that a large majority of the tourism units in the sample are small tourism enterprises and most of them are located in rural area.

There tourism units are engaged in tourism businesses like accommodation, travel and tours, wellness centres, way side amenity centres and souvenir shops. 265 tourism units (66 per cent) out of 400 units provide accommodation facilities to tourists. It means they are in the nature of tourism business providing accommodation facilities to tourists in Kerala. Travel and tours as the second type of business carried out by units in Kerala. 50 units (12 per cent) belongs to this category and 43 respondents (11 per cent) are wellness centers in tourism business. 40 units (10 per cent) are engaged in the business of way side amenity centres and 2 units (1 per cent) come under souvenir shops. To conclude, a large majority of the tourism units in the sample are in accommodation sector in tourism business.

Tourism sector comprises accommodation units, travel and tours units, wellness centres, wayside amenity centres and souvenir shops. These units are financed not solely by KFC but other institutions as well. KFC extends financial support to various tourism units in Kerala such as accommodation units, travel and tours units, wellness centres, wayside amenity centres and souvenir shops. KFC extend loans to 115 accommodation tourism units (56 per cent of the total), 39 travel and tours units (19 per cent of the total), 31 wellness centres (16 per cent of the total), 16 wayside amenity centres (8 per cent of the
total) and 2 souvenir shops (1 per cent of the total). In aggregate they provide financial support to 203 tourism units (51 per cent) out of 400 units in Kerala.

There are 265 tourism units (66 per cent) providing accommodation to tourists in Kerala as per the sample of which 115 units (43 per cent) are financed by KFC and the rest 150 units (57 per cent) are financed by institutions other than KFC. In the case of those units carrying out travel and tours business in which 39 units (78 per cent) out of 50 units are financed by KFC and the rest 11 units (22 per cent) are supported by other institutions. In the case of wellness centres, 31 of such units (76 per cent) out of 43 units are financed by KFC and the rest 12 units (24 per cent) are aided by other institutions. In the case of those providing way side amenities 16 units (40 per cent) out of 40 units are supported by KFC and the rest 24 units (60 per cent) are supported by other institutions and the souvenir shops units which are financed entirely by the KFC in the sample. It is concluded that KFC finance more number of units in the accommodation category of tourism sector. The significant association of the nature of tourism business with the category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is difference between the KFC aided group and non KFC aided group in the nature of tourism business of the establishment.

The accommodation provided by tourism industries which are engaged in facilitating accommodation are of various types viz., hotels, resorts, home stays, heritage homes, house boats and guest houses. These are located both in rural as well as in urban areas. 156 respondent units (68 per cent) out of 220 from rural area carrying on accommodation of different types. 72 units (46 per cent) out of 220 provide hotel accommodation. 50 units (32 per cent) provide accommodation in the form of resorts, 15 Units (9 per cent) provide accommodation in the form of home Stays, 4 units (3 per cent)
in the form of heritage homes, 9 units (6 per cent) in the form of house boats and 6 units (4 per cent) in the form of guest house. 54 units provide accommodation (22 per cent) out of 220 in the other forms of accommodation other than those said above. In the urban area, 54 units (49 per cent) provide accommodation in the form of hotels, 40 respondent units (36 per cent) provide accommodation in the form of resorts, 6 units (6 per cent) in the form of home stays, 4 units (4 per cent) in the form of heritage homes, 3 units (3 per cent) in the form of house boats and 2 units (2 per cent) in the form of guest house are provided as accommodation to tourists in Kerala. 71 units (35 per cent) provide accommodation in other forms other than said above. 126 units (48 per cent) out of 265 units (66 per cent of the grand total) provide accommodation in the form of hotels both in the rural or urban areas. 90 units (34 per cent) out of 265 provide accommodation in the form of resorts, 21 units (8 per cent) in the form of home stays, 8 units (3 per cent) in the form of heritage homes, 12 units (4 per cent) in the form of house boats and 8 units (3 per cent) in the form of guest house. 135 units (34 per cent) out of a grand total of 400 sample respondents are engaged in tourism business other than accommodation.

The tourism activities in Kerala are also carried out by tourism units by means of travel agencies and operating tours or other activities. The number of respondents in the sample engaged in tourism business is categorized into travel agencies, tour operators and others. 28 units (56 per cent) out of 50 are engaged in travel agency business and 22 units (44 per cent) are in tour operation business. 87 per cent of the total (400) are engaged in tourism business other than travel and tour operations. 7 per cent of the total (28 respondents) in the sample are engaged in travel agency business and 6 per cent of the total units are engaged in tour operations.
The next category of business operated by the tourism industry in Kerala are wayside amenity centres. They are usually in the form of restaurants and motels. The number of wayside amenity centres out of the total tourism units is only 40 (10 per cent) units. This consists of 35 units (88 per cent of wayside amenity centres) of the total and 9 per cent of grand total are restaurants and 5 units (22 per cent) of the total are motels which is 1 per cent of grand total. 90 per cent of the total are business units other than wayside amenity centres.

Another form of tourism business run by respondents in the sample are wellness centres. It includes ayurveda centres and wellness spas. 33 units (77 per cent) out of the total 43 units, which are 11 percent of the grand total, are ayurveda centres and 10 units (23 per cent) out of the total 43 are wellness spas. It is seen that 8 per cent of the sample respondents are in ayurveda centres and 3 per cent of them are running wellness spas. The rest 357 units (89 per cent) are engaged in other tourism activities other than wellness centres.

Another category of business activity carried out by the respondents in the sample is souvenir shops. It includes handicrafts emporiums and other souvenir shops. In the sample there are 2 such units, one unit is a handicrafts emporium and the other one souvenir shops. One unit each in the sample is engaged in handicrafts business and the other a souvenir shop representing a negligible share of the percent of the total.

The tourism units generates income through domestic as well as foreign tourists. KFC units generate more revenue to their business from domestic tourists to the extent of 65 per cent and comparatively less income i.e., 35 per cent from among foreign tourists. Whereas in the case of non KFC group more revenue is generated from the foreign tourists (72 percent) than in the case of domestic segment. The mean level of income from
domestic and foreign tourists are ascertained by considering the KFC assisted units and other units in toto. The mean level of revenue generated by KFC tourism finance borrowers are higher than non KFC tourism finance borrowers in the domestic segment. In order to test whether the difference in revenue generated is due to chance, Independent Sample ‘t’ test was conducted. It is proved that there exists difference in the types of revenue generated by both the groups.

The significant association of location/region and category of accommodation of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is no association between region of tourism establishment and category of tourism accommodation. It is concluded that region is not always a factor of influence on the category of accommodation of tourism finance borrowers and vice versa.

148 small entrepreneurs (58 per cent) of the total small tourism units are in rural and 108 units (42 per cent) are in the urban area. In the case of medium sized tourism units, 66 units (55 per cent) in rural area and 54 Units (45 per cent) are in the urban area. In the case of large sized tourism units, 6 units (25 per cent) in rural and 18 units (75 per cent) are in the urban area. To conclude a large majority of the tourism units in the sample are small units and most of them are located in rural area. The demographic variable, location was tabulated against the size of the business and was tested by using Pearson Chi-square for knowing the level of significance and it is proved that there is no significant association between location and size of tourism business units.

The demographic variable, location was analysed with the type of ownership. A large number of tourism units falls under the category of sole traders both in rural and urban area. 138 sole trader units (54 per cent) in rural area and 118 units (46 per cent) in urban areas. The next category is partnership business which is 96 in number. Of these
35 units are in rural area and 61 units in urban areas. The rest of the units, i.e., 48 units are grouped together as other units in the table. In this category 21 units are in rural and 27 in urban area. To find out the significance of association of location and the type of ownership, Pearson Chi-Square is used and it is proved that location (rural and urban) is not always a factor which have influence on the type of ownership of the tourism finance borrowers and vice versa.

Analysis of the age-wise categorization of the type of entrepreneurs is done in order to understand the extend of association between these variables. 290 units (73 per cent) of the total belong to first generation entrepreneurial type and the rest 110 units (27 per cent) are from inherited businesses (hereditary type). So also 69 per cent of the total are in the age group of 25 to 40 years. To conclude that three fourth (290) of the borrowers are first generation entrepreneurs. The Chi-Square test was applied to see the significant association of age on the entrepreneurial type and it is proved that there exists no significant association between age and category of the tourism finance borrowers.

**Analysis of the factors influencing availing of tourism finance from KFC**

Suggestions were drawn from the tourism finance borrowers on their expectations about a tourism financial institution. A total of 363 respondents have suggested that there is a need for exclusive lending schemes in tourism. A total of 289 respondents suggested there is a requirement of setting up of tourism financial institution on a tie up basis with Department of Tourism of the Government of Kerala. The third highest response is with respect to the need for setting up of a separate institution for financing the tourism industries in Kerala. The third highest response is with respect to the need for setting up of a separate institution for financing the tourism industries in Kerala. The next variable
according to respondents in the sample is the need for getting up of a state financial agency for tourism borrowers.

