

# The Economic benefits of Tourism in Alappuzha, the smallest district in Kerala.

**Dr. Jeemon Joseph**  
**Associate Professor**  
**MACFAST, Thiruvalla**

## Introduction

Tourism's economic benefits are touted by the industry for a variety of reasons. Claims of tourism's economic significance give the industry greater respect among the business community, public officials, and the public in general. This often translates into decisions or public policies that are favorable to tourism. Community support is important for tourism, as it is an activity that affects the entire community. Tourism businesses depend extensively on each other as well as on other businesses, government and residents of the local community.

Economic benefits and costs of tourism reach virtually everyone in the region in one way or another. Economic impact analyses provide tangible estimates of these economic interdependencies and a better understanding of the role and importance of tourism in a region's economy. Tourism activity also involves economic costs, including the direct costs incurred by tourism businesses, government costs for infrastructure to better serve tourists, as well as congestion and related costs borne by individuals in the community. Community decisions over tourism often involve debates between industry proponents touting tourism's economic impacts (benefits) and detractors emphasizing tourism's costs. Sound decisions rest on a balanced and objective assessment of both benefits and costs and an understanding of who benefits from tourism and who pays for it.

Tourism's economic impacts are therefore an important consideration in state, regional and community planning and economic development. Economic impacts are also important factors in marketing and management decisions. Communities therefore need to understand the relative importance of tourism to their region, including tourism's contribution to economic

activity in the area. A variety of methods, ranging from pure guesswork to complex mathematical models, are used to estimate tourism's economic impacts. Studies vary extensively in quality and accuracy, as well as which aspects of tourism are included. Technical reports often are filled with economic terms and methods that non-economists do not understand. On the other hand, media coverage of these studies tend to oversimplify and frequently misinterpret the results, leaving decision makers and the general public with a sometimes distorted and incomplete understanding of tourism's economic effects.

A variety of economic analyses are carried out to support tourism decisions. As these different kinds of economic analysis are frequently confused, let's begin by positioning economic impact studies within the broader set of economic problems and techniques relevant to tourism. These same techniques may be applied to any policy or action, but we will define them here in the context of tourism. Each type of analysis is identified by the basic questions it answers and the types of methods and models that are appropriate.

### **Alappuzha – the Perfect Destination for Houseboat Cruise in Kerala**

Alappuzha is a one of the most charming and captivating tourism destination in the Indian state of Kerala. It is a small but beautiful town with cute canals, breathtaking backwaters, beautiful beaches, and lovely lakes & lagoons. It is fondly described in tourist jargon as Venice of the East. Alleppey is endowed with superb nature beauty which makes it paradise for nature lovers and honeymoon couples. There are several luxury and ayurvedic & spa resorts in the city offering world class spa and accommodation facilities. There is a lighthouse in the city which is one of the most important tourist attractions of the city. Alleppey is predominantly famous for backwater tourism in Kerala. It is a globally famous backwater destination and right destination for starting delightful cruise in luxurious houseboat in Kerala. House boats are available for rental on a daily basis as well as for longer period. At Alleppey there are several agencies offering exciting packages for Kerala backwater tours on luxurious house boats. House boats have well furnished living rooms with attached baths and exquisite

