



GOVERNMENT OF KERALA
KERALA STATE PLANNING BOARD

**THIRTEENTH FIVE-YEAR PLAN
(2017-2022)**

WORKING GROUP ON

TOURISM

REPORT

INDUSTRY AND INFRASTRUCTURE DIVISION

KERALA STATE PLANNING BOARD
THIRUVANANTHAPURAM

MARCH 2017

PREFACE

In Kerala, the process of a Five-Year Plan is an exercise in people's participation. At the end of September 2016, the Kerala State Planning Board began an effort to conduct the widest possible consultations before formulating the Plan. The Planning Board formed 43 Working Groups, with a total of more than 700 members – scholars, administrators, social and political activists and other experts. Although the Reports do not represent the official position of the Government of Kerala, their content will help in the formulation of the Thirteenth Five-Year Plan document.

This document is the report of the Working Group on Tourism. The Chairpersons of the Working Group were DrVenu V IAS and Shri Jose Dominic. The Member of the Planning Board who coordinated the activities of the Working Group was Professor R. Ramakumar. The concerned Chief of Division was Shri N. R. Joy.

Member Secretary

FOREWORD

Tourism has been acknowledged as a priority sector in Kerala and one of the strong drivers of economic growth of the state. The state has been successful in creating a place of its own in this sector. This is evident from the achievements made by the industry both at the national and international levels. The state needs to frame the right strategies to address the challenges in the Tourism industry during the 13th Five Year Plan.

A Working Group was constituted for Tourism for Thirteenth Five Year Plan with Dr.Venu. V IAS, Principal Secretary to Govt (Tourism) and Sri.Jose Dominic, Managing Director, CGH Earth as Co- Chairpersons and the committee held 2 sittings and conducted a detailed analysis of the sector.

We are very grateful to all committee members for their participation and valuable contributions and suggestions/recommendations in the Working Group. Particular mention needs to be made for the contribution of Dr. Ramakumar, Member, State Planning Board right from the constitution of the Working Group to the finalisation of the Report. Special reference is mentioned for Shri. N.R. Joy, Chief & Convener and Sri.Vincent Sebastain Smt. Ranjini.S. ,Research Officers & Co Conveners, Industry & Infrastructure Division and other officers of State Planning Board for conducting meeting and co-ordinating the materials from different members for the preparation of the report.

Dr.Venu.V. IAS
Principal Secretary to Govt(Tourism)
Co-Chairperson(1)

Jose Dominic
Managing Director, CGH Earth
Co-Chairperson(2)

CONTENTS

Preface	
Foreword.....	
Contents	
Chapter 1 Introduction	1
Chapter 2 Tourism under Five-Year Plans	3
The Focus of 12thFive-Year Plan	6
Chapter 3 Policies and Perspectives.....	11
State Tourism Policy 2012.....	11
Perspective Plan 2030	12
Chapter 4 Approach to 13th Plan	13
Strengths	13
Issues/Challenges	14
Targets for 13th Plan.....	14
Strategy	14
Proposal for 13thFive-Year Plan.....	14
Annexure 1.....	19
Annexure 2.....	20

