

## THE GOVERNANCE OF TOURISM FOR THE GROWTH AND DEVELOPMENT OF KERALA ECONOMY

**Dr. R. Kannan**

*Research Supervisor, Associate Professor and Director in Charge,  
Centre for Tourism & Hotel Management, Madurai Kamaraj University, Madurai-21*

**Jose Bejoy**

*Ph.D Research Scholar in Tourism Management,  
Centre for Tourism & Hotel Management, Madurai Kamaraj University, Madurai-21*

### **Abstract**

*The objectives of this article are to create awareness on - the evolution of Kerala economy for the past half a century, the strengths and weakness of economy and the future strategies to develop Kerala economy. The history of Kerala economy may be classified into three phases: 1956 - 1975; 1976 - 1991; and 1991 - 2006. During the first phase, Kerala remained as backward economy with low rate of growth and development. During the second phase, the Kerala economy developed in the positive direction due to large scale migration to foreign countries and the resulting flow of income remittance to Kerala. The third phase created rapid economic changes because of economic reforms, the remittance from non-resident Keralites, state policies on public expenditure and increase in private investment. The Kerala economy achieved the highest rate of growth and development, structural transmission and technological change during this phase. In 1986, Kerala realised tourism as an influential source, deciding the economic fate of the state. This article identifies economic protection and cultural protection as basic areas in which employment generation can be effectively implemented. While performing the above processes environmental sustainability, cultural sustainability and economic sustainability are to be preserved. All these sustainabilities are basic conditions for sustainability of tourism. In conclusion, the governance of tourism will lead to the growth and development of Kerala economy.*

**Keywords:** Kerala Economy, Environmental Protection, Cultural Protection, Economic Sustainability, Governance of Tourism

### **Introduction**

This Article aims at tracing the evolution of economic growth and development that Kerala achieved for the past half a century, under the intermittent governance of the state by different political parties, starting from the formation of Kerala to the present day. This Article also discusses the future strategies required for accelerating the growth and development of the state through the governance of tourism.

Over the last 50 years, Kerala has been experiencing a dual pattern of development at the economic and the social fronts. The core sectors of economy like agriculture and industry remained sluggish with low productivity. The service sector achieved rapid progress during the time. Compared to other states of India, Kerala achieved better human development; but in the sectors of employment production and income performance, low

levels were noticed. The failure in generating employment opportunities paved way to migration of educated labour force to the other parts of the country and to foreign lands in search of jobs for many decades. This phenomenon leads to the tracing of the situations which may lead to the sustainable growth and development of Kerala economy.

#### **Objectives**

1. To create awareness about the evolution of Kerala economy during the past half a century.
2. To create awareness on the future strategy for the growth and development of Kerala economy.
3. To create awareness on the governance of tourism as a future priority for the growth and development of Kerala economy.

#### **Research Methodology**

The study is basically descriptive. Relevant variables are sequentially and logically connected to arrive at the conclusion. The various techniques used in the study are:

1. Inductive Logic
2. Deductive Logic
3. Triangulation
4. Descriptive Narration

#### **Kerala Economy**

After the lapse of 50 years, Kerala economy shows symptoms like low productivity in agriculture and industry, high rate of education and employment, low level of investment, unsustainable fiscal situation and so on. During this time, Kerala has made remarkable achievements in public health and education. Kerala economists classify the economic development of Kerala for the past half a century into 3 phases. The first phase is during 1956 - 1975; the second phase is between 1976-1991; and the third phase is between 1991-2006. It is believed that Kerala remained as a backward economy with low rate of growth and development during the first phase. Changes in the cropping pattern, increase in the generation and distribution of electricity, development of roads and transportation, growth in motor vehicles and increase in medical and educational institutions also were other land marks of the period. The land reforms introduced in Kerala in 1970 paved way for remarkable social changes.

Economists in Kerala note that the backward economy of Kerala changed during the second phase due to large scale migration to foreign countries and flow of income remittances to Kerala. This phenomenon created positive changes in labour market, consumption pattern, saving and investment pattern, income distribution and regional development.

The third phase created rapid economic changes because of economic reforms, flows of migrant remittance, state policies on public expenditure and increase in private investment. The Kerala economy achieved the highest rate of growth and development, structural transformation and technological change during this phase. Even after all these changes Kerala remains a backward economy and faces serious problems of poverty, unemployment, environmental damage, inadequate infrastructural facilities and poor quality of public services in health and education.

