

SMART

JOURNAL OF BUSINESS MANAGEMENT STUDIES

(An International Serial of Scientific Management and Advanced Research Trust)

Vol.4

No. 1

January - June 2008

ISSN 0973 - 1598

Chief Editor
Dr. M. SELVAM, M.Com., Ph.D.,
Bharathidasan University,
India



SCIENTIFIC MANAGEMENT AND ADVANCED RESEARCH TRUST
(SMART)

TIRUCHIRAPPALLI (INDIA)

<http://www.geocities.com/smartbard>

KERALA TOURISM - RECENT TRENDS AND DEVELOPMENTS

J. Premchand

Institute of Hotel Management and Catering Technology
(Ministry of Tourism, Govt. of India), Kovalam, Thiruvananthapuram, India.

Abstract

Kerala, which is known as “God’s Own Country”, is the only state in the country which has fully tapped tourism potential. IT and tourism are the important industries in the state. Currently 45 lakh youth are unemployed in the state. By developing tourism, the unemployment can be reduced to a certain extent. The highlights of the latest developments in the field of tourism are attempted in this article.

The State of Kerala is one of India’s largest developed tourism destinations. According to a study conducted by Tata Consultancy Service, the major components of tourism industry in Kerala were identified as Restaurant, Transportation, Houseboat, Health and Tourist Shopping.¹

Tourism, as the largest industry in the world, has emerged as one of the key sectors that propels the economy of Kerala. Both in terms of international and domestic tourist arrivals as well as foreign exchange earnings, the state has been registering impressive growth rates. According to a Satellite Accounting Research conducted by WTTC (World Travel and Tourism Council), Kerala’s travel and tourism demand is expected to grow by 11.6 percent per annum over the coming decade. This is the highest recorded growth rate in the world. According to another study of WTTC on tourism sector in the state, travel and tourism generates as much as 7.7 per cent of GSP and 6.2 per cent of total employment. Visitor exports (tourism receipts) is worked out as 14.3 per cent of the total export of the state. Tourism employs around 10 lakh persons in the state².

Sandwiched between the Western Ghats and the Arabian Sea, the Indian state of Kerala is blessed with unmatched natural diversity that provides immense scope for tourism. Within its 38,863 square kilometers, this virtual paradise boasts of a wide range of tourist attractions-

from serene beaches and tropical islands to coastal and quiet backwaters, mist-clad hill stations, wild life sanctuaries, unspoilt wilderness areas, lush evergreen forests and a rich cultural heritage with unique art forms. In addition, a moderate climate, a level of literacy far above the rest of India, and a long history of community harmony, make this region a unique tourism destination, rightly claimed as “God’s Own Country.”

Recent Tourism Performance

As one of the world’s fastest – growing tourism regions, Kerala’s domestic tourist arrivals increased by an average annual rate of more than 18 per cent, while arrivals from abroad rose by 12 per cent per annum in the 7 years to 2004. These growth rates are well above the world averages and corroborate the findings of the WTTC and Oxford Economic Forecasting (OEF) research³. **(Refer Table-1)**

From **Table -2**, it is clear that both domestic and foreign tourist arrivals in Kerala show upward trend. During the 1990s, Kerala recorded decline in domestic arrivals for a brief period in 1998, but picked up again sharply the following year. Most domestic visitors travel to Kerala by rail or road and air transport accounts for less than 7 per cent of arrivals. Significant share of visitors are non-resident Keralites, visiting friends or relatives.

From **Table- 3**, it is clear that there is upward trend in both the foreign and domestic

tourists arrival to the state. Majority of domestic tourists are from North India. Foreign tourist arrivals from January to March, 2006 was 154,972 whereas figure for 2007 came to 195,096. It shows an increase of 25.89%. Regarding domestic tourists, the figure for 2006 was 1,459,546 whereas it reached 15,75,546 in 2007. This shows an increase of 7.95%.

