

Avenues of Investment in the travel and tourism sector in Kerala

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Abstract

Kerala ,as a tourist destination, occupies a remarkable position in the tourism map of India. The present paper attempts to analyse the investment potentials based on the incentives to promote tourism industries in Kerala and its impact is assessed on the basis of trends in the tourist arrivals to Kerala. The study revealed that, over the years, the percentage in the number of arrivals are on increase .It also tried to examine the foreign exchange earnings of the state from the tourism sector. The study indicates a promising future for this industry . The paper focussed on the central and state government initiatives to promote the tourism sector of Kerala. The government is supporting the industry by providing different types of concessions in the form of tax relaxation, investment subsidy ,declaring awards etc. So the paper concluded by calling the innovative entrepreneurs to invest their fund in the guaranteed investment thereby they can exploit the God's Own Country's competitiveness .

Key words: Tourism, ,Tourist, Foreign Exchange Earnings ,investment.

1.1 Introduction

Tourism sector of India has been getting a prominent place in the global scenario . After independence government was focusing on development of the key areas like agriculture, industry, infrastructure .It was declared as an industry in 1986 and became eligible for several incentives and facilities including tax incentives , subsidies and priorities in the sanctioning of loans by the State Financial Institutions . In July 1991, the tourism was also declared as priority sector for foreign investment.

As far as the state wise tourism is concerned, the state of Kerala has got with a position in the tourism map of India and since the tourism industry is one of the engine for the economic growth of the state, it demands utmost urgency to modernize the industry in the perspective of the national tourism policy 2002 and the Kerala Tourism policy 2012. A guaranteed multiplier effect is expected by the appropriate planned development of the tourism sector on the employment generation, economic development and impetus for rural regeneration. Given the potential of attracting tourists the development of tourism is an obvious choice for the state .The emphasis on domestic tourism as a major driver of tourism growth is focused in the national tourism policy and also in the policy of the state of Kerala.

1.2 Review of Literature

Krishna.R.R. and Govinda Swamy.M.(1998) stressed on Tourism marketing and stated that marketing in tourism means systematic and coordinated execution of business policy by tourist undertakings whether private or state owned at local , regional , national or international level to achieve the optimal satisfaction to the tourists.

Mohammed Sulfikar (1998) makes a deep insight into the tourism scenario in India and he also stressed on Hotel Industry.

Manohar Sajani (1999) -The World Tourism and Travel Council (WTTC,) , as an outcome of the research in tourism matters estimates that tourism currently employs 17.7 million people- some five percent of the total employment in the country.

Sasikumar K, Binu R (2004) analysed the growth of tourism industry in Kerala in comparison to other States. The study also highlighted the developmental activities of tourism industry in Kerala, the role of different agencies involved in tourism, development of infrastructure, tourism vision of the State in comparison to others. Further, the promising tourism products in Kerala is also projected.

Anbalagan.M, Ezhilan.G, Selvam.V (2004) highlighted the social, cultural and economic transformation of the country through tourism. Indian tourism industry is poised for a major break through in the new millennium due to infrastructural development, spread of telecommunication network and importance of service sector in nation building. An integrated approach with multi-pronged strategy can yield rich fruits in tourism sector in the years to come.

Pran Nath Seth (2008) opines that most researchers in tourism have been concentrating on economic benefits of tourism. The economic benefits of tourism are reflected in balance of payments, higher employment, rising incomes and new entrepreneurial activities in the host nation.

Dr. R. Gopal*, Ms. Shilpa Varma** and Ms. Rashmi Gopinathan (2008) suggested that the Agri tourism to succeed, it is imperative that the tourists must have: Something to see, Something to do: Participating in agricultural operations, riding camel, buffalo etc. and Something to buy: Rural crafts, dress materials etc.

Suhita Chopra (2009) (3) opines that tourist activities creates spin-off results in different sectors of the economy which creates increased demand for capital and consumer goods resulting in an increase in GDP

Ms. Sravana and Dr. M.A. Joseph (2011) states that the unique cultural resources of Kerala is not effectively used for promoting cultural tourism.

1.3 Research Problem

The state of Kerala is blessed with enough unique features to attract the tourists from domestic and foreign countries. The governments, both, Central and State, provide various opportunities to promote tourism industry. There has been a great increase in the influx of international and domestic tourist to the state to experience the many wonders of the land, in the recent years. For exploiting the uniqueness the state has to attract more entrepreneurs to invest in the tourism sector with more innovative offerings. So the paper tries to study the current support system from the government and other financial institutions to the prospective entrepreneurs making them to motivate their investment in tourism sector.