The economists foresee the next stage of development as the stage in which people are much concerned about environmental protection, cultural protection and development of economy. All the above factors will lead to environmental sustainability, cultural sustainability and economic sustainability. These are the basic conditions for the development of sustainable cultural tourism.

In 1986, Kerala found tourism as a source deciding the economic fate of the state, particularly in terms of employment income and foreign exchange from tourism. The analysis of the sixth plan activity shows that tourism creates 10 lakh employment and 10,000 crores revenue to the state. The analysis shows that compared to the manufacturing industry, tourism provides more employment with less capital investment. Tourism is a multifaceted industry. Its linkage effects also are high. Tourism generates direct, indirect, induced and construction employment. Considering the potential for the effective utilization of linkage effect, promotion of tourism can be considered as a round the year phenomenon. It is a firm belief of many economists in Kerala that integrating tourism with other development activities, with a collaborative participation of the host community in tourism centers, State Government and other Governmental agencies, the state can achieve growth of tourism and economic sustainability of Kerala.

In olden times people believed that environmental protection and economic growth will not go together. But in modern times people have understood that environmental protection and economic growth will move hand in hand. Conventional economic models often assumed that technological growth and progress is a hindrance to the protection of environment and all its resources. When the environmental economics developed to the present level, Government of India began to introduce environmental measures integrating them into economic policies. So at present the decision making process include environmental protection as a part of economic growth and development in Kerala. The free goods available to the human kind are sunshine, air, water, soil, the climate and the ozone layer. Maintaining all of them in good condition is a costly task. The world has an infinite capacity to absorb the effects of human activities. Environmental Economics recognizes that the cost of protecting the above entities from degradation, socially and economically, is very high. The tools used for assessing such expenditure are cost-benefit analysis, environmental impact assessment, risk assessment and the national income accounts. These mechanisms will reflect the depletion and degradation of natural

resources. Sustainable economic development requires industrialization as a part of tourism with collaboration and partnership of State Government, local Government bodies and tourism industry.

The World Tourism Organization visualizes that 1.5 billion tourist's will be visiting foreign countries annually, by the year 2020, spending more than US\$ 5 billion every day. These forecasts represent nearly 3 times recorded in 1999. Tourism in 21<sup>st</sup> century will be the largest industry that the world has ever seen, with the phenomenal growth and development of tourism industry; it will have to take more responsibility for its extensive impacts. The impacts will fall on environment, culture, society and the economy.

Every economy is a sub system of the larger environmental system. The environmental system provides sources of energy and materials. The protection of environment becomes job creating economic activities. Pollution and waste management are covered through this activity. Services of water, nutrients and carbon recycling also are part of environmental protection. Creation of space for living, working and aesthetic living also form part of environmental protection. So the environmental protection as a whole leads to creation of jobs, and thus ultimately to the growth and development of economy.

Evolutionary Economists have recently recognized the importance of inter organizational collaborations and partnerships. This collaboration forms an organizational structure allowing agents to develop high level of independence promoting efficiency. Any tourism organization should be able to identify other collaborative agencies in the neighborhood so as to form a separate entity structure. Those collaborative agents may seem to have superficially contradictory nature. In such cases, those organizations learn from each other and adopt combatable strategies. Another fact is that they can emphasize experimentation and new radically diverging ideas. Collaborations and partnerships leads to learning from each other and experimentation.

In the learning process, each organization learns about their environments and brings their own views closer to the views of other organizations. The continued interactions between these organizations promote richer communication and information exchanges and it promote convergence of strategies of the organization. This is also efficient because it allows collaborating organizations to understand the needs and objectives of the partners and to play complementary roles in their association. This collaboration of organizations becomes a meaningful socio-economic combination. Many economists praise the convergence of learning competencies enhanced by the collaborative linkages of two organizations.

### **Tourism**

In the context of sustainability, one major area that is referred to is tourism. In relation to tourism, tourism products and tourism services are discussed throughout the world. The purchase of a tour is a speculative investment by the tourists. Tourism

consumption and its after effects are based on the services rendered to meet the basic necessities and comforts offered. A tour is a collection of services like an aircraft seat, a hotel bed, meals and the opportunity to see preferred tourist attractions. The tourist is buying a strange environment including unique climate and geographic features, including luxury services and hospitality in a particular atmosphere and culture. Thus Tourism products are physical as well as psychological construction which transforms dreams of people into reality.

Different cultures have different priorities. Even though tourists maintain quality control always there is a phenomenon called chance which can destroy any most well organized tour. This may be due to the natural or manmade reasons. Risks are higher in tourism services because these services are considered luxuries and hence same attention is not given as essential services. Local people often express hostility to tourism because they see it as an expression of the culture of wealthy people.