CHAPTER 1
INTRODUCTION

1. Tourism, the vibrant and dynamic sector, continues to play a significant role in the global economy by making a visible contribution to employment, income and foreign exchange earnings. Despite economic slowdown in several parts of the world, the tourism sector presented a reasonable performance during 2015. It is estimated that the global tourist arrivals registered an annual growth of 4.4% with 118.4 crores of tourists. However, the international tourism receipts recorded a negative growth rate of 4.9% (India Tourism Statistics 2015). The performance of tourism in India compared to the global scenario was relatively better. The foreign tourist arrivals to India registered an annual growth of 4.5% with 80 lakh and foreign exchange earnings registered an annual growth of 9.6% with Rs 135193 crores. Though international tourist arrivals have gone up by 4.4%, India ranks 40th position in the global tourist arrivals with a share of 0.68%. A comparison of the tourist arrivals in Kerala during 2015 with that of the previous year shows that foreign tourist arrivals increased by 5.86% while domestic tourist arrivals increased by 6.59%. Visible increase in foreign exchange earnings and total revenue generated were also recorded during this period. While the foreign exchange earnings have gone up by 8.61%, the increase in total revenue was estimated as 7.25% during 2015.
2. History of organized tourism business activity shows that efforts to promote tourism in Kerala were initiated in 1965 by establishing Kerala Tourism Development Corporation (KTDC). However, the sector was assigned the status of the industry only in 1986. Considering the potential of tourism in the development paradigm of Kerala, the Government took a lead role in promoting tourism mainly focusing on infrastructure development. The establishment of KTDC, Bekal Resort Development Corporation Ltd. (BRDC), Tourism Resorts Kerala Limited (Later Changed to Kerala Tourism Infrastructure Limited (KTIL)) can be viewed in this context. A quick scan on the performance of tourism during the past three decades would reveal that the sector has exhibited visible progress in terms of tourist arrivals, foreign exchange earnings, employment generation and contribution to state's GDP. It is estimated that the state has provided hospitality to 1,34,43,050 tourists during 2015 generating Rs. 26,689.63 crores, which forms almost 10% of state's GDP.
3. Strongly rooted in the natural and cultural endowments coupled with indigenous knowledge and hospitality, the state has become an abode for both domestic and foreign tourists who seek leisure, rejuvenation and experience for value for money. Though tourism began to grow focusing on beaches, gradually backwaters and Ayurveda were added to the list of attractions and experiences enabling diverse interest groups to visit the state. The success of tourism development is truly attributed to the perfect synergy between the public and private sector. The continuous dialogue between the Government and private sector has immensely helped in developing new products and diversifying tourism business in the state. Today, the tourism consumption basket of Kerala is filled with diverse varieties of products including niche tourism products. Now the state has reached a stage where the global tourism market expects quality services and products of international standards. Being part of a global business, today, Kerala tourism is facing several challenges including competition

from neighboring states and countries. Kerala can maintain its USP in the global market only by scaling up quality services and products and implementing programmes and policies that ensure sustainable development.

4. Tourism, the labor intensive industry, has been acknowledged as a priority sector in Kerala. It is estimated that tourism contributes one in every 11 jobs created across the world and unlike manufacturing and other service industries, the lion share of tourism enterprises is constituted by small, medium and micro enterprises supporting entrepreneurship development and self-employment opportunities. Encompassing the illiterate to the highly educated, tourism offers direct, indirect and induced employment to the masses. The major driving force behind this is the tourist arrivals, duration of stay and expenditure incurred by tourists at the destination.
5. However the overall economic impact of tourism is determined not only by the income generated but also by the strategy adopted in this process to re-circulate the money in the economy creating multiplier effect. Experience over the past few years particularly since 2008, when Responsible Tourism initiative was launched in the state, shows that the state can reap economic benefit by minimizing the leakages and maximizing linkages.
6. The Responsible Tourism initiative launched in 2008, supported the effort to trickle down the economic benefit of tourism business to the grassroot level and promote inclusive growth in this sector. The initiative consider tourism in its totality and address issues related to society, economy and environment while designing and implementing programmes and policies for tourism development. Thus, the state has set a sound platform for developing sustainable tourism that benefits the local community, tourism business as well as the tourists. While designing programmes and projects for 13th Five-Year Plan, earnest efforts have been taken to assess the performance and achievements during the 12th Plan in the backdrop of past eleven Five-Year Plans, various tourism policies of Government of Kerala and the Perspective Plan 2030. Keeping in mind, the current issues, challenges and the prospects of tourism in the development front of Kerala, the approach paper give emphasis to infrastructure development, human resource development, marketing, product development and quality service delivery with a view to maintain and strengthen the brand image of Kerala Tourism in the global market.

CHAPTER 2
TOURISM UNDER FIVE-YEAR PLANS

7. The State of Kerala is well known for its efforts in providing a key tourism platform for the state and positioning its tourism products in the global market. This is evident from the achievements made by the industry both at the national and international levels. A blend of experiences of various tourism products in the State has made Kerala one of the most acclaimed destinations in the world. Recently a tiny island in the state namely “Kakkathuruthu” has been listed in National Geographic’s ‘Around the World in 24 Hours,’ a photographic tour of travel-worthy spots in the world. Likewise the God’s own Country has to list out a series of achievements bagged by the tourism sector in the last three decades from much reputed national and international organizations associated with the industry. It is one of the important sectors that generates large scale employment opportunities and earns foreign exchange to the State. It also promotes traditional industries such as handicrafts, spices, coir etc.