A rising share of India's foreign tourist count

The **Table-4** shows that majority of the tourists are from UK, USA, France, Maldives and Germany. In the fourteen years from 1991- 2004, during which time India's international tourist arrivals doubled, Kerala's more than tripled, with the result that the Southern Indian state's share of the country's total arrivals increased from 5.6 per cent to 8.1 per cent. More significantly, preliminary results for 2005 suggest that while India's arrivals declined by 6.6 per cent – the second year of decline- Kerala's rose by 11.4 per cent, taking its share to as much as 9.8 per cent of India's total count.

A major contributor to Kerala's tourism growth in the last few years has been the development and refinement of its Ayurveda tourism product. The growing demand for health holidays whether to test the ayurvedic medicine's claims to rejuvenate mind and body, or simply for regeneration and relaxation, has come from both Western and Asian markets. Europe is an important source of tourism for India, accounting for 35 per cent of arrivals as against 40 per cent from within Asia and 17 per cent from America. Kerala has certainly benefited from India's reputation as a fascinating tourism destination, rich in natural and cultural attractions.

Earnings from Tourism

Tourism is currently India's largest domestic generator of foreign exchange. Tourism has been now recognized as a tool of economic

development. Tourism will continue to be the engine of growth for Kerala for many years to come. New areas that can add to the revenue are health and eco tourism. There has been a steady increase in the high spending foreigner component in the tourism traffic to Kerala.

Tourism contributes a lion's share of foreign exchange to Kerala (**Table-5**)

The Critical Role of the Private Sector

While the government's role has become more of a catalyst, or a facilitator for the growth of the industry, travel and tourism is basically a private sector activity. The industry's spectacular performance over the past decade has largely been made possible by private sector investment which has helped tourism to reach hitherto virgin areas in the state like Marari, Vythiri, Kalpetta, Mananthavady and Poovar.

Major national and international hotel chains, including Taj, Oberoi, Le Meridien, Leela, Best Western, Golden Tulip, Casino, and Mahindra, have already established hotels and resorts in the state.. Tour operators have also played a key role in the development of tourism in Kerala by creating unique and innovative tour options. Most of the leading tour operators in India like Thomas Cook, SITA, and TCI feature Kerala prominently in their national and international holiday brochures. A number of home- bred tour operators like Kerala Travels, Great India Tour Company and Pioneer Travels, which have exhaustive knowledge of the state, have also established themselves as niche players in Kerala's travel and tourism industry.

Central Financial Assistance⁴

The Ministry of Tourism, Government of India assists the State Government in executing the following schemes. (**Table-6 and Table- 7**).

- Development of Tourism Circuits.
- Development of Tourism Destinations.
- Large Revenue Generating Projects.

- Rural Tourism
- Information Technology and Capacity Building.
- Festivals and Fairs.

Hotel Industry Boom

We lack quality hotel rooms in the state to accommodate the tourist inflow. To remedy this inadequacy, there is mushroom growth of hotel industry in Kerala. The recent trend is that people prefer budget accommodation rather than luxury hotels. Currently 200 hotel projects are going on in the state. Majority of these are 3 star hotels in Trivandrum, Ernakulam and Munnar. Recently Taj group started a budget chain “Taj Ginger “ near Technopark, Trivandrum with 100 rooms. The growth of hotel industry will need trained manpower which will create a lot of employment opportunities, especially to the youth. Currently the room to staff ratio in the state is 1:2. Out of foreign exchange we are getting from Tourism, around 60% is from hotel industry. For starting hotel projects, a number of financial institutions like KSIDC, KFC, TFCI provide loans to the hoteliers. As on 31st March 2005, there are 247 classified hotels with 8166 room capacity. A number of financial incentives or investment subsidies are offered by DoT, Govt of Kerala for starting hotels or motels near national or state highways.

Illegal Construction in Munnar

In order to explore the tourism potential of Munnar, a number of resort owners have encroached upon government’s land with the help of bogus pattayams. This cannot be justified. Munnar will get a facelift as soon as the Tourism Department has decided to prepare a master plan for ensuring facilities matching international standards at the tourism hotspot. The tourism department has approached the state government with the proposal for providing sufficient land for building eco-friendly cottages.