In the case of the borrowers of tourism finance, they are concerned with various factors which affect the choice of a suitable financial institution. These factors are analysed and compared using weighted average method and the factors are co-operative attitude of officials of the institution with the weighted average score of 48.33, recommendation of the officials of the Department of Tourism with the weighted average score of 37.26, handholding support with weighted average score of 47.53, lower interest rates with weighted average score of 49.73, helping attitude in times of default weighted average score of 30.53, simple procedure with shorter delays weighted average score of 34.33, as the state financial institution with weighted average score of 48.26 and attractive schemes weighted average score of 46.66.

**Role of KFC in the development of tourism industry in Kerala**

The amount of loan actually availed by tourism entrepreneurs in absolute terms is looked into. 140 respondents (69 per cent) have obtained loans from KFC to the tune of Rs. 10 lakhs to Rs. 20 lakhs. 40 respondents (19.7 per cent) obtained loan in the category of more than Rs. 20 lakhs. 23 respondents (11.33 percent) have taken loans in the category of less than Rs. 10 lakhs from KFC.

The analysis shows that 50 respondents (26.17 percent) of non KFC units obtained loans in the category of less than Rs.10 lakhs. 135 respondents (70.68 percent) have taken loan in between Rs.10 lakhs to Rs.20 lakhs. 6 respondents (3.14 percent) have taken loans in the category of more than Rs. 20 lakhs. The aggregate 275 respondents (69.79 percent) have availed loan in the category of Rs. 10 lakhs to Rs. 20 lakhs. 73
respondents (18.53 percent) have obtained loan up to Rs.10 lakhs and 46 respondents (11.67 percent) have taken loan of more than Rs.20 lakhs. In conclusion it is clear that majority of them obtained loans ranging between Rs. 10 lakhs and Rs. 20 lakhs and there is varying amount seen in between KFC units and non KFC units (Table 4.8). It is concluded that KFC disburses more loans in the category of Rs. 10 lakhs to Rs. 20 lakhs and also in the category of Rs. 20 lakhs and above, which means that KFC provides more quantity of loans towards tourism sector than other financial institutions under the study. The amount of loans availed is compared between KFC and non KFC borrowers using Chi Square analysis and it is proved that there is difference in the amount of loans availed by KFC and non KFC group.

KFC and other institutions provide various kinds of loans such as short term, medium term and long term. 145 respondents (71.42 per cent) of the borrowers of KFC and 132 respondents (69.11 per cent) of the borrowers from non KFC availed medium term loans. 38 respondents (18.72 per cent) of the borrowers of KFC and 6 respondents (3.14 per cent) from the borrowers of non KFC availed long term loans. Only 9.85 per cent of the borrowers of KFC and 27.75 per cent of the borrowers of non KFC availed short term loans. Both KFC and non KFC borrowers are provided financial support with short, medium and long term loan facility but majority of them avail medium and long term loans which could be used for meeting their capital expenditure needs. It is evident from the data that KFC leads in these category i.e., the long term lending given by KFC is more when compared to other institutions. The various types of loans availed by the KFC borrowers are compared with the borrowers of other institutions using Chi-Square analysis and it is proved that there is significant difference in the type of loans availed by KFC and non KFC group.
The purpose for which loans are granted is also enquired into. Basically KFC grant loans for long term for acquisition of business or for modernization, diversification or expansion and also for starting new ventures of tourism operations in Kerala. 102 respondents (50 per cent) of KFC avail loans basically for the purpose of acquisition of new resorts / hotels, modernization of existing ones or expansion of existing one and for diversification of new product lines in tourism sector. 76 respondents (37 per cent) of KFC finance borrowers availed loan for meeting working capital requirements from KFC. 25 respondents (13 per cent) of KFC borrowers availed loans for meeting both the fixed capital and working capital requirements. 90 respondents (47 per cent) of non KFC group availed more short term loans for meeting working capital requirements. 85 respondents (45 per cent) avail long term loans for meeting capital expenditure requirements. Only very few, 7 respondents (8 per cent) availed loans to meet both fixed as well as working capital needs.

To conclude that a total of 187 respondents (47 per cent) availed loans in order to meet fixed capital requirements and 42 per cent of them availed loans for meeting working capital and the rest for both. It means that the lending institutions provide both long term loans as well as short term loans for meeting their fixed and working capital needs but in varying proportions i.e., KFC provide more loans for meeting the fixed capital requirements in the tourism sector. The significant association between the purpose for availing the loans and type of financing (KFC and non KFC tourism finance borrowers) are tested by using Chi-Square and it is proved that there is significant relationship between the nature of tourism financing and the purpose for which the loan was availed.

Loans of varying types are applied by respondents in different phases at which they need. It may fall under two broad heads viz., at the commencing of the unit and after
the commencement or during the time of working. 138 respondents (67.98 per cent) availed financial support for KFC at or before the commencement of the business. 65 respondents (32.02 per cent) availed financial support after the commencement or during the running of the business.

In the case of borrowers of tourism finance from other institutions i.e., non KFC group 161 respondents (84.29 per cent) availed financial support from non KFC at the commencement of the business. 30 respondents (15.71 per cent) availed financial support after the commencement or during the running of the business. The overall position shows that majority of them i.e., 299 respondents (75.89 percent) are of the view that they availed the loan before the commencement of business. The phase at which long term loans are availed by KFC and non KFC respondents are analysed and it is proved that there is significant difference in the phase at which loans were availed by KFC and non KFC group.

The level of satisfaction of respondents on interest rate of loans are enquired into with respect to the KFC and non KFC group. 95 respondents (47 per cent) of the borrowers of KFC expresses their dissatisfaction on the interest rate of KFC. 81 respondents (40 per cent) are satisfied with interest rate. 27 respondents (13 per cent) are neutral in recording their level of satisfaction. 56 respondents (30 per cent) of the borrowers of non KFC recorded that they are satisfied with the rate of interest charged. 40 respondents (21 per cent) are neutral towards this aspect and 95 respondents (49 per cent) of the borrowers of non KFC group are dissatisfied with the rate of interest charged as loans. 137 respondents (35 per cent) out of 400 are of the opinion that they are satisfied with the rate of interest charged on loans. Whereas 190 respondents (47 per cent) recorded, a level of dissatisfaction on the interest charged by institutions. 73 respondents
(18 per cent) are neutral in giving any information about the interest charged. It is concluded that a large majority of the respondents are not satisfied with the rate of interest charged by KFC and others. The significant level of satisfaction of interest rate of loans with the category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is difference in the satisfaction level with respect to the interest rate at which loans were availed by KFC and non KFC group.

The various amounts spend for availing loan are in the form of processing fees and other expenses which may vary from one institution to the other. 89 respondents (43 per cent) of KFC belong to the category of Rs.2,500 and Rs. 5,000 with respect to the cost of borrowings. Whereas 85 respondents (45 per cent) of the borrowers of non KFC fall in this category. 45 respondents (22 per cent) of KFC and 55 respondents (29 per cent) of non KFC belong to the category of Rs.5,000 to Rs.10,000 with respect to the cost of borrowings. 27 respondents (14 per cent) of KFC and 28 respondents (15 per cent) of non KFC group spent Rs. 10,000 and above as the cost of borrowings. 42 respondents (21 per cent) of KFC and 23 respondents (12 per cent) of the borrowers of non KFC spent only less than Rs. 2,500/- as the cost of borrowings. The overall position shows that 239 respondents (60 per cent) belong to the category of up to Rs. 5,000 as cost of borrowings. Whereas 155 respondents (40 per cent) fall in the category of above Rs. 5,000 as cost of borrowings.

The cost of borrowings include expenses on documentation, project preparation, travel and other expenses like expenditure on furnishing security, bribing, other fees etc. It is essential that the financial institutions should take necessary care in order to reduce the cost of borrowings. 108 borrowers (53 per cent) of KFC incurred documentation expense as the major expense in the cost of borrowings. Whereas 111 borrowers (53 per cent) of
non KFC incurred documentation expense as the major expense incurred in the cost of borrowings. 60 borrowers (30 per cent) of KFC incurred project preparation expense as the major expense incurred in the cost of borrowings. Whereas 55 borrowers (29 per cent) of non KFC incurred project preparation expense as the major expense incurred in the cost of borrowings. 20 respondents (15 per cent) of KFC incurred travel expense as the major expense in the cost of borrowings. Whereas 10 respondents (8 per cent) of non KFC incurred travel expense as the major expense in the cost of borrowings. 15 respondents (7 per cent) of KFC incurred other related expenses (expenditure on furnishing security, bribes, etc.) as the major expense in the cost of borrowings. Whereas 10 respondents (5 per cent) of non KFC incurred other related expenses as the major expense in the cost of borrowings. It is concluded that the majority of the tourism borrowers incurred expenses in the form of documentation charges in order to obtain loans from their financial institution. This is an additional financial burden with respect to tourism entrepreneurs who intend to avail loans from any of the financial institution. The significant association of type of expenses with the category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is no significant difference in the type of expenses on cost of borrowings among the KFC and non KFC group.

