

Status of Tourism Industry in Kerala Economy: An analysis

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Abstract

Kerala's tourism industry has been growing due to its pleasant weather, rich aesthetic, vibrant fiestas, varied natural and cultural attractions, and physical living standards comparable to developed nations. The tourism industry is one of the strongest segments of the Kerala economy in the generation of employment and income. Government of Kerala, in its budget allocation, also gives priority to tourism. It is one of the largest foreign exchange sources of Kerala economy. By recognizing the sector's potential to contribute to the economy, the government of Kerala in connection with the Department of Tourism of Kerala, implements projects for the growth of the industry.

Keywords: Rural Tourism, Five Year Plans, Kerala Tourism, Economic Review, State Exchequer

INTRODUCTION

The targeted growth of an economy is achieved by the successive development happened in the core and the complementary sectors of the economy. No sector is considered as an independent one and that is why the five year plans adopted by our country focuses on the growth and development of the sensitive sectors of the economy. Now a days the tertiary sector of the economy exhibits dominance in its share in the national income of our country. The openness and the liberalised policies followed by the country attract foreign exchange earnings into the country. In this arena, the tourism industry of the tertiary sector plays an active role.

The paradigm shift which happened in the Kerala economy is a widely discussed and a debated issue among the economists all over the world. It started from the concept of 'Kerala Model of Development' and was an appraisal to the socio economic development of the state. From a low income economy, the state exhibited an economic growth which depends on the growth of the tertiary sector. Among the various sub sectors in the tertiary sector, the tourism industry plays a dominant role in the state exchequer and it is one of the important tourism destinations in India.

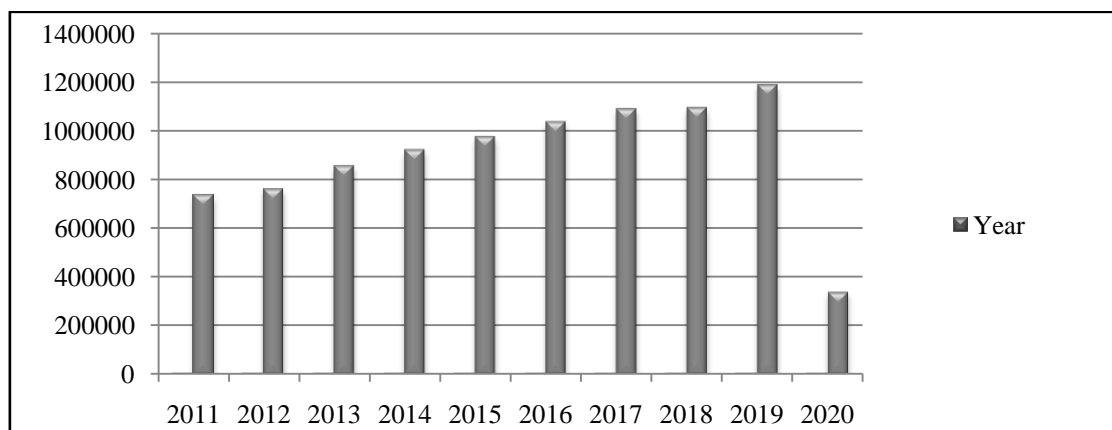
Tourism Industry in Kerala

Kerala tourism with its tag line ‘Gods Own Country’ is widely known all over the world. The tourism industry in Kerala is growing to a level that attracts tourists globally. Kerala, which is rich in attractive landscape and climate, offers a wide variety of tourist attractions. Some of the attractions in the Kerala tourism are the art forms, village life, monsoon, cuisine, beaches, ayurveda. Kerala's tourism industry has been growing due to its pleasant weather, rich aesthetic, vibrant fiestas, varied natural and cultural attractions, and physical living standards comparable to developed nations. In comparison to other Indian states, Kerala stands out for the interesting geographical diversity it possesses in the smallest possible area. This diversity provides tourists with a variety of attractions and experiences, including seashores, backwaters, wildlife sanctuaries, tropical rainforest, and Kerala's diverse flora and fauna (Edward & George, 2008). Even though, the tourism industry in Kerala exhibits significant growth in recent years, still its relative position is quite low compared to other states in the country (P K Manoj, 2014).