The master plan is expected to be completed in four months and the facilities will be available from next year. With the demolition of illegal cottages and hotels, the tourists arriving at Munnar are likely to be affected by the shortage of rooms. According to DoT, around 3,500 tourists are visiting Munnar every day. The majority of tourists are from Tamilnadu. In the first phase, DoT will spend 5 crores for the construction of eco-friendly cottages. KTDC will be entrusted with the work and government land would not be handed over to private parties for the construction of cottages or hotels. As part of development plans, 20 more rooms and a convention center to accommodate 400 persons will be added to Tea County, which is a unit of KTDC. Munnar has been declared as a tourist zone and the rules and regulations in this regard will be framed soon.

Precautions taken by DoT

The demolition of illegal resorts in Munnar has put the DoT in an embarrassing situation. Some of these resorts that have been razed to the ground and many that are facing destruction are listed in the official website and other promotional materials of Kerala tourism. The names of resorts that have now been found illegal are removed from the official website. The Principal Secretary, the prime force behind the responsible tourism movement in the state, feels that the demolition spree in Munnar will turn out to be a boon for tourism in the State. It sends a clear signal that our state will not tolerate anything illegal. Now the bonafide industry players and tourists in general will know that our state means business. It will add to our brand value.

The demolition has also spurred the department to streamline the entire process of tourism information. “Data updation is not being done to my satisfaction. We have not been able to evolve a protocol for updation” said Dr.V.Venu.IAS. He said that scientific means for automatic tourist info updation was the need

of the hour. For this the department wants to ensure three things in future.

- 1) There should be a mechanism to grab the data as and when the Union Tourism Ministry classifies a property.
- 2) The DTPC must keep a regular check on the operations of the listed properties.
- 3) The DTPC should also keep tabs on any disruption in operations.

The Secretary opined that “The Tourism department does not have the power nor the expertise to check whether a particular structure is illegal or not. This is the job of the Revenue Department.”

The LDF Government sanctioned 131 projects at a cost of 60.60 crores in 2005-06 for various tourism projects. It is observed that since tourism is a vehicle for economic development of the state, it has much potential for development in Kerala. The benefits of Special Economic Zone (SEZ) should be made applicable to tourism/ hospitality projects. Tax holiday benefits as per Income Tax Act, 1961 should be given to large-scale hospitality projects. To develop trained manpower for the

hospitality industry in future, the International Institute of Hospitality Management should be started in the current financial year itself with central aid. The Capacity Building for Service Providers (CBSP), which is currently known as “Adithi Devo Bhava”, sponsored by Ministry of Tourism, Government of India, should be carried out systematically through IHMs, FCIs and even with private sector participation in and around tourist centers.

References

- 1) Socio Economic Impact of Tourism in Kerala, A study conducted by Tata Consultancy Service, Mumbai (2001) for DoT, Govt of Kerala
- 2) Economic Review – 2006, State Planning Board, Govt. of Kerala, 2006
- 3) Bringing Home a New Beginning, 2006, DoT, Govt. of Kerala

Other Reference

- 1) www.keralatourism.org.
- 2) Tourism statistics- 2005, DoT, Govt of Kerala.
- 3) Facelift for Munnar’ article published in The New Indian Express, Trivandrum edition dated.. page.no.4
- 4) 38 crores for Tourism Projects, Article published in Kerala Tourism magazine, p.10, January,2007, Published by Tourism India, Trivandrum.

Table-1 Domestic Tourist Arrivals in Kerala

Year	Arrivals (000)	% annual change
1998	4,482	-9.5
1999	4,888	9.1
2000	5,011	2.5
2001	5,200	3.8
2002	5,568	6.3
2003	5,871	5.4
2004	5,972	1.7
2005	5,946	
2006	6271	5.47

Source- www.keralatourism.org

Table-2
Month wise Foreign and Domestic Tourist Arrivals -2006

Sl.no	Month	Foreign	Domestic
1	January	58858	532748
2	February	56530	469363
3	March	39584	457435
4	April	32377	522408
5	May	20470	610241
6	June	16209	467879
7	July	23578	478701
8	August	28821	511198
9	September	21888	517659
10	October	28681	543876
11	November	44421	556297
12	December	57117	603919
TOTAL		428534	6271724

Source. www.keralatourism.org.