flooring. There is spacious dining area, sun deck; neat & clean kitchen, etc are available on the boat cruise. The service of professional cooks is also available on the boat cruise. There are several fascinating routes available from Alleppey to enjoy backwater tourism of Kerala. Some of famous routes among tourists are Alleppey to Kumarakom, Alleppey to Kottayam, Alleppey to Thottappally, Alleppey to Alumkadavu, Alleppey to Kollam, etc. These all routes are charming and captivating. These routes are able to enthrall your heart. A night cruise from Alleppey to any other backwater destination of the state is very popular among honeymooners or couples who are in love. A night cruise over breathtaking backwaters of Kerala gives truly romantic ambiance to honeymoon couples. Couples find truly cherishable ambiance while gliding over scenic waterways of the state. A houseboat cruise gives tourists wonderful opportunity to enjoy cherishable tourism of backwater Kerala. A well-organized cruise in Kerala takes tourists in to the unique world where tourists find amazing and superb views of lush paddy fields, coir villages, Chinese fishing nets, temples, traditional villages, water lilies, coconut groves, etc. All these are cherishable on backwater cruise in the state. Besides backwater tourism and houseboat cruise opportunity, a visit to Alleppey also provides tourists opportunity to see several catchy attractions. Some of famous attractions of Alleppey visit are Lighthouse, Poomkavu Church, Mullackal Raja Rajeshwari Temple, Mannarasala Temple, Champakulam Church, Edathua Church, Kalarcode Major Mahadeva Temple, etc. Alleppey is also famous for annual Nehru Trophy Boat Race and Champakulam Moolam Boat Race. Well visit Alleppey, start backwater cruise on luxurious houseboats in Kerala and treasure cherishable experience of lifetime. Be sure the charm of Alleppey and stay at Kerala house boats will never fail to allure you.

Tourism is one of the most effective ways of redistributing wealth, by moving money into local economies from other parts of the country and overseas. It brings income into a community that would otherwise not be earned.

### **Objectives of the study**

The study was conducted exclusively,

- ✓ To understand the economic benefits of tourism in Alappuzha.
- ✓ To understand the participation of local people in the growth of tourism.
- ✓ To understand more about the tourism industry.

## Methodology

Methodology is a systematic procedure of collecting information in order to analyze and verify a phenomenon. The collection of information has been done through two principal sources:

- ✓ Primary data and
- ✓ Secondary data.

**Research design:** The research design adopted was Exploratory and Descriptive in nature.

**Sample size:** The sample size is 15 in number.

**Location:** The survey was conducted covering the Alappuzha district.

## Primary data

The primary data was collected through the Questionnaire method. The primary data sources used were,

- ✓ Through Structured Questionnaires with close-ended as well as open ended questions.

The close ended questions include,

- ✓ Multiple choice questions and
- ✓ Binary questions.

The questionnaire contains,

- ✓ Qualifying questions
- ✓ Specific questions and
- ✓ Demographic questions.

Advantages of Structured questionnaire are,

- ✓ Structured questions are easy and the interviewee can answer them quickly.
- ✓ Similar questions and uniform format make the answers easy to decode and analyze.
- ✓ The factual information has a high degree of reliability.
- ✓ The possibility of any interviewer bias is reduced.

The data was collected on the following topics:

- ✓ To find out the economic benefits of tourism in Alappuzha district.
- ✓ To know whether the benefits are getting to local people or multinational companies.
- ✓ To know whether the common people are involved in the growth of tourism in Alappuzha.
- ✓ To get the attitude of people in tourism development.

## Secondary data

The secondary data was collected from internet, magazines, brochures and manuals etc.

## Scaling techniques used

The main scaling technique that has been used in the questionnaire are the Itemized category scales, comparative scales etc:

## Field work details

The field work consisted of,

- ✓ Interviewed directly without taking any appointments.
- ✓ Apart from the information that I obtained from the questionnaire, I could gather more information from the interaction I had with the people in District Tourism Promotion Council, Alappuzha. This information is quite informative and interesting and helped me to do this project without much difficulty.

## Limitations

- ✓ The duration of the study is only four months.
- ✓ The size of the sample contains only 30, which do not represent the actual trend.
- ✓ Area of the study is confined to only few individuals; hence the study cannot be generalized.
- ✓ Some respondents are unwilling to give their time.
- ✓ Finally, the study is limited by the capability, exposure and knowledge of the researcher.

## Analysis

### Economic benefits

Economic benefits resulting from tourism can take a number of forms including:

#### 1. Jobs

Employment may be associated directly, such as tour guide or managerial positions; or in supporting industries like food production or retail suppliers.

#### 2. Increased spending

Increased spending in the community generated from visitors or tourism businesses can directly and indirectly promote the viability of local businesses.

#### 3. Economic diversification

Tourism operators can play a role in highlighting the broad prosperity that tourism can bring to a community and will contribute to a greater understanding and respect for the value of tourism.

