



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## AN ANALYSIS OF THE ECONOMIC IMPACT OF TOURISM IN KERALA

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### ABSTRACT

Tourism is a dynamic and competitive industry that requires the ability to adopt constantly to customer's changing needs and desires, as the customer's satisfaction, safety and enjoyment are particularly the focus of tourism businesses. Tourism comprises the activities of a person traveling in places outside their usual environment for leisure business and other purposes. By the early 21st century, tourism had recognized as one of the world's most important economic activities. Kerala, referred to as 'God's Own Country', is famous for its tourism and one of the very popular Tourists destinations in the world. An equable climate, serene beaches, tranquil stretches of backwaters; lush hill stations and exotic wildlife are the major attractions of this land. The unique geographical features that have made it one of the most sought-after tourist destinations in Asia. Classical art forms, colourful festivals, exotic cuisine are some of the cultural marvels that await travelers. Ayurveda, the ancient Indian system of medicine and Panchakarma, the rejuvenation therapy in Ayurveda have also helped Kerala to gain a global reputation as a worth-visit destination. Tourism as a growing sector contribute 10% of state GDP and 23.5% of the total employment to the Kerala's economy. The present study analyses the trend of tourists arrival and the economic impact of tourism in Kerala by using secondary data.

**Key words :** - Tourism , Tourist arrival, economic impact

### INTRODUCTION

Tourism is the second large Industry in India .It provide large employment opportunities. It also influence the Indian economy on a great scale . It contribute foreign exchange on a large scale . The word Tourism defined by UNWTO as, "Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure , business and other purposes". The history of tourism begins long before the coinage of the word tourist at the end of the 18th century. In the Western Tradition, Organized travel with supporting, Infrastructure sightseeing and an emphasis. So essential destinations and experience can be found in ancient Greece and Rome. Which can lay claim to the origins of both 'heritage tourism' and beach resorts. The Seven Wonders of the World became the tourist sites for Greeks and Romans.

India is the country which is surrounded by the Himalayas, Arabia Sea, Bay of Bengal, and the Indian Ocean as well known that it is rich in its culture, heritage, unique style temples, wildlife, Sanctuaries etc, which attract the tourists large in number. Visiting India is a dream of every foreigner because India has lot to travel and explore many adventurous things. India is where the people live with much diversity where people speak different languages.

Kerala is famous for its tourism and one of the very popular Tourists destinations in the world. Some of the initiatives in the tourism sector of Kerala are in Eco Tourism in which tourism from all over the world. Visit natural areas undisturbed and preserved for tourists. Another initiative famous in Kerala is beautiful backwaters where tourists attend boat races. Its culture and traditions are unique and there are some

of the factors that make Kerala famous and popular among other tourist destinations in the world .The sector tourism growing at a rate of 13.3% the tourism industry is a major contributor to the state's economy.

Until the early 1980s, Kerala was a relatively unknown destinations, with most tourism circuits concentrated around the north of the country .Aggressive marketing campaigns launched by the Kerala Tourism Development Corporation, the government agency that oversees tourism prospects of the state laid adventures, volunteering and personal growth of the local population. Actions are taken to minimize the adverse effects of traditional tourism on the natural environment and enhance the cultural integrity of local people.

### REVIEW OF LITERATURE

Though in recent time a considerable amount of literature in different aspects of tourism is available, still there is a great paucity of information .This is because tourism is only an emerging industry. Romila Chawla ( 2003) in her book entitled , “ Tourism in the 21<sup>st</sup> century “ has emphasized on the important features of the tourism industry , it's contribution and creation of harmonious social and cultural environment and also suggest the promotion of arts , crafts and culture to bring about prosperity and sustainable development. She has listed the essential aspects and challenges of tourism in the 21<sup>st</sup> century. S.C Woodward (2004) in his article on “ Faith and Tourism: Planning Tourism in Relation to Places of Worship “ has opined that the income generated by religious sites can be used for repair and maintenance of those particular sites and other religious sites. A Murugan (2005) in his article on “challenges and changes in Indian tourism “has stated that the main reason behind explosion of domestic tourism in India is the presence of world famous pilgrimage sites. Nimi Dev R and Gabriel Simon Thattil(2006) in their Article ‘Tourism for body soul – Varkala’ model examined the potential of Varkala as a Tourist destination and brought the problems and prospects for this destination. T.winter (2007) in his study on” in Need of new Environmental Ethics for Tourism” has discussed the present scenario of tourism in Asia. N.Rajasulochana (2008) in her article “A Critical Review of Rural Tourism Policy in Tamil Nadu context” has viewed that of most of the ongoing schemes as well as proposed schemes in Tamil Nadu are concentrating only on religious sites thus reinforcing ‘temple’ tourism rather than rural tourism other variants of rural tourism such as sports and adventure tourism, eco-tourism, farm tourism and nature tourism are ignored. Vikas Gautham (2012) in his article on “An Empirical Investigation of Consumers Preference about Tourism in Indian Context with Special Reference to the State of Himachal Pradesh” has explained that tourist attribute the highest importance to security value for money and provision for information. Ravi Bhushan Kumar (2014) in his article entitled,”Pilgrimage Tourism in Kurukshetra (Haryana): A Sustainable Development Approach” has said that tourism is one of the biggest and fastest growing economic sectors in the global economy and has significant environmental, cultural, social and economic effects, both positive and negative. Pilgrimage tourism is pre-requisites of achieving sustainable development, which can be taken as a remedy to manage tourism effects. The previous research studies did not concentrate much on the trend of tourist arrival and its economic impact on Kerala Economy.

