

Economic Impact of Tourism Development on Kerala Economy

with Special Reference to Service Providers in

Selected North Kerala Destinations

Dr. B. Kirubashini,

Associate Professor and Head of Department,
Department of Commerce, PSG College of
Arts and Science, Coimbatore.

Ameen C P,

Ph. D Research Scholar (Full Time),
Department of Commerce, PSG College of
Arts and Science, Coimbatore.

ABSTRACT

Tourism sector of a nation and its economic development are closely related and interdependent. In this era of globalization, economic diversification and technological advancement have resulted in a congenial situation for tourism growth especially in developing nations like India. The present study focuses on evaluating the economic impacts of tourism development on service providers in the light of challenges faced by them in selected destinations in North Kerala. The study indicates that infrastructural facilities and development and presence of foreign tourists have positively influenced on service providers. The study suggests that adequate infrastructural facilities should be established and skilled and trained human resources should be appointed in various tourism destinations in North Kerala in order to achieve optimum tourism development and which leads to optimum economic development.

Keywords: Economic development, service providers, North Kerala, tourism industry, destinations and economic impact.

INTRODUCTION:

From the very beginning of the human history, the tendency of travelling is intrinsic in human minds. Later, as a result of human civilization, travelling has been transformed steadily into a pleasure pursuing activity. But after industrialization only, people began to move in numerous senses to spots away from their native places to pursuing leisure and enjoyment. Tourism sector is globally accepted as one of the briskly emerging industries with multi-dimensional activities of this new era. Both domestic and international tourism, nowadays have achieved substantial preferment since it creates socio-economic entitlements to the visitors, to the tourism centre economies and to the entire world in general. So, in short, tourism is economically, environmentally, culturally and socially an inevitable component to an economy.

Tourism industry of a country and its economic growth are interrelated. Economic development simply means a process through which people's standard of living gets improved in all sense in an economy. Tourism sector offers considerable economic benefits especially for developing countries like India. The sector influences many industries both directly and indirectly in a positive sense by creating demand and growth for them. So in short, tourism industry not creates economic activities only but it results in many other advantages also such as increased demand for tourism related products and services, country's growth as a whole, touching global standards, stimulation of more consumption, creation of job opportunities, infrastructural development and so on. In developing countries with abundant tourism attractions, like India, tourism sector is regarded as the backbone of their economic development. In India, Kerala is one of the prime tourism destinations well renowned throughout the world. Since the state Kerala is rich with several natural, cultural and historical attractions, economic development of the state is much dependent on both domestic and foreign tourists' arrival.

REVIEW OF LITERATURE:

Dayananda K. C. (2016) tries to expose both positive and negative effects on economic, social and environmental aspects of Indian economy. The study discloses many positive impacts such as increased income and employment opportunities, channel of foreign exchange earnings, conservation of heritage and nature, better infrastructure facilities and fostering peace and stability and many negative impacts such as unhealthy social and cultural transformations, exploitation of natural resources, increased pollution etc. Researcher concludes that eco-tourism should be strengthened in India in order to conserve and maintain environmental and cultural diversities of the country.

Sandeep Kaur (2016) in his study made an endeavour to evaluate the influence of tourism industry on Indian economy and to predict the future potentialities of the sector on the basis of secondary data. The present study denotes that Indian tourism is viewed as a major tool of economic development and job creation especially in remote and backward areas. It is suggested that professional management and additional infrastructural facilities are required in order to enjoy natural and heritage resources to their maximum extent.

Lateef Ahmad Mir (2014) emphasized to analyse to what extent tourism sector influence on different economic dimensions of Indian economy and the significance of the sector for the entire development of the economy. Results of the study disclose that tourism sector creates job opportunities both directly and indirectly and results in improved standard of living of people since the sector has strong backward and forward linkages. The researcher suggests that tourism products and services should be consistently updated to fulfill the varying requirements of the tourism market.

Mehalia Jackman et al., (2012) aimed in his study to find out whether economic growth and tourism growth are interdependent in Barbados an eastern Caribbean island. This study discloses a long run association between economic growth and tourism growth, i.e. if there is 1.2% rise in tourists' arrival; it resulted in 1% increase in GDP. It is concluded that the approach executed by decision makers should spur growth in remaining sectors of the economy in such a way as to achieve more developments in the tourism industry.

E. M. Ekanayake et al., (2012) looked into the relationship between tourism growth and economic development in developing economies by applying a newly formed heterogeneous panel co-integration technique. The study reveals that tourism revenue offers a favourable contribution to the economic development especially in developing nations. The outputs of the present study indicate that government of developing nations should emphasise on economic policies to stimulate tourism industry as a prospective channel of economic development.

