

## CHALLENGES FACED BY TOURISM ENTREPRENEURS IN GOD'S OWN COUNTRY

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### ABSTRACT

Kerala, popularly known as “God’s own country ” is the most, is the most wanted tourist destination in the country. Present paper attempts to identify the major issues and challenges faced by the tourism entrepreneurs in the state of Kerala. The data for this purpose were mainly collected from the selected tourism entrepreneurs functioning in main tourist centres in Kerala with the help of structured interview schedule designed for this purpose. In addition to that, data were collected from the publications of the State Planning Board, Department of Tourism, Books, journals and newspapers dealing with the subject. The main challenges identified from the study are financial problems, severe competition, climatic disorder, inadequate Government involvement, heavy luxury and building tax, very high power tariff, poor training facilities etc. Here, the author is also attempt to suggest some feasible solution to overcome these issues.

**KEYWORDS:** Tourism Entrepreneur, Responsible Tourism, Home Stay, Tourism Hot Spot

### INTRODUCTION

Tourism is having a very important role in the socio economic progress. Kerala is one of the most idyllic states in India. Today, Kerala is one of the most sought after tourist destinations in the world. Kerala is having an active tourism industry which is bestowed with the natural endowments like beautiful hills, valleys, lakes, waterfalls, beaches, backwaters, lagoons and also manmade facilities like national parks and wild life sanctuaries. In addition, Kerala is endowed with a heritage of art, cultures, traditional dance forms, festivals, temples and traditional medicines. The ideal climatic condition which creates a paradise for tourism. The Kerala tourism is recognised as a super brand and is recognised as a pioneer and trend setters in tourism in the country.

As an economic proposition tourism involves the spending of accumulated earning of income in the places of destinations by the tourists. A number of economic outfits like transport companies, tourist agencies, hotel and catering establishment would emerge in the tourist destinations to cater to the needs of tourists. Such activities would generate employment opportunities for the different categories. At the same time these entrepreneurial undertakings is also facing several challenges too, the present study gives an insight into these issues.

### POPULAR TOURIST ATTRACTIONS IN KERALA

The important factors which is routing the tourists in to Kerala are:

- Hill stations such as Munnar, Wayandu, Nelliampathi, Wagamon, Ponmudi etc.
- Coastal and Beaches includes Kovalam, Varkkala, Marari, Bakel, Kannur etc.
- Back water destinations includes Ashtamudi , Vembanattu kayal etc

- Wild life reserves such as Periyar, Parambikulam, and Eravikulam etc.
- Heritage sites like Padmanabhapuram, Hill palace, Mattanchery Palace etc.
- Tourism based traditional arts , crafts and cultural activities
- Adventure tourism destinations include Chembra Peak, Munnar Trekking, Periyar Tiger Reserve etc.
- Waterfalls include Athirapilly, Meenvallam, Adyanpara etc.

### **UNIQUE FEATURES OF KERALA TOURISM**

Kerala tourism has experiencing an uninterrupted global growth in recent years and recorded as 5.8 % increase in 2015. International tourism receipt reached Rs. 6,949 .88 crores which is recorded as an increase of 8.61 % over the previous year. The main features behind this sect oral growth are as mentioned below:

- Natural beauty
- Product differentiation
- Tremendous political support
- Strong brand positioning
- Public Participation and acceptance
- Private sector involvement

### **TOURISM PROMOTING AGENCIES IN KERALA**

Government of Kerala has established a number of agencies for the development of tourism in the state. The main agencies supporting tourism industry are:

- Kerala Tourism Development Corporation (KTDC )
- District Tourism Promotion Council (DTPC's)
- Tourist Resort ( Kerala ) Ltd (TRKL )
- Bakel Resort Development Corporation (BRDC)
- Dept. Of Tourism, Govt. Of Kerala
- Kerala Institute of Tourism and Travel Studies (KITTS)
- Food Craft Institutes (FCIs)

These organisations are attempting well for the betterment of tourism industry in the state. They are actively engaging in making the tourism sector a vibrant and dynamic one. As a result of this, tourism sector is contributing more revenue to the exchequer of the Government and providing a strong base for the development of the state.

As a consequence to the continuous effort made by these organisations, the number tourist inflow in to the state increased considerably during the last few years. The number of domestic tourist arrivals in Kerala in the year 2015 is 124,

65, 571; it shows an increase of 8.61 % over the previous years. Kerala were also enjoyed a growth in foreign tourist arrival too. The number of foreign tourist arrived in the year 2015 is 9, 77, 479; it shows an increase of 5.86 %. The statistics were presented in the following tables.