The Kerala Financial Corporation and some other financial institutions also extend financial and other support the development and growth of the industrial sector in Kerala including tourism industries. It provides various training such as training for developing entrepreneurs, manpower training, computer & information systems training, customer related training, marketing and promotions training, training on environment management, etc. the majority of the respondents in toto received entrepreneurship development
training as the popular training extended by various financial institutions to the development of tourism industry in Kerala. Similar type training is also received by 68 respondents (33.5 per cent) of the borrowers of the KFC and 32 respondents (16.75 per cent) of non KFC. Of the total 394 respondents 100 respondents (25.38 per cent) are in this category. Training on computer & information systems applications is also received by the respondents. This type of training is received by 17 respondents (8.4 per cent) of KFC and 34 respondents (17.8 per cent) of non KFC group. Thus a total of 51 respondents (25.12 percent) out of the total respondents have received this kind of training from their financial institutions. The third popular type of training received by respondents in the sample is training for marketing and promotions of the 23 respondents (21.18 per cent) of the borrowers of KFC and 6 respondents (3 per cent) of the non KFC borrowers supported it. In aggregate 7.36 per cent of the respondents (29 respondents) received this type of training. The next type of training is customer relationship training. 15 respondents (7.4 per cent) of KFC and 9 respondents (4.71 per cent) of non KFC received this. Whereas 5 respondents (2.5 per cent) and 12 respondents (6.3 per cent) respectively from KFC and non KFC borrowers viewed that they received training in respect of manpower management. Hence entrepreneurship development training is the most popular type of training provided by KFC to the entrepreneurs of tourism. To conclude one of the important steps taken by KFC for developing tourism sector in Kerala is by means of extending various trainings in this field.

An important variable which leads to development of any industrial sector depends upon the timely help in various forms extended by financing agencies. The role of KFC in the form of handholding support is enquired into. KFC extends handholding support after issuance of loans. They direct the industry in such a way to develop its activities by
providing the timely and needful support and assistance by the KFC then and there. 134 respondents (66 per cent) reported that the KFC extend timely help for the success and development of tourism sector in Kerala. The same is extended to borrowers of non KFC by their lending institutions. 102 respondents (53 per cent) out of the total borrowers received hand holding support from their financial institution. To conclude, 236 respondents (60 per cent) are of the opinion that the KFC and others extend handholding support for the development of the industry in which it is financed whereas 158 borrowers of tourism finance did not receive any such support. Among the two groups, KFC is extending more hand holding support to the tourism entrepreneurs.

The financing institution often guides and assists the industries in implementing the project in a way it give the desired result. The Kerala Financial Corporation also renders such a help to tourism industry in which it is financed. 120 respondents (59 per cent) received sufficient guidance and assistance for implementation of projects by KFC. The same is received by Non KFC borrowers i.e., 95 respondents (49.74 per cent) availed all sort of help from their institution whenever they implement projects by utilizing the loans. To conclude, 215 respondents (54.56 per cent) availed sufficient help and cooperation from the financing agencies while implementing projects and this is true with respect to a large majority of KFC aided group.

KFC assists not only in guiding the process of implementation of projects but extends beyond the monitoring as well. It means to assess whether the project produce desired result after its implementation. Out of the total respondents of KFC aided group, 125 respondents (61.58 percent) have received the help of the agency in monitoring of projects. In the case of non KFC group, only 86 respondents (45.03 percent) received the agency assistance in this regard. It is therefore presumed that KFC assists not only in
guiding the process of implementation of projects but also extends beyond to the monitoring as well. It is a means to assess whether the project produce desired result after its implementation. This is an additional service provided by the financing agency.

Source of information about the agency helps to understand the extend of awareness of the financial institution among the public as well as among the tourism entrepreneurs. It also helps the financial institution to ascertain the influencers who help the entrepreneurs in selecting the agency. 185 respondents (91 per cent) of the borrowers of KFC are of opinion that they are aware about various schemes and the institutions from friends and relatives. The same opinion is given by 175 borrowers of non KFC (91.62 per cent). 170 respondents (83.74 per cent) of the borrower of KFC and 172 respondents (90.05 per cent) of the borrowers of non KFC reported that they know the institutions and its schemes from advertisement through newspapers, TV and Radios. According to 142 respondents (70 per cent) of the borrowers of KFC and 140 respondents (73.3 per cent) of the borrowers of non KFC are of the opinion that they know the schemes and are aware about the institutions basically on account of the Department of Tourism. Only a few respondents reported that they get it from other source such as agencies, seminars and loan mela.

One of the roles taken by Kerala Financial Corporation in the development of tourism industry is the support extended by way of entrepreneurial loan for the new entrepreneurs. Now the Kerala Financial Corporation extends financial support to new entrepreneurs in the tourism sector of Kerala. 80 respondents (39 per cent) of KFC availed entrepreneurial support by starting new units by the existing enterprises. Among the KFC group, 67 new entrepreneurs (33 per cent) started new units which were financed by KFC. 56 respondents (28 per cent) did not avail any such facility. Out of the total, 78
respondents (41 per cent) of non KFC availed the facility of entrepreneurial assistance for starting units afresh. Out of the total respondents, 145 respondents (37 per cent) are new entrepreneurs who started new units and availed financial support for the same, 156 respondents of the existing units started new tourism businesses and 93 respondents (23 per cent) did not avail this facility. Of the total, 145 respondents (37 per cent) reported that they availed the scheme of entrepreneurial assistance for starting tourism units afresh. 156 existing units (40 per cent) availed this facility by starting new tourism business. In conclusion a large majority of them made use of the new entrepreneurial loan and started tourism units in Kerala.

Kerala Financial Corporation assisted tourism industries in Kerala by providing funds under modernization/expansion scheme. This facility is given to tourism industries for raising the facility of the already existing units. The scheme is available to modernization of existing hotels, resorts, etc. 122 respondents (60.09 percent) of KFC and 98 respondents (51.31 percent) of non KFC reported that they availed the loan facility for modernization/expansion of their units. 81 respondents (39.91 per cent) and 93 respondents (48.69 percent) of the borrowers of KFC and non KFC respectively, did not use this facility for this purpose. To conclude, a large majority of the respondents (55.84 per cent) are of the opinion that they avail the facility of modernization/expansion schemes.

Another important lending facility offered by KFC and other institutions in the development of tourism industry in Kerala is the schemes for existing hotels and resorts for providing additional facilities organized by tourism entrepreneurs in Kerala. This is a special scheme to hotels and resorts. 105 respondents (52 per cent) of the borrowers of the KFC availed the scheme for hotels/resorts etc. and the rest 98 respondents (48 per cent)
did not avail this facility. Whereas 66 respondents (35 per cent) of non KFC availed this facility and the rest did not. Of the total 394 respondents, 171 respondents (44 per cent) utilized this facility of adding additional facility for more profitable running of the business.

Another scheme given by KFC for all types of borrowers is the take over facility. It means any institution take loan already from any banking company or other institution which are taken over and financed by KFC as a new loan. The institutions other than KFC also have the same scheme of assistance. 68 respondents (33 per cent) from the borrowers of KFC availed the facility of takeover of loans. Whereas the same is availed by 86 respondents (45 per cent) of non KFC. In aggregate 154 respondents (39 per cent) have utilized the scheme of assistance of takeover of loans. To conclude 39 percent of the respondents in the sample utilized the facility of take over loan which is beneficial to the unit.

There are special schemes for availing financial support for participation in fairs and exhibitions at state, national or at international levels. This facility is now enjoyed by hotel industry as well. 56 respondents (27.59 per cent) of KFC and 14 respondents (7.3 per cent) of non KFC availed this facility. 147 respondents (72.41 per cent) of KFC and 177 respondents (92.67 per cent) of non KFC did not avail this facility. Aggregate 70 respondents (17.76 per cent) of total borrowers reported that they enjoyed the facility and participated in fairs especially during festival seasons like Onam, Christmas, Ramzan, New year, etc.