Economic diversification is, for many communities, an insurance policy against hard times. By offering an additional means of income, tourism can support a community when a traditional industry is under financial pressure, particularly where that community relies heavily on a single industry.

#### 4. Farmers markets

The popularity of farmers' markets is increasing becoming a key driver of economic development in regional areas. Activities such as visits to farms and farmers' markets, fruit picking and agricultural farm accommodation may provide important supplemental activities to struggling rural areas. Some of the benefits of Farmers' Markets seen include:

- Showcases local produce and local products

- Encourage visitors from other areas
- Showcase the local and regional areas
- Allows for community events to be incorporated
- Provides distribution opportunities for small businesses
- Valuable contribution to the economic development of the area as money is spent locally

## 5. Infrastructure

Infrastructure including roads, parks, and other public spaces can be developed and improved both for visitors and local residents through increased tourism activity in a region.

### **Social benefits**

Community identity and pride can be generated through tourism. A positive sense of community identity can be reinforced and tourism can encourage local communities to maintain their traditions and identity.

### **Environmental benefits**

Providing financial or in-kind support for the conservation of the local environment and natural resources will enhance the reputation of any tourism business.

The tourism industry, in turn, buys goods and services from other businesses in the area, and pays out most of the \$350,000 in income as wages and salaries to its employees. This creates secondary economic effects in the region. The study might use a sales multiplier of 2.0 to indicate that each dollar of direct sales generates another dollar in secondary sales in this region. Through multiplier effects, the \$700,000 in direct sales produces \$1.4 million in total sales. These secondary sales create additional income and employment, resulting in a total impact on the region of \$1.4 million in sales, \$650,000 in income and 35 jobs. While hypothetical, the numbers used here are fairly typical of what one



might find in a tourism economic impact study. A more complete study might identify which sectors receive the direct and secondary effects and possibly identify differences in spending and impacts of distinct subgroups of tourists (market segments). One can also estimate the tax effects of this spending by applying local tax rates to the appropriate changes in sales or income. Instead of focusing on visitor spending, one could also estimate impacts of construction or government activity associated with tourism.

There are several other categories of economic impacts that are not typically covered in economic impact assessments, at least not directly.

- ✓ Changes in prices -- tourism can sometimes inflate the cost of housing and retail prices in the area, frequently on a seasonal basis.
- ✓  Changes in the quality and quantity of goods and services – tourism may lead to a wider array of goods and services available in an area (of either higher or lower quality than without tourism).
- ✓  Changes in property and other taxes– taxes to cover the cost of local services may be higher or lower in the presence of tourism activity. In some cases, taxes collected directly or indirectly from tourists may yield reduced local taxes for schools, roads, etc. In other cases, locals may be taxed more heavily to cover the added infrastructure and service costs. The impacts of tourism on local government costs and revenues are addressed more fully in a fiscal impact analysis.
- ✓ Economic dimensions of “social” and “environmental” impacts - There are also economic consequences of most social and environmental impacts that are not usually addressed in an economic impact analysis. These can be positive or negative. For example, traffic congestion will increase costs of moving around for both households and businesses. Improved amenities that attract tourists may also encourage retirees or other kinds of businesses to locate in the area.

## Benefits for Tourism Operators

Maximum benefit from community involvement for the tourism operator occurs when a tourism venture operates in harmony with the social and cultural aspirations of the local community.

Involving the community in the development and subsequent operation of tourism projects will not only create greater local support for the operation, it also has the potential to:

- increase business profits through improved word of mouth referral;
- grow repeat business from improved experiences with the community; and
- Increase visitation through recognition of best practice standards.

Communities form the backdrop of any tourism product. They provide the support that tourism needs to survive and are often part of the reason visitors are attracted to a destination. Sustainable and responsible tourism is about ensuring a win-win for the community, economy and environment. The attitude, resources and strategic thinking of tourism operators is essential.

## Potential impediments to the sustained growth of regional tourism, economic activity and jobs.

### i) Bringing the visitor into the Regions

Alappuzha and the surrounding places have been marketed to the highest standard, however to ensure that the flow on effect of this marketing there needs to be a wider dispersal. The Alappuzha and surrounds strategies actively promote the marketing activity.