**OBJECTIVES**

1. To examine the trend of foreign and domestic tourist arrival to Kerala .
2. To analyze the economic impact of tourism on Kerala economy.

**METHODOLOGY:** Data used in this study is collected from the reports of Tourism departments of both central and state governments, governments of India tourist statistic, Kerala government report, publications like economic and political weekly, economic review and data from various newspapers, internet, etc also used for collecting data.

### TREND OF ARRIVAL OF TOURIST INTO KERALA

The following table shows the domestic and foreign tourist arrivals into Kerala (2008-2017)

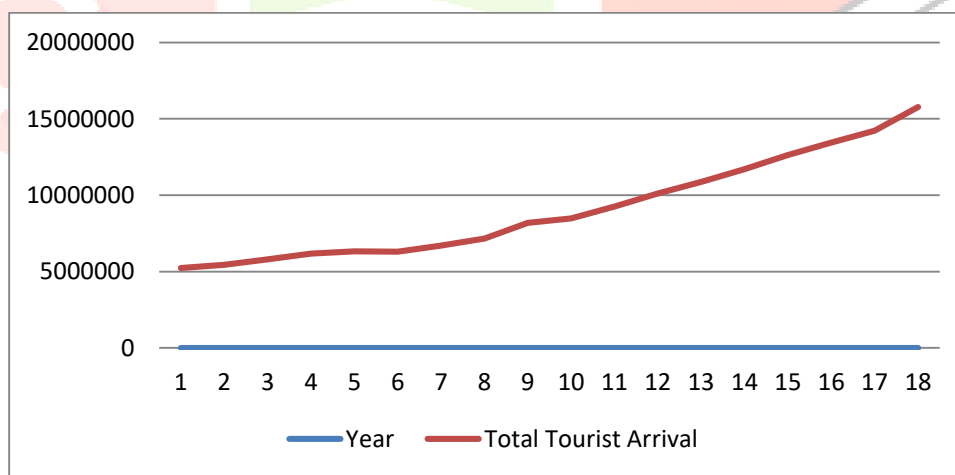
**Table-I Arrival of**

#### Tourist into Kerala

Year	Domestic Tourist Arrival	% of variation over previous Year	Foreign Tourist Arrival	% of variation over previous Year	Total Tourist Arrival	% of variation over the previous Year
2000	5013221	2.56	209933	3.84	5223154	2.61
2001	5239692	4.52	208830	-0.53	5448522	4.31
2002	5568256	6.27	232564	11.37	5800820	6.47
2003	5871228	5.44	294621	26.68	6165849	6.29
2004	5972182	1.72	345546	17.28	6317728	2.46
2005	5946423	-0.43	346499	0.28	6292922	-0.39
2006	6271724	5.47	428534	23.68	6700258	6.47
2007	6642941	5.92	515808	20.37	7158749	6.84
2008	7591250	14.28	598929	16.11	8190179	14.41
2009	7913537	4.25	557258	-6.96	8470795	3.43
2010	8595075	8.61	659265	18.31	9254340	9.25
2011	9381455	9.15	732985	11.18	10114440	9.29
2012	10076854	7.41	793696	8.28	10870550	7.48
2013	10857811	7.75	858143	8.12	11715954	7.78
2014	11695411	7.71	923366	7.60	12618777	7.71
2015	12465571	6.59	977479	5.86	13443040	6.53
2016	13172535	5.67	1038419	6.23	14210954	5.71
2017	14673520	11.39	1091870	5.15	15765390	10.94