Performance of Kerala Tourism

The tourism industry is intertwined with other aspects of development, since it generates jobs, supports manufacturing businesses, generates revenue, and links society to the rest of the globe. Kerala is a well-known tourist destination on the international stage and one of India's most popular tourist attractions (Economic Review, 2020). The tourist arrival in Kerala is showing an increasing trend in all the years in absolute terms. But, when we delve into the actual figures over the years, the increase in the tourist arrival in the state exhibit decreasing rates.

Tourist arrival in the State of Kerala in various years



.Source: Kerala Economic Review 2021.

The tourism industry is one of the strongest segments of the Kerala economy in the generation of employment and income. According to the report of Kerala Economic

Review 2021, a total of 1.5 million people are directly and indirectly found employment in this sector. The report also pointed out that, even though the economy had experienced a drastic flood in 2018, the revival of the sector was registered with the highest rate of growth in the overall tourist arrival in Kerala after 24 years in 2019 (G. Economic Review, 2021). In 2011, Kerala's share in the total tourist arrival in the country was 3.76per cent which increased to 4.35per cent in 2012 and show a continuous fall in the share and reached 3.79per cent in 2019. Ernakulam and Thiruvananthapuram are the major destinations of the tourists and these districts recorded largest foreign tourist arrivals in the state. The month of January and February are generally recorded the largest tourist welcome month in the state. Tourists from the South Indian states comes forefront in terms of the number of domestic tourist visits to Kerala. United Kingdom ranks first among the countries from where the foreign tourists are arrived to the state.

Domestic and Foreign Tourist Arrivals in Kerala

Year	Foreign Tourist Arrival	Domestic Tourist Arrival
2011	732985	9381455
2012	763696	10076854
2013	858143	10857811
2014	923366	11695411
2015	977479	12465571
2016	1038419	13172535
2017	1091870	14673520
2018	1096407	15604661
2019	1189771	18384233
2020	340755	4988972

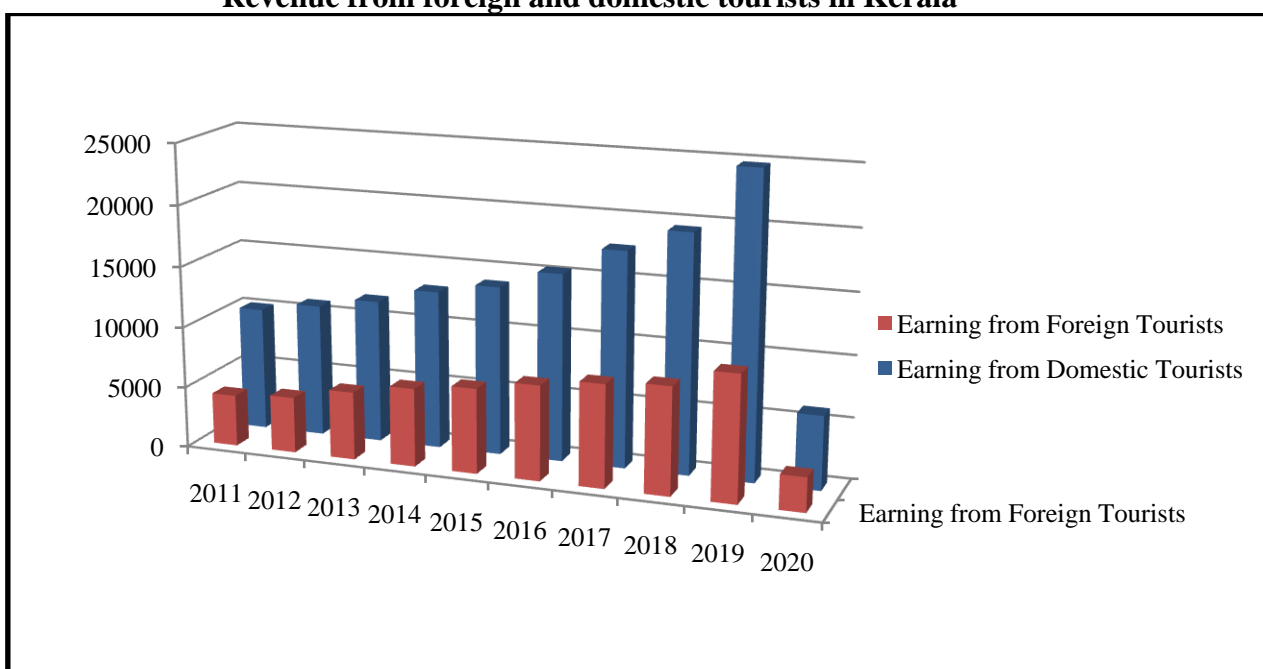
Source: Department of Tourism, Government of Kerala