### ii) Destination Management Vs Destination Marketing

There is a 10year Strategy Plan for Tourism, which the industry embraced and was quite excited about to date there has been very little difference in the way the business is managed from the State. There is a strong need for the State to actively manage and attract strong product development.

To remain competitive many regional destinations require a stronger focus on commercial and economic outcomes for their regions. There must be an emphasis on encouraging infrastructure developing private and local government, and state government partnerships.

### iii) Marketing Vs Industry Development

The face of tourism is continually changing and visitor expectations have changed significantly in recent years. There is the need to address the gap that is becoming evident of the expectation by the visitor and the delivery of service by the industry.

Many destinations, have recently seen a decline in their domestic market, due to many relevant factors such as the domestic market being offered cheaper alternatives to travel abroad, the domestic market being 'time poor' to take extended holidays and their propensity to spend their disposable income on discretionary items such as entertainment centers etc.

Tourism is a fickle industry and the regional destinations must be afford the ability to 'woo' their potential client base back to regional destination. The industry needs to work harder and smarter to ensure that the delivery of the experience to the consumer is of the highest possible standard and that expectations are met.

The sustainability of any regional tourism destination is totally at the behest of their ability to attract the consumer; in essence it relies on the consumer who will only return if their expectations are met.

The ability to deliver the quality experience is challenged in as much that many industry operators enter without any formal training or understand of the industry.

There is little in the way of formal training programs in place for operators to be given the opportunity to understand the skills they require to operate sustainable businesses that will ensure growth of not only regional destinations, but there own investment. On enquiring why so few training programs are run it has become evident that training agencies are clearly not funded adequately in order to deliver the programs. This is a vital issue for the sustainability of destinations in the regional and rural market place.

Given that currently there are no barriers to entry to the tourism industry and in many regional Centers, this is clearly evident by the number of 'retirees' who have purchased a business in

order to enhance their own lifestyle. There is no understanding of the way local and regional tourism is run.

This creates issues on many levels, and there local tourism industry is not supported, mainly due to the lack of understanding of what it is trying to achieve.

There is currently a mind set that operators invest in ‘dynamic destinations’ without any knowledge or interest in how that destination became dynamic in the first instant.

There is a high turn-over of industry operators coming into destinations with a five to seven year plan to make money and go and they do this without involving themselves in the many local and regional marketing activities – essentially riding on the coat tails of the local and regional associations and those operators that do understand the industry and actively and financially support it.

### **The effectiveness, at a National, State and local level of current programs to promote and enhance tourism**

- ✓ Regional Marketing
- ✓ The importance of the Visitor Information Centre Network
- ✓ Branding.

Over the years there have been a number of brand campaigns rolled out for regional marketing campaigns. However they are difficult to sustain due to lack of budget. The regions are now seen by the industry and there is a distinct lack of financial support into the buy in offered by regional campaigns because destinations choose not to lose their own market share and do not have the funds to support both. Conversion to sales is vital in any industry and tourism is no different in that regard, therefore operators do not see buying into campaigns as being a good return on their investment.

An economic impact analysis also reveals the interrelationships among economic sectors and

provides estimates of the changes that take place in an economy due to some existing or proposed action. The most common applications of economic impact analysis to tourism are:

- ✓ To evaluate the economic impacts of changes in the supply of recreation and tourism opportunities. Supply changes may involve a change in quantity, such as the opening of new facilities, closing of existing ones, or expansions and contraction in capacity. Supply changes may also involve changes in

quality, including changes in (a) the quality of the environment, (b) the local infrastructure and public services to support tourism, or (c) the nature of the tourism products and services that are provided in an area.

- ✓ To evaluate the economic impacts of changes in tourism demand. Population changes, changes in the competitive position of the region, marketing activity or changing consumer tastes and preferences.

Economic impacts of Tourism can alter levels of tourism activity, spending, and associated economic activity. An economic impact study can estimate the magnitude and nature of these impacts.