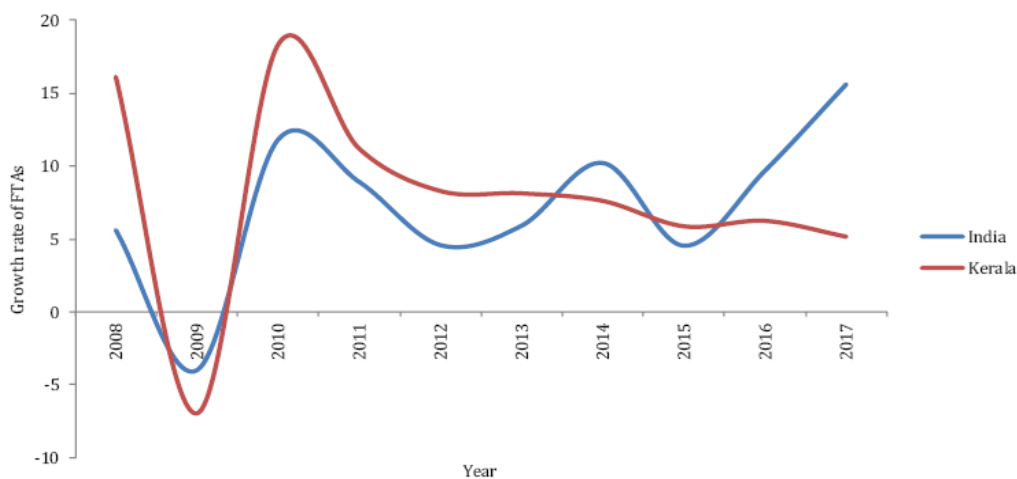
Source : Compiled from Kerala Government Tourism Statistics 2017 and economic review 2018

The above table shows the annual growth rate of total tourist arrivals in Kerala, both in the case of domestic and foreign tourists.



Source : Compiled from Kerala Government Tourism Statistics 2017 and economic review 2018

The share of Kerala in India’s tourism in 2017 is 10.73%, which is lower than the previous year which is 11.79%. The figure below reveals the trends in the foreign tourist arrival in India during 2008-17.



Source: Department of Tourism GOK.

The growth rate in Kerala with respect to foreign tourist arrivals was lower than that of India in 2016 and 2017. From 2008 to 2013, it was higher than the national average. The State has been witnessing a declining growth rate after 2010. In 2010, the growth rate was 18.31 per cent, which dropped to 5.86 per cent by 2015 and further to 5.15 per cent in 2017.

**Month wise tourist arrivals in to Kerala during 2017**

Month wise Foreign and Domestic tourist arrivals the year 2017 is as shown below.

**Table 2. Month wise Foreign and Domestic Tourist Arrivals during the year 2017**

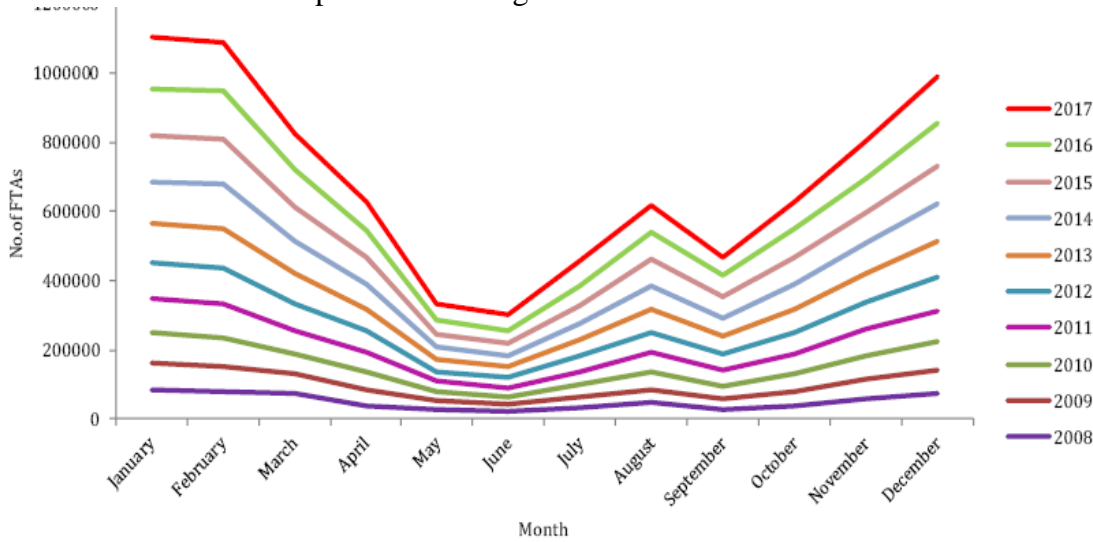
SL No	Month	Foreign	Domestic
1	January	150808	1221074
2	February	135089	1034563
3	March	107141	1014871
4	April	82633	1213252
5	May	49073	1338330
6	June	44040	1027361
7	July	72550	1083162
8	August	73736	1138533
9	September	54700	1188959
10	October	79957	1379190
11	November	107028	1401610
12	December	135113	1632609
	<b>Total</b>	<b>1091870</b>	<b>14673520</b>