RESEARCH GAP:

Tourism sector plays a very vital role in the economic development of India. Among different Indian states, Kerala is described as one of the well-known tourism centre across the world. Therefore it is a constructive effort to analyse the economic impact of tourism on various tourism related service providers in different destinations in North Kerala districts so that various governments and other tourism promotion agencies can introduce innovative measures to promote tourism in those districts and in turn to foster them economically, socially and culturally.

STATEMENT OF THE PROBLEM:

In Kerala, tourism sector has been proved as one of the major economic choices to strengthen the state economy since the sector has good prospects of creating income and job opportunities. Development of tourism sector depends not only on arrival of tourists but also on presence of many tourism allied service providers such as transportation services, hospitality and accommodation services, shopping facilities, tourism information services etc. These service providers contribute much more for the development of regional economies particularly and of the state government in general. The state Kerala can be categorized into three parts such as South Kerala, Central Kerala and North Kerala. South Kerala and Central Kerala districts are relatively more pioneered in respect of economic development and volume of tourists' arrivals. In such a context, it is productive to analyse the economic impacts of tourism development on Kerala economy on the basis of data collected from tourism related service providers in various tourism destinations in North Kerala districts.

OBJECTIVES OF THE STUDY:

- To assess the socio-economic position of different service providers in North Kerala destinations.
- To ascertain the economic impact of tourism development on service providers in North Kerala tourism destinations.

- To identify major obstacles faced by service providers for their development and tourism growth.
- To offer suitable recommendations to promote positive economic impact on the basis of the findings of the study.

HYPOTHESIS:

H_0 = There is no significant association between impact of tourism on employment generation and effect of tourism on the standard of living of the local people.

H_1 = There is significant association between impact of tourism on employment generation and effect of tourism on the standard of living of the local people.

METHODOLOGY:

Area of the study:

This study encompasses four districts in the northern side of Kerala state namely Kozhikode, Wayanadu, Kannur and Kasaragodu.

Sample and Sampling Method:

Data have been gathered from 96 tourism related service providers including both owners and employees from various tourism destinations in North Kerala by applying purposive sampling technique. The total sample of service providers has been distributed equally among four districts. From each district, two major destinations have been selected for data collection. In Kozhikode district, Kozhikode Beach and Beypore Beach have been chosen. Pookode Lake and Karlad Adventure Camp have been decided from Wayanadu district. In Kannur district, Muzhappilangadu Beach and V-Pra Floating Park were selected. Bekal Fort and Ranipuram Hills were sampled from Kasaragodu district. From each of these destinations, 12 sample respondents were selected purposively.

Sources of Data:

Both primary and secondary data have been used in the present study. Primary data was gathered by dispensing well structured questionnaires amongst service providers (both owners and employees) in chosen tourism destinations and secondary data was collected by depending on journals, articles, magazines, books, newspapers and government reports.

Statistical Tools:

Gathered data was analysed by using percentage analysis, Chi-square analysis and Garret's ranking test.

LIMITATIONS:

- Primary data have been collected from 96 respondents only.
- The study has been confined to North Kerala districts only.
- The study has been undertaken within a limited time period.

ANALYSIS AND INTERPRETATION:

Table 1: Percentage Analysis

Age	No. of Respondents	Percentage
Below 25 years	18	18.75
25-40 years	39	40.63
41-55 years	30	31.25
Above 55 years	9	9.37
Total	96	100
Sex	No. of Respondents	Percentage
Male	73	76.04
Female	23	23.96
Total	96	100
Educational Qualification	No. of Respondents	Percentage
School Level	44	45.83
Graduation Level	23	23.96