Table-3
District Wise Statistics of Tourist Arrival for the Year 2006

Sl. no	District	Foreign			Domestic		
		2006	2005	% Variation over 2005	2006	2005	% Variation over 2005
1	Thiruvananthapuram	151,578	119,940	26.38	866,712	837,211	3.52
2	Kollam	7,918	6,813	16.22	122,998	98,277	25.22
3	Pathanamthitta	346	349	-0.86	57,032	59,328	-3.87
4	Alappuzha	36,407	30,274	20.26	179,115	173,626	3.16
5	Kottayam	26,543	20,017	32.6	196,284	164,909	19.03
6	Idukki	44,583	39,378	13.22	515,182	473,772	8.74
7	Ernakulam	131,767	108,773	21.14	1,080,591	1,025,944	5.33
8	Thrissur	4,142	2,421	71.09	1,398,014	1,327,856	5.28
9	Palakkad	809	801	1.00	300,674	266,837	12.68
10	Malappuram	7,109	5,115	38.98	303,844	306,431	-0.84
11	Kozhikode	11,154	8,420	32.47	550,694	553,363	-0.48
12	Wayanad	2,611	942	177.18	225,923	191,184	18.17
13	Kannur	2,730	2,090	30.62	351,309	333,855	5.23
14	Kasaragode	837	1,166	-28.22	123,352	133,880	-7.86
	KERALA	428,534	346,409	23.68	6,271,724	5,946,423	5.47

Source. www.keralatourism.org.

Table-4
Foreign Tourist Arrival- 2006- Country break up

Sl.no	Country	Nos
1	UK	91038
2	USA	40409
3	France	37923
4	Maldives	29687
5	Germany	24649
6	Italy	14197
7	Australia	12460
8	Switzerland	10690
9	Netherlands	10488
10	Canada	8780
11	Spain	6981
12	Japan	6954
13	Saudi Arabia	6213
14	Sweden	6207
15	Sri Lanka	5787
16	UAE	5656
17	Belgium	5427
18	South Africa	5423
19	Russia	5077
20	Malaysia	4563
21	Israel	3805
22	Singapore	3761
23	Denmark	3719
24	Austria	3625
25	Oman	3233
26	Bangladesh	3225
27	Baharin	3198
28	Kuwait	3152
29	Quatar	2781
30	Newzealands	2217
31	Korea	1822
32	China	1565
33	Nepal	1248
34	Philippines	1111
35	Kenya	944
36	Thailand	739
37	Brazil	674
38	Iran	646
39	Czechoslovakia	552
40	Mexico	526
41	Yugoslavia	107
42	Pakistan	85
43	Others	47,195
TOTAL		428,534

Source. www.keralatourism.org

Table-5
Earnings from Tourism

Year	Foreign Exchange earnings (Rs in crores)	Percentage of increase	Total revenue generated from Tourism (Direct and indirect) Rs in crores	Percentage of increase
2001	535.00	1.85	4500.00	9.58
2002	705.67	31.90	4931.00	20.42
2003	983.37	39.35	5938.00	12.83
2004	1266.77	28.82	6829.00	15.01
2005	1552.31	22.54	7738.00	13.31
2006	1988.40	28.09	9126.00	17.94

Source: www.keralatourism.org

Table-6
Central Financial Assistance for Tourism

Year	Allocation (Rs in crores)
2002-03	9.11
2003-04	12.39
2004-05	21.99
2005-06	48.09
2006-07	38.00

Source. Ministry of Tourism, Govt of India

Table-7
New Tourism projects with Central Aid (2006-07)

Project	Amount sanctioned (Rs in Crores)
Padmanabhapuram Palace	3.08
Neyyar dam	5.80
Konni	5.80
Aranmula	0.50
Thekkady	5.80
Anakkara	0.46
Vagamon	3.34
Malankara Dam	3.32
Munnar	5.80
Kaladi	0.47
Vazhani	3.05
Iringal	3.92
Muzhupilangad	3.50
Ranipuram	4.80
TOTAL	38.00

Source. Ministry of Tourism and Culture, Govt of India