In future, all countries in the world may aspire to achieve their tourism goals, considering the following probabilities:

- a. A shift of wealth from the rich to poor.
- b. Developmental resources may be available in areas where development has not taken place.
- c. People with low education & skill may be provided with employment.
- d. With the help of tourism wealth, economic growth and development of the people may happen.

The economic growth and development of future Kerala depends on:

1. The management of natural resources and environmental protection.
2. Education of women and children, relevant to the labour markets.
3. Economic reforms with socio-cultural perspectives.

In addition to this, greater foreign exchange remittance to the Government also is a desired factor. It is to be noted that in Kerala, majority of the population live in rural areas and they depend upon agriculture, small and medium industries, business and the like. The over exploitation of the natural resources may result in the absence of adequate and meaningful collective action. The management of natural resources through collective action, proper rules and regulations may help the environmental and social sustainability.

The dynamics of coordinating cultural perspectives and labour market may result in the social harmony, cohesion and sustainable social environment. The composition of the local people and the magnitude of migration are deciding factors in tourism acceptability. Development may be associated with economic growth without compromising with key social parameters like health and education. Developmental efforts will be self defeating if they are not in conformity with social order and socio-cultural pattern. In short, development become sustainable in socio-cultural perspectives, attempting to ensure an overall social well being of people, by keeping respect for labour, women, and children.

Development of any place must ensure sustainable use of natural resources. Sustainability implies that while attempting the needs of the present generations, we must optimize the use and conservation of natural resources so that the future generation can avail of resources for maintaining their livelihood.

Culture alone cannot bring economic development; but there are other factors too. In a modern society, holding the minds of people is a herculean task. Decisions made by people are based on self development and self realization. Abraham Maslow, the social philosopher, talks about the possibility of humanistic approach to economic development. Maslow gives us a hierarchy of needs beginning with physiological needs such as air, water, food, shelter, sleep and sex; deficiency needs such as safety and security; growth needs such as self esteem, esteem by others, loving and belongingness; and the self actualization needs such as truth, beauty, aliveness, goodness, uniqueness etc. Maslow's approach has great relevance to the evaluation of the right social structures. Here the focus is upon man and the development of man in social context which facilitates the development of his total personality. The development of social policy and administration should develop the right environment for utilitarian, ethical and cultural aspects of the human personality. No aspect of social policy is to be given exaggerated importance at the cost of wholesome and balanced development of a social order.

The impact of migration of workers to a place is not merely an economic factor. It is a social, cultural, political and economic factor too. The pace of migration to Kerala has accelerated in recent years on account of rapid improvement in infrastructure development of construction sector. Rural-urban migration is on account of disparities in the provision of infrastructure, basic services and employment opportunities. The development of certain regions through rapid industrialization and urbanization, growth of mega cities and low productivity of agriculture in some areas are some of the aspects leading to this migration. Therefore the migration in an area varies with the diversity of the area. Recently it is a trend in the rural and urban cities of Kerala that larger proportion of young, unmarried, unemployed men with lower level of educational attainment come from other states in India. A majority of them are from middle class or lower middle class family. They are employed in technical sectors, construction sectors or labour sectors, or even unemployed.

The phenomenon of labour migration has been a serious concern for researchers and policy makers. The environmental degradation is taking place because the local people are being deprived of their livelihood. The agricultural cycle in Kerala is uncertain and lasts for a short duration. In the absence of alternative employment, the labour force both male and female is forced to migrate to large scale potential areas of employment. The success of interventions lies in solving the problems of environmental protection, cultural protection and tourism development.

Generally, environmental policies related to waste management aims at reducing waste and to promote safe disposal through recycling and reuse. While advanced economies

follow mix of regulatory and economic instruments, less developed economies use command and control techniques for achieving waste management goals.

When there is agricultural uncertainty, backwardness in population and resource degradation in Kerala, one method suggested by the economists is occupational diversification as a useful phenomenon for positive economic development. The changing occupational structure in the rural and urban cities and villages of Kerala are being influenced simultaneously by forces of development and distress, in a varying degree. Identifying the extend of influence of these two forces is a major challenge for the authorities and administration in Kerala. An important dimension that needs to be cared is the relation between diversification and condition of natural resources. The local people are frustrated by migration because the sustainability of their livelihood system is disturbed. The disturbance of the system can be removed by enhancing and maintaining productivity of the resources in the area. The system may either depend upon its own resources or establish necessary linkages with the outside systems without affecting in the process of potentiality of the local resources to contribute towards attaining livelihood, security and improvement. The livelihood can be dynamic and compatible with development to take care of both the current and future needs. Besides, there is a scope for intersystem linkages to overcome the limitations of an isolated system.