Post Graduation Level	14	14.58
Professional Level	7	7.29
Others	8	8.33
Total	96	100
Occupational Status	No. of Respondents	Percentage
Owner	34	35.42
Employee	62	64.58
Total	96	100
Average Monthly Income	No. of Respondents	Percentage
Below Rs. 15,000	23	23.96
Rs. 15,000 – Rs. 30,000	38	39.58
Rs. 30001 – Rs. 45,000	25	26.04
Above Rs. 45000	10	10.42
Total	96	100
Nature of Business	No. of Respondents	Percentage
Hotels (Large)	3	3.13
Hotels (Small and Medium)	12	12.5
Spice Shops	14	14.58
Handicrafts	16	16.67
Fancy and Stationary Shops	12	12.5
Ayurvedic Centres	9	9.37
Travel Agents	10	10.42
Tourist Guides	12	12.5
Tourist Information Services	8	8.33
Total	96	100
Average Salary Given to Your Staff	No. of Respondents	Percentage
Below Rs. 10,000	5	14.71
Rs. 10,000 – Rs. 20,000	16	47.06
Rs. 20001 – Rs. 30,000	11	32.35
Above Rs. 30,000	2	5.88
Total	34	100
NB: Above question was asked to owners only		
Tourism Impact on Employment Generation in this Location	No. of Respondents	Percentage
Excellent	13	13.54
Good	33	34.37
Moderate	24	25
Poor	16	16.67
Very Poor	10	10.42
Total	96	100
Impact of Infrastructural Development on Your Income	No. of Respondents	Percentage
Very Highly	38	39.58
Highly	33	34.38
Moderately	14	14.58
Little	8	8.33
Not at all	3	3.13
Total	96	100
Tourism Effect on Standard of Living of the Local People	No. of Respondents	Percentage
Very Highly	12	12.5
Highly	34	35.42
Moderately	27	28.12
Low	15	15.63
Very Low	8	8.33
Total	96	100

Does Recession in Foreign Countries Affect Your Income?	No. of Respondents	Percentage
Yes	58	60.42
No	38	39.58
Total	96	100

GARRET RANKING ANALYSIS:

Table 2: Ranking of Obstacles to the Economic Development of the Locality by Tourism

Sl. No.	Obstacles	Ranks Given by the Service Providers							
		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
1	Lack of Infrastructural Facilities	24	18	15	15	9	8	3	4
2	Lack of Government and Other Supports	15	16	10	9	14	10	10	12
3	Lack of Foreign Tourists	9	8	12	18	22	5	9	13
4	Lack of Alternative Options During Offseason	6	12	11	16	9	6	17	19
5	Shortage of Skilled Labour	5	8	7	11	15	19	13	18
6	Shortage of Rooms and Guest Houses	9	14	15	9	5	13	21	10
7	Misbehaviour of Local People	11	8	11	8	17	18	14	9
8	Unfavourable Government Policies and Taxes	17	12	15	10	5	17	9	11

Table 3: Percent Position and Garret Value Percent Position = $100(R_{ij} - 0.5) / N_j$

Sl. No.	$100(R_{ij} - 0.5) / N_j$	Calculated Value	Garret Value
1	$100(1 - 0.5) / 8$	6.25	80
2	$100(2 - 0.5) / 8$	18.75	67
3	$100(3 - 0.5) / 8$	31.25	60
4	$100(4 - 0.5) / 8$	43.75	53
5	$100(5 - 0.5) / 8$	56.25	47
6	$100(6 - 0.5) / 8$	68.75	40
7	$100(7 - 0.5) / 8$	81.25	33
8	$100(8 - 0.5) / 8$	93.75	20

Table 4: Calculation of Garret Value and Ranking

Sl. No.	Obstacles	Ranks Given by the Service Providers								Total	Average Score	Rank
		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th			
	Lack of Infrastructural Facilities	1920	1206	900	795	423	320	99	80	5743	59.82	1
2	Lack of Government and Other Supports	1200	1072	600	477	658	400	330	240	4977	51.84	3
3	Lack of Foreign Tourists	720	536	720	954	1034	200	297	260	4721	49.18	4
4	Lack of Alternative Options During Offseason	480	804	660	848	423	240	561	380	4396	45.79	7
5	Shortage of Skilled Labour	400	536	420	583	705	760	429	360	4193	43.68	8
6	Shortage of Rooms and Guest Houses	720	938	900	477	235	520	693	200	4683	48.78	5
7	Misbehaviour of Local People	880	536	660	424	799	720	462	180	4661	48.55	6
8	Unfavourable Government Policies and High Taxes	1360	804	900	530	235	680	297	220	5026	52.35	2

Result of Garret Ranking Analysis:

For analysis of ranks given by the service providers for the obstacles faced by them on the basis of obstacles' seriousness, Garret Ranking Analysis was applied. On the basis of this analysis, lack of proper infrastructural facilities has been given highest average score of 59.82 and first rank which is followed by unfavourable government policies and high taxes, lack of government and other supports, lack of foreign tourists, shortage of rooms and guest houses, misbehaviour of local people, lack of alternative options during offseason and shortage of skilled labour respectively from 2nd to 8th ranks.