1.4 Objectives of the study

1. To examine the measures taken by the central and state governments and other financial institutions to promote tourism industry in Kerala.
2. To analyse the trends in the tourist arrivals into Kerala.
3. To ascertain the Foreign Exchange Earnings of Kerala from Tourism sector .

1.5 Research Methodology

Data Sources; Secondary sources are mainly used for the study. Focus group discussions were also conducted with tourism authorities.

Period of study: A period of 12 years from 2003 to 2014 were taken for secondary data analysis.

Tools of analysis: Simple percentages were used for analysis

2. Initiatives of government for the promotion of tourism industry

2.1 “Visit Kerala 2015”

‘Visit Kerala 2015’ was an initiative of Kerala Tourism to promote the State’s destinations, launched with a series of events ranging from arts to sports. “The main focus of ‘Visit Kerala 2015’ was to strengthen the promotion of tourism products including Ayurveda, Responsible Tourism and Spice Route-Muziris.” Kerala Tourism also hosted a tourism industrial meet to promote responsible tourism and encourage the participation of local communities in the tourism sector. The meet would provide guidance to people on setting up home-stays and villas with small-scale investment. ‘Visit Kerala 2015’ also aimed to promote

Kerala Tourism products like cultural festivals, weddings, Meetings, Incentives, Conferences and Exhibitions (MICE) and adventure tourism, besides cycling. Innovations include 'Visit Kerala Contests' for tourists, who were to holiday in Kerala in that year, with attractive gifts and complimentary holidays. Also there had social media and online campaigns to promote 2015 as the best time to visit the State, highlighting the festivals and events along with the contests. To strengthen Kerala's position as 'God's Own Country and to market Kerala's authentic cuisine, food festivals are also conducting in cities like New Delhi and Mumbai. The government will also provide incentives to partners of international trade fair and airline-tour packages with major domestic airlines introduced to promote domestic tourism. Kerala Tourism will also brand and design a new set of Kerala souvenirs and market it to travellers with the support of Kudumbashree units.

2.2 Initiatives of the Department of Tourism

The tourism sector offers unprecedented developmental potency in different categories of the sector. The demand for health resorts, theme holidays and tour packages are on a rise. There has been a great increase in the influx of international and domestic tourist to the state to experience the many wonders of the land, in the recent years. Total Revenue (including direct & indirect) from tourism during 2017 is Rs. 33383.68 Crores, showing an increase of 12.56% over the last years' figure. 29658.56.

It is significant that in the budget for 2014-15, the state has earmarked a record of more than Rs 2 billion to the sector, marking an increase of 9 percent over last year. The state's Finance minister also announced several tax incentives for the tourism sector, including reducing the luxury tax from 12.5 percent to 5 percent during the three off-season months of June, July and August.

- Approval of Hotels (by Govt. of India)
- Approval of restaurants (by Govt. of India)
- Approval of Ayurveda Centres
- 'Grihastali' for approval of heritage buildings
- Approval of Amusement Parks, recreation centres, handicraft emporia etc.
- Approval of motels

2.3 An online platform for investors in the tourism sector

A novel initiative, which could disseminate precise and up-to-date information on investment avenues and opportunities in the field of tourism in Kerala has come up in the form of a website. TRKL is the state agency that is exclusively meant for attracting investments in the tourism sector of Kerala. Conceived and managed by Tourist Resorts Kerala (TRKL), the website www.trkl.in features contents that could invite the attention of potential investors and also guide and assist them in investing at places of tourism potential. The website is expected to give more mileage to the new business model conceived by TRKL that is a common platform for joint venture initiatives by investors from abroad and local entrepreneurs.

2.4 Financial incentives for approved projects

- Investment subsidy limited to 10% subject to a ceiling of Rs10 lakhs
- Support to avail loans from state financial institutions
- Concession in electricity charges
- Guidance and publicity support from the state Govt.

In hotels/resorts: With the emergence of Kerala as the most preferred holiday destination for domestic and foreign tourists, the demand for world-class accommodation too is on the rise. Hotels classified by Ministry of Tourism, Government of India, will be eligible for claiming 10 per cent State investment subsidy subject to a maximum of Rs. 10 lakh. Restaurants approved by the Department of Tourism will be eligible for claiming 10% state investment subsidy subject to a maximum of Rs.10 lakhs.

Houseboats: Backwater holidays of Kerala, one of the major attractions are increasingly becoming popular among tourists. Cruising through the intricate web of rivers, lagoons, canals and lakes is the best way to catch glimpses of the beauty of Kerala and has been attracting hordes of visitors. Incentives: Houseboats approved by the Department of Tourism under this scheme will be eligible for claiming 10 per cent State investment subsidy subject to a maximum of Rs. 10 lakh.