- ✓ To evaluate the effects of policies and actions which affect tourism activity either directly or indirectly. Tourism depends on many factors at both origins and destinations that are frequently outside the direct control of the tourism industry itself. Economic impact studies provide information

to help decision makers better understand the consequences of various actions on the tourism industry as well as on other sectors of the economy. For example, increased air pollution standards have been opposed in some regions due to the predicted economic consequences of the closing of plants that cannot meet the new standards. Tourism interests counter these arguments with estimates of the

Potential gains in income and jobs in tourism industries that depend on good air quality and visibility.

- ✓ To understand the economic structure and interdependencies of different sectors of the economy. Economic studies help us better understand the size and structure of the tourism industry in a given region and its linkages to other sectors of the economy. Such understandings are helpful in identifying potential partners for the tourism industry as well as in targeting industries as part of regional economic development strategies. Issues such as economic growth, stability, and seasonality may be addressed as part of these studies.
- ✓ To argue for favorable treatment in allocation of resources or local tax, zoning or other policy decisions. By showing that tourism has significant economic impacts, tourism interests can often convince decision-makers to allocate more resources for tourism or to establish policies that encourage tourism. Tax abatements and other incentives frequently given to manufacturing firms have also been granted to hotels, marinas and other tourism businesses based on demonstrated economic impacts in the local area.

## Findings

- The policy proposes the inclusion of tourism in the concurrent list of the Constitution to enable both the central and state governments to participate in the development of the sector.
- No approval required for foreign equity of up to 51 per cent in tourism projects. NRI investment up to 100% allowed.
- Automatic approval for Technology agreements in the hotel industry, subject to the fulfillment of certain specified parameters.
- Concession rates on customs duty of 25% for goods that are required for initial setting up, or for substantial expansion of hotels.

- 50% of profits derived by hotels, travel agents and tour operators in foreign exchange are exempt from income tax. The remaining profits are also exempt if reinvested in a tourism related project.

Apart from this, government has taken several other measures for the promotion of tourism. A multi-pronged approach has been adopted, which includes new mechanism for speedy implementation of tourism projects, development of integrated tourism circuits and rural destinations, special capacity building in the unorganized hospitality sector and new marketing strategy.

India is probably the only country that offers various categories of tourism. These include history tourism, adventure tourism, medical tourism (ayurveda and other forms of Indian medications), eco tourism, cultural tourism, rural tourism, religious/pilgrimage tourism, spiritual tourism, and beach tourism etc.

## Conclusion

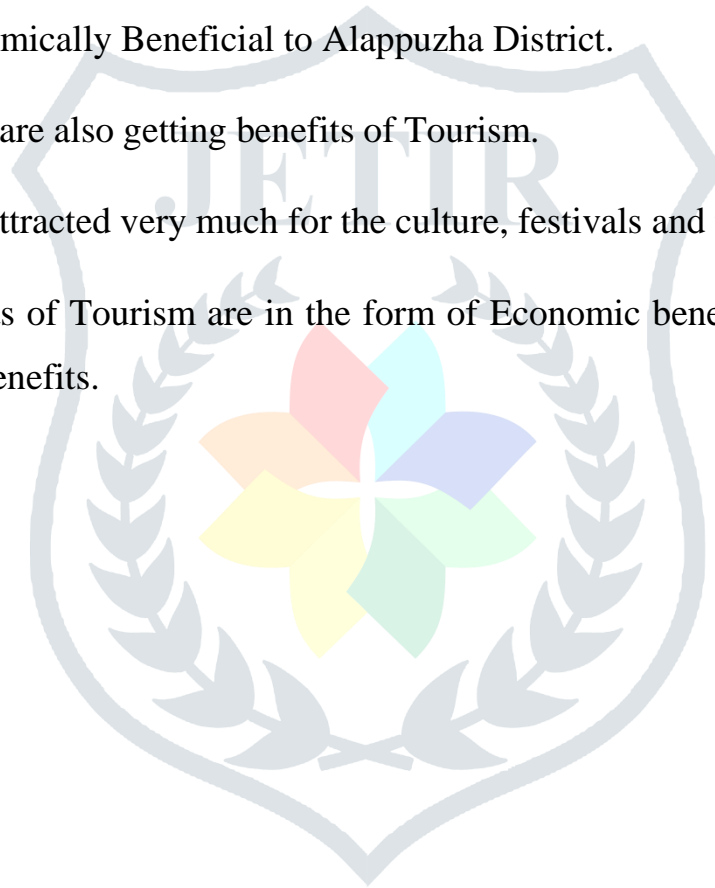
India's most idyllic state, Kerala, better known as Gods Own Country, is today one of the most sought after tourist destinations in India. Secluded beaches, palm-fringed backwaters, mist-clad hill stations, lush tropical forests, cascading waterfalls, exotic wildlife, majestic monuments, fine art forms and enchanting festivals give it a distinctive charm. Apart from being a tourist destination, Kerala is home to India's most advanced society.