CHI-SQUARE TEST:

Chi-square Analysis between Impact of Tourism on Employment Generation and Effect of Tourism on the Standard of Living of the Local People:

Table 5: Observed Frequencies

Effect of Tourism on the Standard of Living of the Local People	Impact of Tourism on Employment Generation					
	Excellent	Good	Moderate	Poor	Very Poor	Total
Very Highly	4	4	2	2	0	12
Highly	5	10	11	6	2	34
Moderate	2	11	6	6	2	27
Low	1	5	2	3	4	15
Very Low	1	3	1	1	2	8
Total	13	33	24	16	10	96

Table 6: Calculation of Chi-square Value

O	E	(O-E) ² /E	O	E	(O-E) ² /E	O	E	(O-E) ² /E	O	E	(O-E) ² /E
4	1.63	3.4460	11	9.28	0.3188	2	3.75	0.8167	1	1.33	0.0819
5	4.60	0.0348	5	5.15	0.0044	1	2	0.5	0	1.25	1.25
2	3.66	0.7529	3	2.75	0.0227	2	2	0	2	3.54	0.6699
1	2.03	0.5226	2	3	0.3333	6	5.67	0.0192	2	2.81	0.2335
1	1.08	0.0059	11	8.5	0.7353	6	4.5	0.5	4	1.56	3.8164
4	4.13	0.0041	6	6.75	0.0833	3	2.5	0.1	2	0.83	1.6493
10	11.69	0.2443	TOTAL (Σ) = 15.5737								

Level of Significance = 5% (0.05)

Degree of Freedom = (r-1) (c-1) = (5-1)(5-1) = 16

Critical Value = 26.30

Result of Chi-square Test:

Since the computed value is less than table value, null hypothesis is acceptable. In other words, from this result it is interpreted that there is no significant association between impact of tourism on employment generation and effect of tourism on the standard of living of the local people.

FINDINGS:

- It is showed that majority of the respondents (40.63%) have an age between 25-40 and which is followed by the age range of 41-55 with 31.25% of the service providers.
- It is noted that most of the service providers (76.04%) are male.
- It is accentuated that 45.83% of the respondents have school level educational status and 23.96% of the sample units are graduated.
- It is clear that among total respondents, majority (64.58%) is employees and remaining respondents are owners.
- It is reflected that 39.58% of the respondents are getting an average monthly income of an amount in between Rs. 15,000 – Rs. 30,000 which is followed by the average income of an amount in between Rs. 30,001 – 45,000 with 26.04% of the respondents.
- It is illustrated that 16.67% of the respondents are engaged in handicrafts business, 14.58% are in spice shops and 12.5% are engaged in small and medium hotels, stationary business and tourist guidance.
- It is stated that majority of the owners (47.06%) are offering a salary scale of Rs. 10,000 – Rs. 20,000 for their employees and 32.35% of the owners offer a scale of Rs. 20,001 – 30,000.
- It is pointed out that 34.37% of the service providers argue that tourism has influenced positively in employment generation in their locality in a good level.
- It is mentioned that majority of the respondents (39.58%) agree that infrastructural facilities have affected very highly in their income.
- It is proved that 35.42% of the respondents claim that tourism industry have highly influenced on the standard of living of the local people.

- It is disclosed that most of the service providers (60.42%) opined that recession in foreign countries affect their income.

SUGGESTIONS:

- Since many occupational sectors are showing decline tendencies, more people should give more attention towards profitable and convenient tourist allied businesses or services.
- Exclusive and separate master plans for individual tourism centers and a collective master plan for the entire state should be established for development of tourism centers and tourism industry.
- Infrastructural facilities should be improved in tourism destinations by ensuring the participation of both various governments and private agencies.
- Tourism and infrastructural development should be undertaken by ensuring the preservation of abundant biodiversities in the destination.
- Trained human resources should be admitted in tourism related businesses and services in order to fulfill the varying requirements of both domestic and foreign tourists.
- In order to ensure maximum development of tourism industry, the government should take suitable measures to ensure adequate salary for trained and skilled tourism employees.
- Government and other tourism promotion agencies should impart awareness to the people about the significance and potentials of tourism sector in the economic growth of the economy.
- The government should offer maximum supports to youth to start self employed entrepreneurship in tourism destinations.

CONCLUSION:

Nowadays, tourism development has been recognized throughout the world as a prime instrument of development of the entire economy. In the current situation, the only promising sector in Kerala is the promotion of tourism related businesses and services. From the present study, it is concluded that majority of the respondents opine that tourism industry has positive impacts on employment generation and standard of living of people in North Kerala. In order to ensure economic development of the state economy, government should focus on effective and feasible tourism development. The study suggests that various government and tourism related bodies should prepare exclusive plans for tourism development and economic growth in North Kerala districts by ensuring the involvement of both public and private authorities.

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