Source : Kerala Government Tourism Statistics 2017

**Seasonality in foreign tourist arrivals**

In 2017, the maximum number of foreign tourists arrived in Kerala during the month of January followed by December. The lowest foreign tourist traffic in 2017 was registered for the month of June in the last 10 years. Following figure depicts the month-wise comparison of foreign tourist arrival in Kerala from 2008 to 2017.

Month-wise comparison of foreign tourist arrival in Kerala from 2008 to 2017, in number

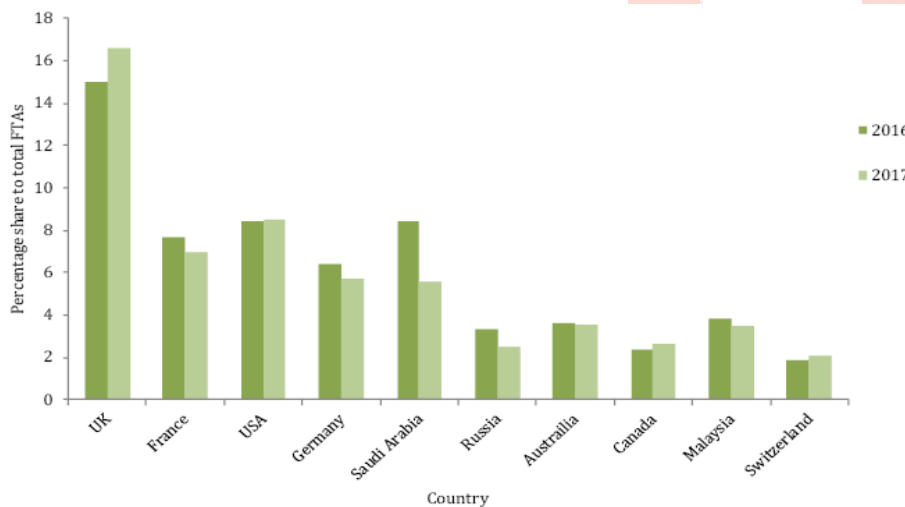


Source: Department of Tourism GOK.

**Source market of foreign tourist arrivals**

In 2017 United Kingdom, with a percentage share of 16.57 per cent remains at the top of list of the countries from where foreign tourists come to the State. USA occupied the second position with an 8.51 per cent share. In 2016 also, these two countries remained at the top two positions. In 2017, France (6.9 per cent) and Germany (5.73 per cent) contributed the next major shares of foreign tourist’s arrivals. But in 2016, Saudi Arabia and France were in 3rd and 4th position. The figure illustrates the share of foreign tourist arrival to Kerala from top ten countries during 2016 and 2017.

Foreign tourist arrival from top ten countries of the world to Kerala during 2016 and 2017, in per cent



Source: Department of Tourism GOK.

**ECONOMIC IMPACT OF TOURISM**

**Earnings from tourism in Kerala**

Revenue generated by Tourism in Kerala is very high. The table which is below shows earning of Kerala from Tourism including Foreign Exchange Earnings.