8. In the midst of all these achievements, the sector has been receiving low priority in the allocation of funds during various plan periods. Since the second Five-Year Plan onwards the tourism sector has been brought under the purview of Five-Year Plans. Till the end of the Fifth Plan (1951-1978) the sector has not received much attention. Appreciating the importance that tourism has come to occupy in the economy of the state and realising the need for development of tourism related activities on healthy lines, the Government of Kerala declared tourism in July 1986 as an industry. The Sixth Five Year Plan (1980-85) gave “due emphasize for increasing the State’s share of international tourists traffic to India while at the same time providing convenient packages of facilities for domestic tourists visiting Kerala from all over the country”. The Plan envisaged “the pooling of resources not only of the central and state governments, but also sizable inputs from private sector in achieving the Plan objectives in full”.

9. The overall plan outlay to the sector has been increasing over the years but the share of tourism sector in the total state plan outlay is negligible. The allocation to the tourism sector has not touched even one percent level except during the ninth and tenth plan periods. The following table illustrates the outlay to tourism sector and the share of tourism in total outlay over various plan periods.

Table 2.1 *Allocation and Expenditure on Tourism in the State Plan over Various Plan Periods*

Period	Total Plan Outlay Rs. in lakhs	Outlay for Tourism Rs. in lakhs	% share of Tourism	Actual Expenditure Rs. in lakhs
I Plan	3003	--	--	--
II Plan	8701	13.00	0.15	8.00
III Plan	17000	50.00	0.29	22.00
Annual Plan	14254	31.00	0.22	19.00
IV Plan	25840	50.00	0.19	55.00
V Plan	56896	71.00	0.12	79.00
Annual Plan	39296	130.00	0.33	132.27
VI Plan	148755	672.00	0.45	556.80
VII Plan	221100	850.00	0.38	833.69
Annual Plan	144200	650.00	0.45	816.95
VIII Plan	687648	5301.00	0.77	5707.85
IX Plan	1575500	19266.00	1.22	17397.81
X Plan	2522643	38032.00	1.51	36968.49
XI Plan	4560547	48873.00	0.15	61774.00
XII Plan	10200000	110140.00	0.29	67506.24*

Source: Plan Outlay and expenditure, Kerala Vol-1, 2&3, Kerala State Planning Board, Trivandrum.

Note: *The expenditure status up to 31.10.2016

10. A close analysis of the table reveals that the Plan allocation has shown a skewed trend over various plan periods. Some plan periods witnessed marginal increase whereas in some other plans drastic increase in allocation has been noticed. The plan outlay to the sector during the 8th plan period was 53.01 crores while it got raised to 192.66 crores during the 9th plan period which further rose to 380 crores by the 10th plan period.
11. Later tremendous increase had been noticed during the 11th and 12th Plan periods. During the 11th plan, the Plan outlay was 488.73 crores which further increased to 1101.4 crores by the 12th Plan period.
12. Coming to the percentage share of allocation to tourism sector in the total plan outlay of the state, similar trend is visible. A significant increase in the share of allocation to tourism sector had been noticed during 9th and 10th plan periods. The share of the sector in the total plan outlay was much higher than that of the previous years and the sector had witnessed a quantum leap during these periods. The share of the sector increased from 0.77% in 8th plan to 1.22% by the 9th plan period and then to 1.51% by 10th Plan. But the momentum gathered by the sector during these years did not last for long and the figures of the following plan periods showed a negligible share of the tourism sector in the total plan outlay. During the 11th plan period, the share was only 0.15% which marginally increased to 0.29% by the 12th Five-Year Plan. The insignificant share of tourism sector outlay in the total outlay of the state plan, despite the advancements made by the sector in income and employment generation, is a matter of big concern.
13. The expenditure status shows that the state has succeeded to some extent in spending the allotted fund over the Plan periods. The growth of the tourism industry especially during the 8th, 9th and 10th plan periods can be attributed to the push given by the government

through various schemes. The funds set apart for publicity, marketing, infrastructure development etc. had been utilized fully.