**Table 1: Trends in Domestic and Foreign Tourist Arrivals into Kerala**

Year	Domestic Tourists	% VAR	Foreign Tourists	% VAR
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	8.61	6,59,265	18.31
2011	93,81,455	9.15	7,32,985	11.18
2012	100,76,854	7.41	7,93,696	8.28
2013	108,57,811	7.75	8,58,143	8.12
2014	116,95,411	7.71	9,23,366	7.60
2015	124,65,571	6.59	9,77,479	5.86

(Source: Department of tourism, Kerala tourism statistics -2015)

Tourism sector is one of the largest foreign exchange earners in the State of Kerala. It is growing at a faster pace. The following table gives a glimpse of the earnings from the tourism sector:

**Table 2: Earnings from Tourism (Rs. in Cores)**

Year	Foreign Exchange Earnings	% of Increase	Total Revenue Generated from Tourism (Direct & Indirect)	% of Increase
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	22926.00	12.22
2014	6398.93	15.07	24885.44	12.11
2015	6949.88	8.61	26689.63	7.25

(Source: Department of Tourism – Kerala Tourism statistics -2015)

## IMPACT OF TOURISM ON THE ECONOMY OF KERALA

In addition to the revenue earnings, this sector has **certain positive impacts** on the economy of Kerala. The important among them are-

- Generation of income and employment opportunities at the destinations.
- Development of infrastructure
- Substantial Increase in private Participation
- Improvement in social and cultural activities.

- Change in outlook of the people.

However, this sector is not free from **negative impacts**. A few among them are-

- Disturbance of environment in the name of tourism
- Value deterioration
- hike in cost of living
- Damage to the cultural identity
- Neglect ion of the needs of local people.
- Degradation of landscapes

Kerala has emerged as one of the prime tourism destination on the national and international map and is considered as the tourism trendsetter in the country. The availability of plenty of natural resources, skilled manpower, supportive entrepreneurial community, strong –local self governments, civil society organisations, streams of professionals and academicians, responsible media and responsive tourism industry etc. Are the main success mantras of Kerala tourism?

However, the entrepreneurs of this sector are not free from problems. Identification of the problems is the need of the hour since removal of these is essential for the healthy growth of the sector. Hence, a study is conducted in this direction and hoped that it will help to restore health and rejuvenate this sector.

## **OBJECTIVES OF THE PAPER**

The Objective of the paper is to identify the problems of the entrepreneurs in the Tourism sector in the State of Kerala.

## **METHODOLOGY & SOURCES OF DATA**

This study is mainly based on Primary Data. However, secondary Data were also used for gaining and presenting the background information of Tourism industry in Kerala. The Primary Data were collected from the selected 50 Tourist entrepreneurs functioning in various prime Tourist centres in Kerala. Simple Random Sampling Method was employed for the selection of sample tourism entrepreneurs. The secondary Data were collected from the publications of the State Planning Board, Department of Tourism, Books, Journals, online sources and newspapers which is dealing with the subject.

## **RESULTS OF THE SURVEY**

The Survey is fruitful. It revealed that the entrepreneurs are experiencing many problems. These problems are acute and critical. The Prominent problems revealed by the survey are furnished below.

### **Financial problem**

This is an acute problem especially for private sector entrepreneurs. As a result of this, private entrepreneurs are not able to provide better attractions to the tourists for gaining their patronage. The banks and financial institutions are not supporting as to the expectations of the entrepreneurs to overcome financial troubles. Poor financial commitments make the entrepreneurs poor innovators in this sector.

**Severe Competition**

In certain fields of tourism competition is very severe. For instance, in backwater tourism this phenomenon is very common. The boat owners are competing with each other for securing business and as a result of this they may be forced to run their business in an unprofitable manner.

**Climatic Disorder**

Climatic disorder is a common phenomenon all over the world. Kerala's Climatic disorder has a very serious negative impact on the inflow of tourists to the state. Unpredicted rainy season and dry season are creating havocs to the entrepreneurs in the tourism sector.

**Inadequate Government Involvement**

Even though the Government of Kerala has initiated a slew of measures for improving the tourism sector in the State, a good number of marginal entrepreneurs in the Tourism Sector are not able to get their benefits as expected. Apart from this, the Government restricts the private individuals' entry in certain areas where government is the sole facilitator. However, the government is not able to provide innovativeness in this area. As a result, many areas in this sector remain under exploited even though there is better potentiality.

**Global Recession**

Global recession is also making this sector a poor performer. Global recession restricts tourists' inflows, resulting a considerable dip in revenue.

**Very High Power Tariff**

The Power tariff applicable to hotel industry is comparatively very high. As a result, the marginal entrepreneurs are not able to provide many facilities as required by the tourist's especially foreign tourists. This is a major cause for poor customer patronage and relationship.

**Very High Building Tax**

Building tax for hotels and associated buildings is very high. As a consequent to this, there is considerable increase in running costs and significant reduction in their earnings. Moreover, the entrepreneurs fail to implement necessary improvements in their buildings for securing customer attraction.

**Poor Training Facilities**

Training is required to acquire professionalism. Professionals are required to present the tourism products in an attractive manner. However, such facilities are not very common in tourism front in Kerala.

**Home-Stay Related Issues**

Home stay is one of the most sought-after options for the tourists. Many tourists prefer home stay mainly for enjoying the unique experience that it provides. However, home stay owners lack basic knowledge of hospitality and tour operations. The providers of such service also lack better communicative skill which is necessary to deal with the tourists. This will create a negative impact on the development of this sector.