There are schemes extended by KFC and other institutions for the development of infrastructural facilities. 66.67 per cent of the cost of project is met by KFC under this scheme and the period of loan is usually for 10 years. 105 respondents (52 per cent) of the
borrowers of KFC and 126 respondents (52 per cent) of the borrowers of non KFC did not avail this facility. This facility is availed by 98 respondents (48 per cent) of the KFC tourism finance borrowers and 65 respondents (48 per cent) of the non KFC tourism finance borrowers. This will help in the development of more infrastructural facilities in tourism in Kerala.

As part of the development there is a need for empowering women entrepreneurs to take decisions and managing business, and the KFC also contributes a lot towards development of women entrepreneurs in Kerala. 41 respondents (20.19 per cent) of KFC and 33 respondents (17.27 per cent) of the entrepreneurs of the borrowers of non KFC borrowers availed the facilities under the scheme for the development of women entrepreneurs out of the tourism finance borrowers. Of the grand total, 74 female respondents availed this scheme and among them the majority belong to KFC group of tourism finance borrowers.

The lending schemes of in any institution is fostered by on the co-operative attitude and support of the officials of that institution. The co-operative attitude and support of the officials of KFC is compared with respect to officials of other financial institutions. 117 respondents (58 per cent) of the borrowers of KFC and 103 respondents (54 per cent) of the borrowers of non KFC are satisfied with the support and co-operation extended by the officials of the financing institution. At the same time 71 finance borrowers (35 per cent) of KFC and 63 (33 per cent) from non KFC are dissatisfied on the level of co-operation and support extended by the officials. 42 tourism finance borrowers (21 per cent) of KFC group and 25 tourism finance borrowers (13 per cent) of non KFC are neither satisfied nor dissatisfied in this respect. Thus a total of 220 respondents (56 per cent) of both KFC and non KFC recorded a better satisfaction level on the co-operative attitude and support of
officials of the financing institution. To conclude, a large majority of the respondents are satisfied with the co-operation and support extended by the officials of financing institution in general and KFC in particular. The significant association of cooperation of agency officials with the category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is no difference between KFC and non KFC in the case of cooperation of officials.

The Kerala Financial Corporation extend some facilities to those who are making the payment of interest and principal in time. 55 respondents availed Interest Rebate Rate, 32 respondents availed Credit Rating Rebate and 28 respondents of KFC availed both such as interest rate reduction and rebate for credit rating. Thus a total of 115 respondents (57 per cent) of KFC availed the interest rate rebate for prompt payment. These privileges are not provided by all other institutions. Sometimes they provide interest rate reduction for prompt payment. 150 respondents (79 per cent) were not provided with the similar schemes for prompt repayment of interest on loan. Only 41 respondents (21 per cent) of the borrowers of non KFC availed interest rate reduction for prompt payment.

The repayment schedule will be fixed by every institution for receiving back the amount of loan advanced along with interest. Most often it is prepared based on considering the status and abilities of the borrower under each scheme. In the case of long term loans they basically consider the income earned from projects after financing. 185 respondents (91 per cent) of KFC in the sample availed a monthly schedule for repayment by the loan. Only 18 respondents (9 per cent) availed the quarterly repayment schedule. In the case of non KFC borrowers, 167 respondents (87 per cent) of non KFC availed a monthly repayment schedule and the rest 24 respondents (13 per cent) availed the quarterly repayment schedule. It is concluded that a large majority of the respondents
in the sample (352 respondents) of KFC and non KFC availed a monthly repayment schedule which is convenient to them.

The loans are taken as they posses less finance or no finance to meet the cost of project. Sometimes they are not able to proceed with the project even after the sanctioning of loans. In certain cases, they may find some source of funds in some way or the other in order to meet the project expenses. In these cases, the borrowers may opt to close the loan before the expiration of the term allowed for repayment. This is called premature closing of loans. 16 respondents (7.88 per cent) of the borrowers of KFC availed the premature closing of the loan taken by charging extra charges by way of penalty or fine. 5 respondents (32 per cent) were allowed premature closing of loans without charging fine on special grounds. 182 respondents (89.65 per cent) of KFC did not avail this premature closing. In the case of non KFC borrowers, 10 of them (5.23 per cent) were allowed premature closing of loans by charging fine. 3 respondents (1.57 per cent) were allowed for premature closing without any penalization. The rest 178 respondents (93.19 per cent) did not avail this facility. To conclude that there is differing opinion as regards premature closing. KFC provided premature closing by way of charging fine.

The approach of lending institution is important for assessing the roles of the financial institution in helping the entrepreneurs to run their business. The approach of the institution when there is a question of default is very important. Whether the financing institution was helpful or not in overcoming the difficulty in defaulting the payment has to be looked into. 83 respondents (41 per cent) of the borrowers of KFC are prompt in their payment and no default occurred with respect to repayments. Among the rest of the tourism borrowers, 76 respondents (37 per cent) reported that the KFC officials were helpful whenever there arose a question of default. Whereas, 44 respondents (22 per cent)
reported that they were not helpful when they defaulted the repayment of loans. To conclude, a large majority of the respondents reported that the officials of KFC were helpful to manage the repayment of loans in case of default. In the case of borrowers of non KFC, 85 respondents (45 per cent) reported that the agency officials were not at all helpful when they were not prompt in making payments. Whereas 30 respondents (15 per cent) reported that they were helpful whenever there arose a question of default. Here also 76 respondents (40 per cent) are also making their payment without any default. It is clear that the attitude of officials of KFC are helpful than other institutions even when there is default in making payments by the respondents. Thus KFC ensures a great help and support for the tourism entrepreneurs to manage the business at the time of adversities.

The satisfaction of the borrowers with respect to the inspection of the agency staff was enquired into. This is an important factor which affect the availing of loans, utilization and repayment of loans. 78 respondents (39 percent) of the borrowers of KFC and 120 respondents (63 percent) borrowers of non KFC are satisfied with the inspection of the unit by the agency. At the same time 104 respondents (51 percent) from KFC and 54 respondents (28 percent) from non KFC were dissatisfied on the level of inspection extended by them. 21 respondents (10 percent) and 17 respondents (9 percent) respectively of KFC and non KFC group are neither satisfied nor dissatisfied. Thus a total of 198 respondents (58 percent) of borrowers of both KFC and non KFC recorded a better satisfaction level with respect to the inspection of the unit by the agency. To conclude, a large majority of KFC respondents are dissatisfied with respect to the inspection of the agency.

There is sufficient inspection and support from the part of the financing institution. Most often frequent unnecessary inspection is harmful to the institution.
Hence the details of inspection of the unit by the agency is enquired into. 95 respondents (47 percent) of the borrowers of tourism finance reported that the officials of KFC inspected the units at the time of approval of loans. 70 respondents (34 per cent) reported that they visited only when they made default. 38 respondents (19 per cent) reported that the agency officials visit the units at regular intervals. It is concluded that the KFC officials inspect the units only when the need arises and not at all times. 82 respondents (42 per cent) of non KFC reported that the officials inspect the unit at the time of default. 69 respondents (36 per cent) reported that inspection is made at regular intervals. 40 respondents (22 per cent) are of the opinion that they inspect the unit at the time of approval only. To conclude, a large majority of them (152 respondents) reported that the agency officials inspect the unit whenever they makes default.

**Analysis of the problems faced by tourism entrepreneurs in obtaining loans from KFC and others**

There are difficulties experienced by entrepreneurs whenever they approach financial institutions or banks for financial support. 12 respondents (5.91 per cent) of KFC group strongly agree that there are difficulties in obtaining loan from KFC and 9 respondents (4.71 per cent) of other institutions faced similar problem. 110 respondents (54.18 per cent) of KFC group agree that there are difficulties in obtaining loan from KFC and 70 respondents (36.6 per cent) of other institutions faced similar problem. 60 respondents (29 per cent) of KFC and 103 respondents (54 per cent) of non KFC group are of the view that they did not face any difficulties in obtaining financial support. In aggregate, 201 respondents (50.25 percent) are of the view that there are difficulties faced in obtaining financial support from KFC and others. The number of respondents who faced the difficulties is more in the case of KFC group. The significant association of the
difficulty of the entrepreneurs for availing the loans and the nature of financing (KFC and non KFC group) are tested by using Chi-Square and it is proved that there is a difference between KFC group and non KFC group in the difficulties in obtaining the loans.