14. Four primary travel circuits for international and domestic tourists were identified for planning infrastructure requirements. The Seventh Plan (1985-90) aimed at completing the development projects undertaken in the previous plan. A master plan covering the 10 year period 1985-95 was drawn up for the development of tourism in the State. The programmes for tourism during the Eighth Plan (1992-97) were drawn giving full recognition to its economic benefits by way of development and income generation. Self-employment ventures in tourism and publicity were given priority in the Eight Plan. Steps were also taken for the completion of existing projects. With these ends in view, an outlay of Rs 29.22 crores was proposed for tourism development. The Eight Plan is expected to generate 14470 thousand man days' employment temporarily and permanent employment to 32,465 persons.
15. Provision of accommodation and other infrastructure facilities were given the highest priority in all the Five-Year Plans. In 1995 Bekal Fort and the adjoining beaches were identified as a potential tourism center and a mega tourism project was launched to attract foreign tourists. The estimated cost of the project was Rs 24.69 lakhs.
16. Ninth Plan brought out the importance of people's participation at the grassroots level and the development of tourist facilities and for creating a tourist friendly atmosphere. During this period the government had focused mainly on
 1. the development of infrastructure facilities at tourist centers
 2. development of beach and hill resorts
 3. promotion of backwater tourism through integrated development of backwaters and waterways
 4. improvement of pilgrim centers
 5. Conservation of heritage sites and explored the opportunities of eco-tourism activities in the state etc.
17. So, in order to tap the benefits of the tourism potentials of the state by identifying the thrust areas, the then government had proposed a sudden hike in the Plan outlay during the 9th plan period. The detailed analysis of the schemes undertaken by the government and increased outlay of three or four fold times to these programmes when compared to that of the previous plan periods reveals this fact. About 90% of the allocated amount was expended during this period.
18. In the following plan i.e. the 10th plan period, further increase in the allocation was noticed. The share of tourism sector accounts about 1.51%, which is one of the highest shares in the history of Five-Year Plans in the state. The objectives of the 10th Plan include
 1. Conducting carrying capacity studies and preparation of planning guidelines to conserve the heritage and environment of all major tourist centers
 2. Conservation, preservation and restoration of heritage properties

3. Financial assistance for restoration/renovation of heritage buildings owned by private parties
 4. Promotion of local cultural programmes, fairs, festivals and boat races
 5. Development of cultural complexes at major tourist centers etc.
19. The expenditure status of this plan period has also marked the utilization of around 90% of allotted amount.
20. Eleventh Five-Year Plan covered the period from 2007-08 to 2011-12. The State has proposed an outlay of Rs. 488.73 crores to this sector. In addition to this the tourism department had mobilized funds through SDGs. Central financial assistance was also availed for destination development, fairs and events and also to carry out research oriented projects. During this plan period the thrust was given for
1. Upgradation and creation of infrastructure
 2. Marketing
 3. Conservation, preservation and promotion of culture and heritage.
 4. Responsible tourism initiatives
21. During the year 2007, the Kerala Tourism decided to set a new trend by implementing Responsible Tourism initiative at 4 pilot destinations viz.Kovalam, Kumarakom, Thekkady and Wayanad. Kerala is ideally suited to achieve positive benefits through Responsible Tourism, though there are challenges to be converted as opportunities. Responsible Tourism mainly identified with three kinds of responsibilities, which are Economic responsibility, Social responsibility and Environmental responsibility.
22. In order to sustain the status of Kerala Tourism in highly competitive markets, thrust areas were identified and given more priority and strategies were also formulated to achieve the targets during the 12th Plan period.