**Poor Infrastructure Facilities**

The infrastructure facilities are not adequate to fulfil the requirements of Tourists. The state roads are not good and safe. Most of them are in a dilapidated condition. The transport system is not well organized. In remote areas adequate banking facilities are not available. Shopping facilities are not adequate in most tourist centres. This is an impediment to promote our culture and heritage.

### **Deficiencies in Marketing Products**

Marketing is highly sensitive for all business ventures. Without marketing no business can survive. Tourism is not an exception to this. Technological illiteracy or reluctance to use innovative marketing techniques makes the tourist entrepreneurs as Poor marketers.

### **Other Problems**

In addition to the above main problems, the following are the other Problems faced by the entrepreneurs.

- Very Huge Marketing expenses.
- Non adoption of alternative business techniques during Dull Off seasons
- Too many official formalities
- Menace of stray dogs and beggars.
- Frequent changes in the policies of the Government poses a threat to the realization of the goals of the entrepreneurs.
- Exploitation of middlemen i.e. brokers

### **SUGGESTIONS AND CONCLUSIONS**

Tourism sector in Kerala has many opportunities to thrive and has a potentiality to stay in the main stream as a matured service sector. It can provide substantial revenue to the State, high quality of life to the people of the State, employment to the unemployed youth, highly skilled labour force and so on. However, this sector is still lagging behind in certain aspects. Among these grooming of innovative entrepreneurs requires more attention and care. This is so because entrepreneurs are the basic ingredient required to make a sector dynamic and vibrant. For this, the problems of the entrepreneurs should be identified and efforts should be made to eliminate them. Some of the suggestions in this regard are mentioned below.

- To overcome the crisis experiencing by this sector due to global recession, the industry needs state government's help in the form of incentives and tax concessions. This has a healing effect to cure the deep wounds created by recessionary trends.
- Since tourism industry is going through a very difficult parch with tourists arrivals to the state going down, the industry needs a package of incentives. Luxury tax should be reduced. For this purpose, certain charges such as laundry charges, ayurvedic treatment charges and massage charges may be exempted from luxury tax determination. The present rate of luxury tax should be reduced from 15 to 10 per cent. During off-seasons a further reduction in this rate of luxury tax may do well. The levy of luxury tax should be made applicable only to those hotels having a specified number of rooms say 15 rooms or more. This will help small hotels to escape from

tax burden.

- For encouraging newcomers in the tourism sector, a tax holiday for at least five years may be introduced.
- The industrial power tariff should be made applicable to the hotel industry also.
- Places of tourism importance should be declared as special tourism zones. This is useful both to the government and the industry to reap benefits.
- Home stay is expected to provide three vital things such a quality, safety and affordability. To make it a reality the owners of such facility should change their approach and try to enhance their professional skill. They should be able to provide a different experience to aviators of this facility. In order to overcome this problem, establishment of more number of training institutes can do well. This institute should impart training to entrepreneurs in trust areas like hospitality, Communicative skill, tour operation environment and so on.
- For improving the infrastructure facilities particularly the quality of roads, the government should give more emphasis to the issue in the budget allocation. Financial institutions may concentrate more on the establishment of service outlets in remote tourist areas.
- Entrepreneurs in the tourism sector are advised to use technology for marketing their products.
- Section 4 of the Kerala Tax on Luxuries Act may be amended for making the levy of tax simple and acceptable to the entrepreneurs. Levying of tax should be made applicable to lodging facilities only. Differential tax system is apt for the purpose.
- For ensuring a satisfactory level of tourist inflows in this state and finding solutions for many burning issues, govt's interventions in appropriate forms is highly necessary. Linking of tourism sector with other sectors in the State definitely is a welcome move in this direction. For instance, for increasing the scope of the commercial sector and tourism sector and making the entrepreneurs happy and proud, shopping could be linked to foreign and domestic tourism. The Grand Kerala Shopping Festival (GKSF) was being conducted with this end in view. Conduct of more number of such festivals may bring miracles in the developmental issues of the vital sector of the state.
- The Govt and financial institutions should not neglect the needs of private entrepreneurs in the tourism sector. Since this sector is potential in many aspects a growth based lending should be followed by financial institutions and Govt agencies in the tourism sector.
- For reducing the intensity of competition prevailing in certain areas of tourism, the Govt can interfere by fixing uniform tariff in relation to the facilities that are offered by the private facilitators.
- To eliminate the menace of beggars and stray dogs in Tourist centres, strict measures may be initiated by the local bodies concerned.
- Retail shopping hubs may be promoted in Tourist centres. Private entrepreneurs may be encouraged to fulfil this purpose.
- The interference of middle men can be eliminated by imposing License to the brokers and creation of awareness

among the entrepreneurs. Convening of the meetings and symposiums of entrepreneurs at frequent intervals under the auspices of the government agencies serve this purpose to a significant extent.

Kerala is an undisputed tourism hot spot in India. The government of Kerala considers tourism as one of the alternatives to develop the economy. Thus, it is not possible to ignore the vital role that the tourism is destined to play in the economy of Kerala. To fulfil this objective, management of the sector from the side of the Government and the initiative of the private entrepreneurs are the prerequisites. Hence, efforts must be initiated in that direction.

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