With Arabian Sea in the West and a vast network of lakes, lagoons and fresh water rivers crisscrossing it, Alappuzha is a district of immense natural beauty. Referred to as the Venice of the East by travelers from across the world, this back water country is also home to diverse animal and bird life. By virtue of its proximity to the sea, the town has always enjoyed a unique place in the maritime history of Kerala. Today Alappuzha is an important back water destination attracting several thousand foreign tourists every year. Alappuzha is also famous for

its boat races, beaches, marine products and coir industry. A singularity of this land is the region called Kuttanad – a land of lush paddy fields referred to as the Rice Bowl of Kerala and one of the few places in the world where farming is done below sea level.

The study reveals the following things.

- Allappuzha is a fast growing Tourism destination.
- Tourism is economically Beneficial to Alappuzha District.
- The local people are also getting benefits of Tourism.
- The tourists are attracted very much for the culture, festivals and the nature destinations.
- The main benefits of Tourism are in the form of Economic benefits, Social benefits and Environmental benefits.





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**QUESTIONNAIRE (LOCAL PEOPLE)**

Date:

Respondents name:

Respondents address:

Respondent's age:

1. Do you interested in the growth of tourism in Alappuzha?

Yes/ No

2. In your point of view, which is the main source of getting revenue to tourism industry?

- a. Alleppey beach
- b. Back waters
- c. Cultural arts
- d. Festivals
- e. Industries.

3. Do you people make any arrangements for attracting tourists here like home stays, homely foods etc?

Yes/ No

4. Specify the things that you are giving to the tourists?

5. Do you like to participate for the growth of tourism in Alleppey?

6. Do you think that tourism is a better way to get revenue for the local people?

Yes/ No

**FOR TRAVEL AGENTS**

1. Which kind of facilities that you are providing to the tourists?
2. Along with transportation what are the other things you are providing to the tourists?
  - a. Accomodation
  - b. House boats
  - c. Providing informations about various places
  - d. Homely food
  - e. Cultural arts
3. Do you have any tie up with other tourist operators, hotels, resorts etc.?
4. For accommodation tourists are preferring more in,
  - a. Home stays
  - b. House boats
  - c. Resorts
  - d. Lodges
5. During which time you are getting more tourists?
6. Any kind of offers for the tourist during festival season?
7. Do you get regular tourists now?
8. In your point of view, which is the main source of getting revenue to tourism industry?
  - a. Alleppey beach
  - b. Back waters
  - c. Cultural arts
  - d. Festivals
  - e. Industries.

**FOR TOURISTS**

1. From where you are coming to Alleppey?
2. Which one you like more in Alleppey?

- a. Alleppey beach
  - b. Back waters
  - c. Cultural arts
  - d. Festivals
  - e. Industries.
3. What is the criteria for selecting tourist places?
- a. Affordable cost
  - b. Pleasant atmosphere
  - c. Seasons
  - d. Natural beauty
  - e. Culture
4. Are you coming first time in Alleppey?  
Yes/ No
5. Do you come again to Alleppey?
6. What you felt after seeing the places in Alleppey?
- a. Highly satisfied
  - b. Considerably satisfied
  - c. Reasonably satisfied
  - d. Unsatisfied
  - e. Highly unsatisfied

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