**Table.3. Earnings from Tourism in Kerala**

Year	Foreign Exchange Earnings ( RS in crores)	% variation over previous year	Total revenue generated from Tourism(direct and indirect)( RS in crores)	% variation over previous year
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
2007	2640.94	32.82	11433.00	25.28
2008	3066.52	16.11	13130.00	14.84
2009	2853.16	-6.96	13231.00	0.77
2010	3797.37	33.09	17348.00	31.12
2011	4221.99	11.18	19037.00	9.74
2012	4571.69	8.28	20430.00	7.32
2013	5560.77	21.63	22926.55	12.22
2014	6398.93	15.07	24885.44	8.54
2015	6949.88	8.61	26689.63	7.25
2016	7749.51	11.51	29658.26	11.12
2017	8392.11	8.29	33383.68	12.56

Source : Compiled from Kerala Government Tourism Statistics 2017 and economic review 2018

### Plan Allocation for Tourism

Center and state governments providing financial provision for Tourism Development. Financial provision for Tourism Development is made in Kerala by both central and state Govt under the annual plan.

The details of State plan allocation and central finance assistance for Kerala Tourism from 2012-2013 to 2016-2017 are given in the table

State Plan Allocation and Central Financial Assistance 2012-2013 to 2016-2017 ( in crores)

Year	Allocation including SDG	Central Financial Assistance
2012-2013	1805.53	78.26
2013-2014	214.89	346.67
2014-2015	245.36	
2015-2016	230.45	99.23
2016-2017	314.32	194.43

Source: Department of Tourism GOK.

### Sanctioned Tourism Projects in 2017-18

In 2017-18, 167 projects were sanctioned with an outlay of ₹443 crores in the State and the number of projects sanctioned in 2018-19 (up to August 2018) is 49 with an outlay of Rs. 132 Crores.

### Major Achievements Under Various Plan Schemes

- Cultural initiatives – Onam Celebration 2017, Nishagandhi Festival and UTSAVAM, the Kerala Arts festival for the promotion of local cultural programmes
- Tourism Promotion and Publicity – The department of tourism has undertaken various innovative initiatives in the areas of promotion and publicity. The department has participated in 12 international trade fairs, 25 national travel and tourism fairs, 20 B2B Meets and 21 National partnership meets in 2017-18
- Kerala Tourism Development Corporation (KTDC) had completed upgradation and renovation of 52 rooms in Hotel Chaithram, Thiruvananthapuram
- Development of small and medium entrepreneurs in tourism sector in North Malabar
- Around 522 women were engaged in clean destination campaign in selected destinations in 14 Districts
- Completed construction of permanent campus for State Institute of Hospitality Management (SIHM), Kozhikode.

- Destination improvement in Thenmala under Eco tourism project
- Responsible Tourism Mission – Responsible Tourism (RT) activities were initiated in the State in 2008 and RT Mission in Kerala has been formed in the year 2017 with the objective of implementing RT activities across the State. The major deliverables of the Mission are initiating community level tourism activities, creating tourism – trading community level linkages and encouraging adoption of RT principles and practices by tourism trade and other stakeholders. The total number of registered RT Mission units is 6,161. 11,835 people directly and 25,958 people indirectly benefitted through 5,965 RT Mission Units. Women Empowerment: Out of the 6,161 units of RT Mission 4,005(65 per cent) units are headed by women and majority of the RT Mission beneficiaries are women. The Mission achieved an amount of Rs. 5.26 crore of income generation for the local community from tourism related activities.

## CONCLUSION

Tourism in Kerala provides a number of economic benefits, some of which are Generation of employment opportunities, earns foreign exchange without exporting anything tangible, leads to balanced regional development, helps to improve per capita income and standard of living, facilitates development of basic infrastructural facilities, promotes a hub by economic activities, promotes related industries, promote universal brotherhood, international understanding and world peace, facilitates preservation of many vanishing arts, promotes pilgrimage to holy places, promotes urbanization in the host regions, revives local architectural traditions, regional peculiarities, the ancestral heritage and the cultural environment, preserves ancient monuments and historical sites, wildlife tourism will be a check against poaching and plundering of forest wealth, helps exchange of cultural values. The lack of safeguards for environmental and cultural sustainability in tourism policies and programmes poses threats particularly to areas inhabited by Indigenous Peoples, whose cultural landscapes and even their traditional knowledge, ceremonies and sacred sites are being exploited for tourism purposes, often without their consent. Most sustainable tourism advocates are aware of the fact that tourism competes with local activities for the use of limited natural resources. But to make tourism ventures successful, they suggest that ‘tradeoffs’ are inevitable. Tourism as ‘sustainable development’ proves to be a myth when ‘trade-offs’ are made in the narrow interests of the industry. The effects can be experienced the world over: Ecosystems are still being destroyed and biodiversity lost on a massive scale to build more hotels and resorts; small communities turn into polluted and ugly urban areas increasingly plagued by congestion, infrastructure bottlenecks and social problems.

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