The various factors which led to difficulties in availing of finance from KFC and other institutions are analysed. The difficulties encountered by a majority of 188 respondents of KFC and 156 respondents of non KFC is too many formalities in the sanctioning of loans. This is reported by a total of 344 respondents (36 per cent) from both KFC and non KFC group. Undue delay is the another difficulty according to 152 respondents from KFC and 146 from non KFC group i.e., 298 respondents (75.63 per cent) in total. Under valuation of security is another serious problem faced according to 151 respondents from KFC and 137 from non KFC group i.e., 288 respondents (73.09 per cent) in total. Non co-operative attitude of the staff is treated as the next difficulty according to respondents 112 respondents of KFC and 152 borrowers of non KFC group i.e., 264 respondents (67 percent) in total. To conclude, all the respondents are encountered with too many problems in getting loans or financial support from financial institutions including KFC. Among these cumbersome formalities of procuring loan and undue delay are the major difficulties experienced by the respondents in the sample.

Gestation period of loan means the period commencing for repayment after sanctioning the loan. The respondents need reasonably long gestation period for commencing its repayment because they can start repayment only after earning income from the utilization of loans. 147 respondents (72 per cent) of the KFC finance tourism borrowers are dissatisfied with the gestation period allowed by the KFC and 81 respondents (42 per cent) of non KFC are dissatisfied with the gestation period. 44
respondents (22 per cent) out of 203 respondents are satisfied with the present arrangements of gestation period by the KFC whereas 90 respondents (46 per cent) of the borrowers of non KFC are satisfied with the gestation period given by them. 8 respondents (4 per cent) of KFC borrowers and 15 respondents (8 per cent) of other group are neither satisfied and dissatisfied with the gestation period extended by them. The significant association of the gestation period on loans and the nature of financing (KFC and non KFC group) are tested by using Chi-Square and it is proved that there is difference in the gestation period of loans with respect to KFC and non KFC group.

The finance borrowers in certain cases even after submitting the application for obtaining loan may experience some delay in the sanctioning of loans. Hence a delay occurs and therefore they are not in a position to utilize the money accordingly for the purpose for which it was applied. 102 respondents (50 per cent) experienced delay in sanctioning of loans for a period of 2 to 4 months in the case of KFC group. But 37 per cent (70 respondents) of the respondents experienced the same delay in the case of non KFC borrower. 47 respondents (23 per cent) of KFC and 76 respondents (40 per cent) of non KFC experienced a delay in sanctioning of loans for a period of 1 to 2 months. 47 respondents (23 per cent) of KFC and 29 respondents (15 per cent) experienced the delay up to one month. Only a few borrowers reported that the delay is only 2 to 3 weeks. Also only a few responses were indicated in the case of delay of above 4 months in both the category of finance borrowers. But none of them reported that the delay is less than 2 weeks in both the cases. In short, it is clear from the analysis that there is inordinate delay in sanctioning of loans. This is one of the major problems faced by the respondents. The significant association of the delay in application and sanctioning of loans and the nature of financing (KFC and non KFC group) are tested by using Chi-Square and it is proved
that there is significant difference in the delay in loan applied and sanctioned among KFC and non KFC group.

Once the loan is sanctioned it has to be disbursed without much delay. But some of the financial institutions show some delay in sanctioning of loans. Therefore this creates a kind of difficulty to the tourism entrepreneurs. Most often they will have to raise some additional financial burden to meet this delay. Thus another problem raised by respondents is the delay in disbursement of loans. 106 respondents (52 per cent) of the KFC borrowers group experienced the delay in between sanctioning and disbursement to the extent of 3 to 4 months in disbursing loans after sanctioning of the same. Whereas 80 respondents (42 per cent) of the non KFC borrowers fall in this group. 66 respondents (32 per cent) of KFC experienced a delay between 2 to 3 months and in the case of non KFC borrowers, 90 respondents (47 per cent) experienced the same delay. 26 respondents (13 per cent) in the case of KFC group and 14 respondents (7 per cent) in the case of non KFC borrowers reported that the delay in disbursement is between 1 and 2 months. A minor per cent of 1 to 2 per cent of the respondents experienced that the delay is less than one month and very few reported that the delay is above 4 months (2 per cent). To conclude, a large majority of the respondents borrowers of KFC and non KFC reported that the delay in between sanction and disbursement is too large and create problems to them to appropriately utilize the funds in time. The significance of the delay in sanctioning and disbursement of loans and the nature of financing are tested by using Chi-Square and it is proved that there is difference in the delay in between the sanctioning and disbursal of loans among KFC and non KFC group.

60 respondents (29.56 per cent) of the KFC group and 20 respondents (10.47 per cent) of non KFC group strongly agree that there exist difference in the amount of loan
applied for and sanctioned by KFC and other institution. 100 respondents (49.36 per cent) of the KFC group and 98 respondents (51.31 per cent) of non KFC group agree that there exist difference in the amount of loan applied for and sanctioned by KFC and other institution. 20 respondents (9.85 per cent) of the KFC group and 8 respondents (4.19 per cent) of non KFC group disagree that there exist difference in the amount of loan applied for and sanctioned by KFC and other institution. 9 respondents (4.43 per cent) of the KFC group and 53 respondents (27.75 per cent) of non KFC group strongly disagree that there exist difference in the amount of loan applied for and sanctioned by KFC and other institution. 14 respondents (6.89 per cent) of the KFC group and 12 respondents (6.28 per cent) of non KFC group neither agree nor disagree in this regard. Of the total 394 respondents, 268 respondents (68 per cent) reported that the loan applied and sanctioned are not the same. It is concluded that there exists disparity in the amount of loan applied and sanctioned. This is a problem confronted by the tourism finance borrowers in both the groups and it is experienced by more borrowers of KFC group. The significant difference in the amount of loan applied and sanctioned with respect to nature of financing (KFC and non KFC group) is analysed using Chi Square and it is proved that there is difference in the amount of loan applied and sanctioned among the KFC and non KFC group.

Whether the loan given by KFC and other institutions were enough to meet the needs of the borrowers or not is also enquired into. 113 respondents (59 per cent) of KFC borrowers reported that the loan given was not sufficient. This is similar with respect by 85 respondents (44.5 per cent) of non KFC. To sum up 207 respondents (51.75 per cent) of the total reported that the loan given was not sufficient for meeting the purpose for which it is applied for. This insufficiency is more in the case of KFC when compared to non KFC group. The significant association on the sufficiency of loan sanctioned with
respect KFC and non KFC group of borrowers is analysed using Chi-Square and it is proved that there exists difference in the sufficiency of loans with respect to KFC and non KFC group.

The perception of the tourism borrowers are enquired into with respect to the cost incurred for getting financial support is also collected and is analysed. 125 respondents (61 per cent) reported that the expense incurred for obtaining funds is very high. Whereas 98 respondents (51 per cent) of the non KFC borrowers reported that cost of borrowings is high. 15 per cent of the borrowers of KFC and 7 per cent of the non KFC borrowers reported that the cost of borrowings is not high. 130 respondents (33 per cent of the total) reported that it is medium. To conclude, of the 394 respondents, 223 respondents (56 per cent) reported that the cost of obtaining funds is high. The significant association of the cost of borrowings of loans and the nature of financing (KFC and non KFC group) are tested by using Chi-Square and it is proved that there is difference in the perception level of cost of borrowings of loans with respect to KFC and non KFC group.

Use of political or other influence in getting loan is also examined and presented. 183 respondents (90 per cent) of the borrowers of KFC reported that there is political & other influence in obtaining loan. The same is suggested by 108 respondents (57 per cent) is the case of non KFC borrowers. It is concluded that 291 respondents (74 per cent) of both KFC and non KFC reported that there exists political and other influence for sanctioning of required amount and also for releasing the same in time.

**Analysis of the impact made by KFC in the tourism sector of Kerala**

There is much impact in the tourism sector through financial and other aid extended by Kerala Financial Corporation, which is compared with other institutions
providing such supports. The impact made by KFC compared to other institutions are analysed with the help of the following variables:

Finance is used for improving the earning position. Earning of income on the use of funds is an important factor in determining its impact on it. Earning of income is important on its utilization of funds properly. The impact on using of funds from KFC and other institutions on income of units are collected and is presented. In the case of 108 respondents (54 per cent of the total) of KFC and 102 respondents (54 percent) of non-KFC there was increase in income due to use of financial support extended by the financial institutions. In the case of 80 respondents (40 per cent) of KFC group and 79 respondents of non KFC group there was no change in income on account of funds provided by KFC and other institutions. Only in the case of 15 respondents (6 per cent) of KFC group income decreased over the previous years even after using the loan supplied by KFC. To conclude, in the case of a large majority of the KFC respondents the income of the tourism units increased on account of the use of funds provided by KFC. This means that KFC made an impact in the income generated by tourism units in Kerala.