In Kerala, people are thickly populated in cities and villages. Natural resources are available throughout Kerala. If the environment of the cities and villages of Kerala are properly maintained with fresh air, drinking water and aesthetic appearance, it can be developed into a super tourist destination, because of the richness of the natural resources. One other dimension required for strengthening the power of attraction of tourism destination is cultural and heritage protection of the cities and villages of Kerala. Cultural and heritage protections need manpower, in the form of labour, technology and organization. Hence the generation of occupational opportunities can be created through the two sectors, construction and tourism. The after effects of this phenomenon will require a balancing between migration of outsiders and livelihood distress of local people.

The real worth of Kerala is wellbeing of people. The purpose of development in Kerala is to enable the people to enjoy long healthy and creative lives. Any economy can be considered sustainable only if it can maintain its essential programmes and discharge the responsibilities without increasing its debts. If an economy cannot increase its revenue to meet the required expenses, then it cannot reach the sustainable level. Kerala is far ahead of other states in matters like literacy, land reforms, public distribution system, health care, cooperative movement, communal harmony, social security measures like pension, welfare funds for weaker segments, and so on.

In Kerala the governance of almost everything that the Government manages seems to be unsustainable because the underlying systems and processes are inefficient and corrupt. What the Government should be doing is to invest its resources and time and

energy in designing foolproof methods and systems for those services which only Government can provide for the poor, instead of wasting such resources on activities which private sector or efficient NGO's can do more effectively.

Development debates should be based on realities. Development should be comprehensive. It should reach all sections of the society. An integrated approach is needed while discussing the development plans. Kerala fails to utilize most of its resources properly. An eminent economist of Kerala has suggested that the industrial base of Kerala have to be augmented in order to put the Kerala economy on a sustainable growth process. Of all the industries, tourism industry needs comparatively less capital but at the same time fetches more employment opportunities and more foreign exchange to the government. Tourism can be developed by the Central and State Governments in collaboration with other industries and other private agencies.

Tourism industry is recognized as world's largest industry. There is a highly intense level of competition within each sector of tourism. The services and facilities offered by tourism industry have to be geared according to the needs of the tourists rather than the needs of the tour operators and managers.

Governance of tourism has its focus on economic significance of tourism to the growth and development of Kerala, on the basis of economic cycles and their benefits. The success of tourism governance will depend upon the success of tourism marketing, tourism market planning, product formulation, production and pricing.

In the process of tourism governance, enumerable variables are involved. While dealing with organization of tourism marketing special care has to be given upon the role of marketing managers, tourism destination, cost benefit analysis and so on. Focus has to be given also on travel and tourism markets, role of travel agents and tourism operators and the pattern of flow of national and international tourists. The dimensions of tourism services and quality of tourism services cover a very wide area. Marketing tourism transport and accommodations in an area needs special attention in governance of tourism. Tourism information service is considered to be the most useful service to the tourists. Unless the tourists get relevant information about right destinations and its availability tourists cannot reach there. The role of public relations, advertisements, special campaign programme etc are very strategic in the governance of tourism.

### **Conclusion**

This article examines the evolution of Kerala economy for the past half a century. The strengths and weakness of the economy also is discussed. This article aims to focus on the possible strategy that may lead Kerala economy to the fore front. The discussion comes to the conclusion that governance of tourism in Kerala will lead to protection of environment, protection of culture, protection of society and ultimately to the sustainability of economy.



**Reference**

1. Muraleedharan, Dr.K. (2006). *Participatory Development: Issues and Lessons*. New Delhi: Serials Publication.
2. Nayak, Narayan C., Goswami, Kishore and Chatterjee, Bani (2007). *Economic Reforms, Human Welfare and Sustainable Development in India*. New Delhi: New Century Publications.
3. Prakash, B.A. and Prabhakaran Nair, V.R. (2008). *Kerala's Development Issues in the New Millennium*. New Delhi: Serials Publication.
4. Shylendra, H.S. and Rani, Uma (2005). *Diversification and Sustainable Rural Livelihood*. New Delhi: Concept Publishing Company.
5. Singh, Ratandeep (2000). *Tourism Marketing: Principles, Policies and Strategies*. New Delhi: Kanishka Publishers.
6. Suresh Kumar, R.K. and Suresh Kumar, P. (2007). *Governance and Development*. New Delhi: APH Publishing Corporation.