In 2019, around 14% of all international tourists visited the state in January, followed by December (around 13 per cent). The highest number of international tourists arrived in the state in January 2018, followed by December. The month of June saw the lowest international visitor traffic in 2019, with 3.83 percent, and this trend has been continuing for the past 12 years(Government of Kerala, 2020).

Fiscal Image of Kerala Tourism

Tourism is an important industry which is the major power behind the growth of service sector in Kerala. Therefore, the Government of Kerala, in its budget allocation, also gives priority to tourism. It is one of the largest foreign exchange sources of Kerala economy. In 2019, the sector contributed Rs. 35,056.68 crores to the state exchequer while it was Rs. 14,353.96 in 2011. The following figure illustrates the earnings from foreign as well as domestic tourist arrival in Kerala.

Revenue from foreign and domestic tourists in Kerala



Source: Department of Tourism, Government of Kerala

The largest number of tourist arrival in the state was in 2019 and the highest income from tourism was in the same year. The domestic tourist's contribution is higher in terms of income and tourist visits. The domestic tourist earnings increased from 12981.91 crore in 2014 to 13836.78 crore by 2015 (Economic Review, 2016). The compound annual growth rate (CAGR) of domestic tourist earnings over the last ten years was 11.25 per cent. The domestic earnings from tourism during the year 2005 was 4281.42 crores which rose to 13836.78 crores by 2015. The global pandemic has hit the sector badly and there occurred a sharp decline in the revenue from the sector in 2020. By recognizing the sector's potential to contribute to the economy, the government of Kerala in connection with the Department of Tourism of Kerala, implements projects for the growth of the industry.

The tourism industry has achieved its place in different five year plans adopted by the government. During the first five year plan, the sector has endowed with 3003 lakh rupees as its plan outlay. It increased to 56896 lakh rupees in the fifth five year plan and in the twelfth plan it was 10200000 lakh rupees showing an importance given to the sector in the plan allocations.

The 13th Plan will try a new tourist growth strategy for the state. The main goal is to double foreign tourist arrivals, boost domestic visitor numbers by 50%, and generate 400,000 employment in the tourism industry (State planning board, 2018). A total of 109410.00 lakh was allocated expenditure for executing different tourism projects during the first three years of the 13th Five Year Plan. The Annual Plan 2020-21 proposed a budget of 32014.00 lakh for the implementation of 22 schemes in the Sector (GOK, 2021).

Conclusion

Tourism is one of the promising sectors and it contributes a significant amount to the Kerala Exchequer. By seeing its potential in generating income and employment in the future, the govt. of Kerala has been initiated and implemented several projects and proposals for the development of the sector. Kerala being one of the top tourist destinations in India, the sector will attract more tourists in the future and the development of the sector in become a task for the authorities. The importance of the sector can be understood by analysing the budget allocation for the sector. Kerala tourism industry will be the top most sectors in the service sector of the Kerala economy in the nearby future.

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