Employment can be generated only if there is enough industrialization of any type. So one of the basic intention behind starting business in the tourism sector is to provide employment opportunities in the rural and urban sectors. The employment generation process depends on the profitability and growth of the enterprise. The impact of KFC loan in the development of tourism sector and providing of employment by units are also examined and is presented. 108 respondents (53 per cent) they were able to generate sufficient employment by using of funds from KFC. None of the cases in the sample indicated a decrease in employment generation compared to the previous years. In the case of 95 respondents (47 per cent) from KFC and other institutions there was no change
in the employment generation in comparison with the previous years. The employment provided remains the same before and after utilizing loans. To conclude, there is sufficient employment generation process in tourism units on account of the use of KFC loans and other institutions loans.

One of the most important income of the business of all types is the sales revenue or sales turnover. Tourism units earn income basically from the sales revenue generated. The profitability on the organisation purely depends on its sales revenue generation. In the case of 108 respondents (53 per cent) of KFC group and 104 units of non KFC group the sales revenue improved much on account of the use of funds issued by KFC and others institution. But in the case of 92 respondents (45 per cent) there is no change in the sales revenue before and even after the use of funds provided by KFC. Only 3 units (2 per cent) in the KFC group showed a decrease in sales turnover compared to previous years i.e., after using the loan there was a decline in sales revenue. To conclude, there is impact of KFC loan on tourism industries in Kerala as the impact on sales revenue increased in a large majority of the respondents on the utilization of loans.

The intention behind all business organization is to earn profit. Finance is important variable which is required at all times to make the venture run in a profitable manner. So whenever there is a question of deficiency of fund the units avail loans or other borrowings. The impact of KFC loans in tourism units in improving the profit is presented. 143 units (70 per cent) of the KFC group indicated that there is increase in profit over the previous years after using loans from KFC. In the case of 6 respondents (3 per cent) there is decline in profit even after the use of loans from KFC and others. But 54 respondents (27 per cent) in the KFC assisted units and 65 units (34 per cent) from non KFC group did not have any change in profit before and after the use of loan from KFC.
and other institutions. In short, it is concluded that in the case of 264 units (67 per cent) of the total tourism finance borrowers of KFC and other institutions there was increase in profits on account of use of borrowed funds.

In production operations, majority of the industries face the problem of utilising fully the capacity due to lack of sufficiency of funds. The service industries like tourism are also faced with the problem of lack of funds. The impact on utilizing borrowed funds from KFC and other institutions are looked into. In the case of 122 units (60 per cent) the number of working days improved on account of the use of finance provided by KFC. But in the case of 74 units (36 per cent) there was no change in the working days on account of the use of funds from KFC. For 7 units (4 per cent) there was decline in number of days even after obtaining loans from KFC. To conclude, 232 units (59 per cent) indicated that there is increase in number of days of service on account of borrowings from KFC and other institutions.

The overall position in generating income, employment, sale revenue, profit, number days and types of revenue generated shows a trend of increase on account of the use of KFC funds and also from other institutions or both. It makes it clear that there is sufficient impact on the working of tourism sector in Kerala due to the interference of KFC in the tourism sector. The presented data on income, employment, types of revenue generated on domestic and foreign tourists and profitability is put to statistical analysis for testing the significance or for proving the formulated hypothesis. Analysis is done to explain the impact of loan on income by comparing the income earned by the units before and after utilizing of loans. the normal variable income was compared before and after availing loan with the paired sample statistics or a correlated sample ‘t’ Test which shows the mean and standard deviation for N = 398 with the standard error mean. The mean level
after availing loan is 47.77 with a standard deviation of 15.19 per cent and 45.68 as mean level of income before availing the loan with a standard deviation of 17.87 per cent. The mean level income before and after application of loan shows an increase which clearly indicate that there exists a correlation between the two.

The level of significance of the correlation effect is also tested and that there exists correlation \( r = 0.811 \) which indicates that there is a high correlation between income before and after utilisation of loan. For knowing the level of significance between income before and after using loan is put to ‘t’ test. The analysis indicates that the income after availing loan, the loan on average significantly more than before availing the loan as is seen from ‘t’ value of which is \( -3.998 \), \( t = -3.998 \) and \( P = 0.000 \). From the analysis it is clear that there exists difference in the income of KFC and non KFC tourism finance borrowers before and after availing the loan \( (H_1) \) and hence it is proved.

The income generated by KFC and non KFC tourism finance borrowers are analysed to see whether there exists any difference in between KFC and non KFC tourism finance borrowers before and after availing the loan. the mean income level is 46.94 per cent in the case of KFC tourism borrowers with a standard deviation of 20.12 per cent and 44.36 per cent in the case of non KFC borrowers with a standard deviation of 15.57 per cent, before availing loans by units. Where as it is 49.64 per cent with a standard deviation 15.37 per cent in the case of KFC assisted units and 45.76 per cent with a standard deviation of 14.87 per cent in the case of non KFC assisted units which clearly indicates that there exists variation in income before and after using loans by units obtained from KFC and non KFC but the difference in income earned between the two institutional borrowers and KFC will differ. In order to test whether it is due to chance, independent sample ‘t’– test was applied. The Levene’s Test for the assumption that the
The variables such as number of working days, employment generation, net profit and sales were compared between KFC and non KFC borrowers to see whether there exist any difference between the two or not. It is seen from the analysis, in the case of the number of employment generated mean is 0.53 per cent with a standard deviation of 0.50 in the case of KFC assisted units and 0.53 (with a standard deviation of 0.50) in the case of non KFC assisted units. In the case of number of working days, mean is 0.71 in the case of KFC assisted units (with a standard deviation of 0.52) and non KFC units is 0.54 (with a standard deviation of 0.49). In the case of net profit/Loss, mean is 0.69 per cent (with a standard deviation of 0.52) in the case of KFC assisted units and mean is 0.56 per cent (with a standard deviation of 0.88) in the case of non KFC assisted units. In the case of annual sales or sales revenue, the mean is 0.67 per cent (with a standard deviation of 52 per cent), in the case of KFC assisted, units and 0.56 per unit (with a standard deviation of 0.59) in the case non KFC assisted units. In all cases there exists difference in the levels before and after using of loans and also differ in respect of KFC assisted units and non KFC assisted units. The Levene’s Test is used to check the assumption that the variance of KFC and non-KFC (others) are equal i.e., not statistically significant. The Levene’s Statistic is not significant for income, number of employment generated (p=0.984), number of working days (p=0.160) and sales revenue generated (p=0.690). Thus, the

variance of the two group are equal shows that ‘F’ not significant and equal variances assumed. Thus, for annual income before availing the loan \( t = 1.425, \ df = 392, P = 0.155 \). The ‘t’ is not statistically significant. So based on the means, so it can be concluded that there is no difference between the income between both groups. However, the annual income after availing the loan \( t = 2.541, \ df = 392, P = 0.01 \). The ‘t’ is statistically significant based on the means that the annual income of KFC is more than other borrowers.
assumption is not violated. However, for Net Profit/Loss (p=0.000), the Levene’s Statistic is significant and thus, the assumption of equal variance is violated.

Again to check the variance level and its significance, Analysis of Variance (ANOVA) Technique is used. The overall F for these four ANOVAs was significant. As is seen from the ANOVA there exists significant difference in all four variables. That is KFC and non KFC borrowers group differ significantly in the number of working days and not on the rest. For number of employment generated, $F (2, 397) = 0.014$, $p = 0.986$ and number of working days $F (2,397) = 5.557$, $p = 0.004$. In the case of Profit $F (2, 397) = 1.418$, $p = 0.243$ and in the case of Sale Revenue $F (2, 397) = 1.985$, $P = 0.139$. Hence, the variance is significant and the Hypothesis is proved.

CONCLUSION

The following are the conclusions drawn from the interpretation and analysis of the study:

A large majority of the tourism units in Kerala are run by the males. Female-operated tourism business ventures in tourism are very less as is seen from the personal profile of the respondents. So also the prevalent age group is between 25 and 40 years. Another feature is that majority of the respondents in the sample belong to proprietorship business.

The business of tourism is operated by respondents of different ownership type namely sole trader, partnership, public sector, private sector and public limited company firms. The management of these organisations and its effectiveness are dependent on the age. Majority of them are in sole proprietary business, in the age group of 25 to 40 years. In the case of partnership business the prevalent age group of respondents is 25 to 40
years and in the case of company business majority of them belong to the age group of 25 to 40 years.

The significant association of the type of ownership and the KFC and non KFC category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is no significant difference between the KFC and non KFC group in the type of ownership of the establishment.

KFC finances more units in the accommodation sector of tourism business. The significant association of the nature of tourism business with the category of the tourism finance borrowers are tested by using Chi square and it is proved that there is difference between the KFC aided group and non KFC aided group in the nature of tourism business being financed.

In the case of the education of respondents, majority of them are educated and can run the business better. A large majority of them are properly educated and can run the business better. 56 per cent in aggregate have undergone higher education such as professional, technical and college level. In the case of KFC group majority have education at school level and 46 percent are having higher education.