Farm tourism: Kerala has tremendous potential for developing Farm Tourism in a big way without much additional investment. As a step towards this, Kerala Tourism has launched Green Farms Kerala, an exclusive venture that aims at preparing the farms/plantations in the State to receive tourists.

3. Impact of government initiatives

3.1 Domestic and foreign tourist arrivals

Kerala is looking at increasing the number of tourist arrivals in the state to over 1.37 crore in 2015 as it plans an array of activities to promote the state as perfect holiday destination. This growth has been attributed in large measure to the various initiatives implemented by the state and central governments, including responsible tourism and visa on arrival. The following table (Table No:1) shows the trends in Domestic and Foreign tourist arrivals to Kerala.

Table 3.1 Trends in Domestic & Foreign tourist arrivals into Kerala

YEAR	DOMESTIC TOURISTS	% VAR	FOREIGN TOURISTS	% VAR
2003	58,71,228	5.4	2,94,621	26.7
2004	59,72,182	1.7	3,45,546	17.3
2005	59,46,423	-4.3	3,46,499	0.27
2006	62,71,724	5.47	4,28,534	23.7
2007	66,42,941	5.92	5,15,808	20.37
2008	75,91,250	14.28	5,98,929	16.11
2009	79,13,537	4.25	5,57,258	-6.96
2010	85,95,075	4.61	6,59,265	18.31
2011	93,81,455	9.15	7,32,985	11.18
2012	1,00,76,854	7.41	7,93,696	8.28
2013	1,08,57,811	7.75	8,58,143	8.12
2014	1,16,95,411	7.71	9,23,366	7.60
2015	1,24,65,571	6.59	9,77,479	5.86
2016	1,31,72,535	5.67	10,38,419	6.23
2017	1,46,73,520	11.39	10,91,870	5.15

(Source: Department of Tourism, Kerala)

3.2 Earnings from tourism

According to the Department of Tourism, the growth in tourism sector has fuelled state's Foreign Exchange Earnings. The following table (Table No.2) shows the Foreign Exchange Earnings and total revenue from the tourism sector of Kerala.

Table 3.2 Earnings from Tourism

Year	Foreign Exchange Earnings (Rs. In crores)	% of increase	Total Revenue generated from tourism (Direct and Indirect) (Rs. In Crores)	% of increase
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	12.11
2015	6949.88	8.61	26689.63	7.25
2016	7749.51	11.51	29658.56	11.12
2017	8392.11	8.29	33383.68	12.56

(Source: Department of Tourism, Kerala)

4.1 Findings and Suggestions

- Foreign Tourist arrival to Kerala during the year 2017 is 10,91,870. It shows an increase of 5.15% over the previous years' figure of 10,38,419..
- Domestic tourist arrival to Kerala during the year 2017 is 1,46,73,520. It shows an increase of 11.39% over the previous years' figure 1,31,72,535.
- Foreign Exchange Earnings for the year 2017 are Rs.8392.11 Crores which recorded an increase of 8.29 % over the previous year.
- Total Revenue (including direct & indirect) from tourism during 2017 is Rs. 33383.68 Crores, showing an increase of 12.56 % over the last years' figure. 29658.56.
- Government of Kerala (GOK, 2001) outlined the Tourism Vision 2025 and also hopes to achieve a ten per cent increase in earnings from tourism with seven per cent growth in foreign and nine per cent growth in domestic tourist arrivals.
- As the State and Central Governments and other financial institutions are standing in line with the entrepreneurs to support them for their investment in tourism sector and also the trends in tourism arrivals are showing a promising pattern , more investors should come forward to exploit the challenging opportunities.

Conclusion

The share of tourism in Kerala's Gross State Domestic Product is about 10 per cent. Tourism creates employment, brings in incomes, and opens out cultures to the rest of the country and world. A feature of tourism is its interconnection with other spheres of development. Tourism cannot be successful without concurrent development in health, sanitation, urban and rural planning, transport, connectivity, local self-government and other spheres. Kerala enjoys unique geographical features that have made it one of the most sought after tourist destinations in Asia. This tropical paradise enjoys a unique topography with Arabian Sea, a part of the Indian Ocean on the west and the Western Ghats on the east. Growth in Responsible Tourism leads to an increase in Kerala tourist arrivals. Government of Kerala (GOK, 2001) outlined the Tourism Vision 2025 and noted the action plan to achieve a ten per cent increase in earnings from tourism with seven per cent growth in foreign and nine per cent growth in domestic tourist arrivals and hoping to create 10,000 job opportunities every year. It is proposed to promote and market Kerala tourism products at the national and international levels thereby making the state a premier global tourist destination. As the number of domestic and foreign tourists are increasing at a higher rate over the years and the central and state governments are ready to stand in line with the investors in tourism sector, the innovative entrepreneurs can effectively market the God's Own Country's competitiveness.

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