In the case of the experience of entrepreneurs or managers, majority of them have experience of 15 to 20 years and in some cases above 20 years.

The significant association of the annual income generated and the KFC and non KFC category of the tourism finance borrowers are tested by using Chi-Square and it is proved that there is difference in the annual income of tourism entrepreneurs aided by KFC and non KFC group.
Majority of the respondents reported that they did not undergo any kind of training prior to the starting of the business in their respective areas of business. It is found that the majority of the sample respondents belong to the first generation category of entrepreneurs. It is found that there is significant relation between the training of entrepreneurs and the type of financing.

The advice received from friends and relatives and the advice and guidance received from agency officials are the prime factors which led the entrepreneurs to choose tourism industry. An analysis of the age of business units reveals that the industrial units which commenced business prior to liberalization and post liberalized era are included in the study.

A large majority of the respondents in the sample have an average investment level of less than Rs. 1 crore and a nominal number possess investment of more than Rs. 1 crores. Majority of tourism finance borrowers in the KFC group belong to the category of investors who have invested in the range of Rs. 50 lakhs and less.

Majority of the respondents earned an annual income in different proportions but a large majority of them fall in the category of earning an annual income of less than Rs. 5 lakhs. It is concluded that a large majority of them avail financial support from KFC. The chi square analysis result shows that there is difference between KFC and non KFC group in the annual income earned out of tourism business.

According to the nature of ownership it may be sole proprietorship, partnership, public sector, private sector and public limited company business. The type of ownership of the units are further categorized on the basis of the classification made by financing
institution as rural or urban areas. Majority of the sole trader respondents are from rural area and the rest of them are from urban area which are selected for the study.

A large majority of the tourism units in the sample provide accommodation facilities to tourists. The tourism units for which the assistance is granted include accommodation units, travel and tours units, wellness centres, wayside amenity centres and souvenir shops. These units are financed not solely by KFC but other institution as well. KFC extend financial support to various tourism units in Kerala such as accommodation units, travel and tours units, wellness centres, wayside amenity centres and souvenir shops. The mean level of revenue generated by KFC tourism finance borrowers are higher than non KFC tourism finance borrowers in the case of domestic tourism.

Majority of the respondents reported that there exists difficulties in obtaining financial support from KFC and others. Almost all the respondents are of the opinion that they face problems in getting loans or financial support from financial institutions including KFC but most of them are of the view that cumbersome formalities and undue delay are the major difficulties experienced by the respondents in the sample. Hypothesis testing was done and it is proved that there is difference between KFC group and non KFC group in the difficulties in obtaining the loans.

Gestation period of loan should be short in availing loans. There is inordinate delay in sanctioning and disbursal of loans. The delay extends to 2 to 3 months. This is one of the major problems faced by the respondents.

Hypothesis testing was done to analyse whether there was any difference in the income of KFC and non KFC borrowers before and after availing the loan. From the
analysis it is clear that there exists difference in the income of KFC and non KFC tourism finance borrowers before and after availing the loan ($H_1$) and hence it is proved.

The cost of borrowings is high and the cost of obtaining funds in majority cases ranges from Rs.2500 to Rs. 5000. The cost of borrowings include expenses on documentation, project preparation, travel and others. Among the various type of expenses in cost of borrowings majority expense is incurred on account of documentation charges. Both the borrowers of KFC and non KFC reported that there exists political and other influence for sanctioning of required amount and also for releasing the same in time.

Important factors which influenced the respondents in selecting KFC as financing institution basically because of the lower interest rate of the KFC. The rate of interest is an important variable which attract respondents towards KFC. Another factor which influenced the entrepreneurs are co-operative attitude and supportive attitude of the officials of KFC in serving customers.

All the factors such recommendation from DOT, hand holding support, attitude in times of default, simple procedure and shorter delay, State’s financial Institution and attractive schemes lead the respondents in the selection of KFC as their financing institution.

The important steps taken by KFC for developing tourism sector in Kerala is by means of extending various trainings such as entrepreneurship development training, manpower training, computer & information systems training, customer related training, marketing and promotions training, etc. Of the various trainings the respondents the most popular is the entrepreneurship development training as first and this views is supported by a large majority.
KFC and other financial institutions extend handholding support for the development of the industry in which it is financed. The respondents are of the suggests that KFC and other financial institutions extend handholding support for the development of tourism industry. The tourism entrepreneurs availed sufficient help and co-operation while implementing and monitoring of projects implemented by utilizing the loans.

The various types of loans availed by the KFC borrowers are compared with the borrowers of other institutions using Chi-Square analysis and it is proved that there is significant difference in the type of loans availed by KFC and non KFC group.

The analysis in respect of the quantum of funds granted by KFC and others makes it clear that KFC advances more quantum of loans. Hypothesis testing using Chi square was done and it is proved that KFC borrowers are provided with high volume of loans than the non KFC borrowers.

Both KFC and non KFC borrowers provide financial support in the form of short, medium and long term loans but majority of them avail medium and long term loans for meeting their capital expenditure needs. The various types of loans availed by the KFC borrowers are compared with the borrowers of other institutions using Chi-Square analysis and it is proved that there is significant difference in the type of loans availed by KFC and non KFC group. But the long term lending given by KFC is more when compared to other institutions. The formulated hypothesis that the major role of KFC in the development of the tourism sector is providing of more loans for long term periods to tourism units is proved and hence significant.

The significant difference in the amount of loan applied and sanctioned with respect to nature of financing (KFC and non KFC group) is analysed using Chi Square and
it is proved that there is difference in the amount of loan applied and sanctioned among the
KFC and non KFC group. It is understood that there exists disparity in the amount of loan
applied and sanctioned. This is a problem confronted by the tourism finance borrowers in
both the groups and it is experienced by more borrowers of KFC group.

The KFC provides more funds in the form of medium and long term loans and also
in larger amounts for meeting the capital expenditure needs. Majority of them obtained
loans ranging between Rs. 10 lakhs and Rs. 20 lakhs. But there is varying amount seen in
between KFC units and non KFC units. The overall position shows that majority of
tourism finance borrowers of KFC avail loans at the commencement of business.

The tourism finance borrowers of KFC avail the financial assistance schemes viz.,
modernisation schemes, diversification, expansion, acquisition, infrastructural
development, schemes for fairs and exhibitions and for new ventures. There are special
schemes of KFC for hotels and resorts for starting additional facilities in their already
existing units. Also schemes for new entrepreneurs and women entrepreneurs are availed
by the KFC tourism finance borrowers.

A number of respondents in the sample availed the takeover of loan facility which
is beneficial to them. Tourism finance borrowers availed the facility of financial support
for participating in fairs and exhibition.

KFC group of tourism finance borrowers availed interest rate reduction and credit
rating rebates. KFC lends loans by charging an interest at 13.5 per cent but the effective
rate of interest is only to 10.50 per cent after reduction on prompt payment and for credit
rating. Since the respondents are not able to avail all facilities given by way of reduction in
interest rate and they are liable to pay the usual rate which they seems high.
A large majority of the respondents are not satisfied with the rate of interest charged by KFC and others. Anyhow there exists difference in interest rate as far as KFC and others are concerned.

It is reported that the respondents are satisfied with the co-operation and support extended by the officials of financing institutions in general and KFC in particular.

Of the total, majority of the respondents of the borrowers from the KFC reported that sufficient incentives are given by KFC for making prompt payment and there by the respondents can reduce the rate of interest on loans.

A large majority of the respondents in the sample are of the opinion that repayment schedule is fixed by KFC on a monthly basis which is convenient to them also. There are differing opinions as regards premature closing but a small percentage of the KFC tourism finance borrowers availed this facility on paying penalty of fine.

It is clear that the officials of KFC are helpful than other institutions when there is default in payment by respondents. The KFC officials inspect only when there need arise and not at all times. The officials inspect the unit whenever they make default.

The respondents in the sample reported that income increased an account of the use of funds provided by KFC and others. There is sufficient employment generation process in tourism industrial units on account of the use of KFC loans and other institutions loans.

The overall position in generating income, employment, sale revenue, profit, number of days and types of revenue generated shows a trend of increase on account of the use of KFC funds and also from other institutions or both. The variables such as number of working days, employment generation, net profit and sales analysed between
KFC and non KFC borrowers to see whether there exist any difference between the two or not. From the ANOVA test applied it is seen that there exists significant difference in all four variables. That is KFC and non KFC borrowers group differ significantly in the number of working days and not on the rest.

Also KFC units were able to generate more revenue from domestic tourism. Majority of KFC units showed improvements with respect to number of working days, employment generation, net profit and sales turnover. There is sufficient impact on the working of tourism sector in Kerala due to the interference of KFC in the tourism sector.

SUGGESTIONS

The following suggestions are made in the light of conclusions of the study:

- The procedural steps for obtaining loan from KFC should be much more simplified. This could enhance the genuine tourism entrepreneurs to avail loans without much difficulty.

- Steps should be taken to avoid the delay in sanctioning and disbursing of loans by KFC and others to tourism units in Kerala.

- There should be much more visibility of KFC’s special financing schemes in tourism ventures so as create more publicity in the society. This would attract more tourism entrepreneurs.

- Ensure frequent monitoring, evaluation and handholding support from KFC that enable the unit to use the funds effectively. Thereby they can remit their loan without any delay.
• KFC has to ensure helping attitude when there is a question of default with respect to the tourism industries in Kerala. This will help the units to overcome the period of adversities.

• Sufficient steps should be taken by KFC reduce cumbersome formalities and procedures and to ensure that the tourism entrepreneurs could avail the loans without much difficulty.

• Adequate steps should be taken by KFC to reduce the complicated procedures so as to help tourism units to avail interest rate reduction.

• KFC is suggested to take suitable measures to reduce the cost of borrowings. The documentation and other processing charges of KFC loans has to be reduced.

• KFC has to strengthen the Head Office and the branches through a networking of Management Information Systems so as to enable the ease of inviting applicants for loans and also for the ease of making repayments. Online submission of loan application would help the entrepreneurs to reduce the burden of traveling and other expenses. Enquiries of defaulting payments can also be made easily through online. This also would help the agency officials for inspection of the units.

• KFC has to extend finance to other tourism business like travels and tours, wellness centres, way side amenity centres, souvenir shops, etc. For this it can join hands with Department Of Tourism, District Tourism Promotion Councils, etc. and encourage new entrepreneurs into tourism business.

• As far as tourism industry is concerned more operations are in the form of hotels and restaurants. So KFC should provide additional contribution towards tourism
industry for providing assistance to promote other types of accommodation to tourists.

- Among the least financed areas in tourism accommodation with respect to KFC is the houseboats, heritage homes, home stays, etc. KFC during their public meetings, clientele meets, etc. has to focus on the assistance and promotion of these highly potential tourism business. The Business Development section of each branch of KFC has to take more initiatives in this regard.

- Being the state financial institution, KFC has to take special efforts along with Department of Tourism, Kerala, to create an awareness among the prospective entrepreneurs about the tourism potentialities of Kerala state. This would enhance public private partnership investments in the state which would promote the growth of tourism ventures in Kerala.

- KFC is suggested to reduce the grievances of tourism finance borrowers viz., undervaluation of security furnished, too many formalities in obtaining loan, delays in procuring loan, etc.

- The number of tourism industries operated by women entrepreneurs in Kerala is less. So steps should be initiated to attract women entrepreneurs in the tourism sector. KFC can have a number of promotional programs in collaboration with various Women Empowerment or Women Entrepreneurship Developmental programmes of the Government and various professional bodies like REACH, Entrepreneurship Development Cell (University Of Kerala), etc.

- The study reveals that more awareness of KFC schemes through advertisements is required. It is therefore suggested that more advertisements highlighting the
tourism schemes has to be released by KFC as it could be a major source of information to the prospective tourism entrepreneurs.

- KFC, being an identified financial institution by the Kerala Tourism department, can give special training on Environment Management so as to protect and preserve the nature and environment from being exploited on account of tourism. This would help in sustainable tourism development in Kerala.

- Tourism industry and its operations are made better through training given to entrepreneurs. Thereby they can extend better delivery of services. Hence KFC has to impart a State wise full fledged training programme to the tourism finance borrowers in the field of tourism promotion and development.

- There should be more targeted and effective tie up between the Directorate of Tourism officials and KFC staff so as to help both KFC and the tourism entrepreneurs in availing special schemes of KFC. This would be create concerted efforts to tourism development.

- The variation in the amount of loan applied and sanctioned should be reduced to the maximum possible in the case of genuine and eligible tourism entrepreneurs.

- Make sure that every tourism finance borrower is getting funds without any unauthorized influence either political or by any other means. This would tarnish the image and goodwill of the KFC being the state financial institution.

- Steps should be taken to ensure the adequacy of working capital support to tourism units in Kerala.
• KFC already has a special scheme for rewarding the good clients who make their payments promptly. Too many formalities for obtaining this should be reduced and streamlined. This would encourage prompt payments and thus reduce the number of defaulters.

• There should be sectoral (industry-wise) study of KFC customers and loans with respect to several industrial sectors in Kerala. A strengthened MIS would help in achieving data bank regarding the clients. This would enable KFC in a number of ways. Particularly this would help KFC to formulate industry specific financing schemes and have a customized approach for various sectors. This could help to improve the satisfaction of the KFC clients and also to reduce the grievances of KFC tourism borrowers.

• More professionalism is expected with respect to Business Development section. This will help to increase the awareness of various schemes of KFC. KFC has to attract more investors through their own professionals. It is found from the study that in the case of tourism borrowers of other financial institutions, the agency professionals took lead in attracting entrepreneurs to obtain loans from the agency.

• Business Development Division of all KFC branches should have good liaison with the Department of Tourism, Directorate of Tourism and District Tourism Promotion Councils in order to identify prospective investors in tourism. They can hold clientele meets jointly with these Government departments as the Directorate of Tourism has identified KFC as the prime lending organization in tourism. More efforts should be taken in this regard.
• KFC can have a Single Window Scheme with Directorate of Tourism, Department of Tourism, DTPCs, etc. through which the tourism finance borrowers can easily get information about the starting of a tourism enterprise and also of the availing of finance.

• Initiate joint tourism development with other States especially southern states and also to extent financial support by State Financial Corporations jointly.

• To ensure increased participation of financial institutions in the State, which include involving State Level Bankers Committee, KFC and KSIDC for speedy sanctioning of eligible loan applications and establishing a Tourism Finance corporation to exclusively attend to the financial requirements of Tourism units in Kerala.

• The State Kerala as a ‘Brand’ that can be marketed as part of employment generation and for economic development in Kerala through tourism industry.

• Steps should be taken by the Government to set up a separate financial institution for the purpose of financing tourism industries in Kerala.

• KFC has to modify the existing tourism schemes to make the financing more attractive and purposeful. KFC has to devise new and specific schemes for tourism entrepreneurs based on the emerging tourism avenues and product portfolio in Kerala tourism which is discussed below.

• It is high time that Government of Kerala fostered the private partnership investments in tourism product portfolio which are unique to tourism destinations and tourism spots in Kerala, as mentioned below. KFC or an exclusive State
tourism financing agency can have specific schemes in this regard to attract investors to invest in these attractive and profitable ventures in tourism. This could be developed on the following basis:

Transportation: Operation of aircrafts, luxury coaches and cars, boats, steamers, etc.

Accommodation: Hotels, resorts, bed & breakfast, guest houses, homestays, camping facilities, caravans, heritage homes, house boats, etc.

Travels and tours: Travel agencies, tour operators, tourist taxi and transport operators

MICE facilities: Meeting hubs, convention centres in backwaters, beach hill resorts, trade fairs, event organisers, etc.

HRD institutions: Manpower training centres, guide training centres, management training institutes. Etc.

Souvenir Shops: Handicraft shops, souvenir shops, ethnic boutiques, traditional jewellery centres, manufacturing units.

Information facilitation: Information kiosks, guide agencies, publishing of maps, guides, etc

Science tourism: Planetariums, Science & Technology museums, theme show theatres, 3D motion stimulators, 4-screen multiplex, amphitheatre, etc.

Film Shoot facilitation: Production houses, location scout teams, light equipments, unit/production vans, crew/man power agencies.
Wellness centres: Ayurveda centres, wellness spas, health clubs, treatment centres, exclusive packages, etc.

Beach side entertainment: Waterskiing, surfing, snowboarding, canoeing, yachting, diving, underwater aquarium, recreational boat industry, sea food restaurants, etc.

Backwater amenities: Backwater cruises, resorts, floating restaurants, floating cottages, water sport facilities like skiis, speed boats, yacht & cruisers, recreational facilities like angling and fishing.

Hill station facilities: Herbal gardens, plantation tours, tree houses, golf courses, angling, cycling, boating, paragliding, rock climbing, recreational facilities like rope ways/cable cars.

Jungle attractions: Environmental friendly accommodation, tree houses, multi-cuisine restaurants, plantation tours, wild life safaris, spice tours, boat cruises, elephant safaris, bird watching, etc.

This would eventually lead to infrastructure and superstructure development in Kerala tourism. KFC can modify the existing tourism financial schemes in this regard.

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