The Focus of 12thFive-Year Plan

23. The 12thFive-Year Plan identified a number of critical gaps in tourism sector and the approach was to address these issues on priority. The major areas of Special attention by the Five-Year Plan were
1. Programmes for Malabar region, hitherto left out from main stream tourism development.
 2. Maintenance and upkeep of the infrastructure
 3. Curb the delays in implementation of projects and introduce efficient mechanism for monitoring and evaluation
 4. Better safety and security measures at the tourist destinations
 5. Providing better quality services matching with the international standards
 6. Reducing strain on the environment due to reckless tourism
 7. Attracting private investment in tourism infrastructure
 8. Setting up strategies for meeting severe competition from South-East Asian countries

24. The Department of Tourism in line with the focus of the 12th Five-Year Plan took a number of activities in the Plan Period. The important key initiatives of the Department were
1. Up-gradation, Creation of Infrastructure and Amenities
 2. Aggressive promotion and marketing
 3. Development of Eco tourism
 4. Conservation, preservation and promotion of Heritage, Environment and Culture
 5. Heritage projects for Muziris and Thalassery
 6. Modernization and Strengthening of Tourism Institutions
 7. New campaign for 'Kerala Waste Free Destination' with the active participation of local bodies, NGOs, Self Help Groups, educational institutions and tourism trade
 8. Kerala Sea Plane Project connecting tourist destinations - Ashtamudi, Punnamada, Kumarakom, Cochin backwaters and Bakel and
 9. Responsible Tourism initiatives.

Review of Major Schemes Implemented During the 12th Five-Year Plan

25. The total plan outlay for the 12th Five-Year Plan (2012-17) was Rs. 1,02,00,000 Lakhs and the outlay in tourism was Rs 110140 Lakhs. In addition to this, funds were mobilized through SDGs. Central Financial Assistance was also availed for destination development, fairs and events, research oriented projects etc. There were about 24 schemes within the 12th Five-Year Plan. The major thrust was on
1. Upgradation and Creation of infrastructure
 2. Marketing
 3. Heritage, Muziris and spice route.
 4. Conservation, Preservation and Promotion of Culture and Heritage.

Table 2.2 *Annual Outlay and Expenditure in Tourism during 12th Five-Year Plan*

Year	Outlay(Crores)	Expenditure (Crores)	% of Expenditure
2012-13	171.91	165.80	96.44
2013-14	191.24	193.13	100.98
2014-15	210.85	192.17	91.14
2015-16	225.54	202.73	89.88
2016-17	314.32	93.93	29.83(Up to 31-10- 2016)
Total	1113.86	847.76	

26. On comparison to 2012-13, the annual outlay and expenditure in Tourism has increased incrementally.
27. The total plan outlay for tourism for the 12th Plan was 1072.41 crores. In order to understand the allocation of funds for various subsectors of tourism development, the total allocations have been classified into 5 categories, viz: Infrastructure/destination development, Promotion and Marketing, HR development and Incentives to Private sector. The following table gives the allocation and actual expenditure under these categories during the 12th Plan period.

Table 2.3 *Allocation and Expenditure*

SL. No.	Subsector	Plan allocation (in crores)	Percentage to total outlay	Actual expenditure (In crores)	Percentage to total Expenditure
1	Infrastructure	671	62.56	459.75	42.87
2	Marketing	275	25.60	244.69	22.82
3	HR	55	5.12	43.87	4.09
4	Hospitality	36	4.35	40.65	3.79
5	Incentives	25	2.36	23.99	2.24

28. From the above analysis it can be seen that the allocation to infrastructure and destination development form 62.56%, while that to Marketing and HR are only 25.60% and 5.12% respectively. Even though the responsibility of maintaining the Guesthouses, Residential Bungalows of Ministers and fleet of government vehicles in the state are vested with Department of Tourism, the amount allocated for the same is just 4.35% of the Plan allocation. The incentive to private sector also is very low 2.36% and during the last year of the 12th Plan the amount given is only Rs.50 Lakhs, which is not enough to consider any of the existing commitment from the part of government. As far the actual expenditure is concerned, infrastructure, marketing, HR, Hospitality and incentives subsectors spent 42.87%, 22.82%, 4.09%, 3.79% and 2.24% of the allocation.

Achievements during 12th Plan

29. A comparison of various indicators of tourism development like tourist arrivals, foreign exchange earnings, total income and employment generated shows that Kerala has made steady progress during the 12th Plan compared to the previous Five-Year Plan period. The foreign tourist arrivals increased from 515808 to 732985 during the 11th plan to 977479 during 2015. The domestic tourist arrivals has changed from 6642941 in 2007 to 9381455 in 2011. This has increased to 12465571 in 2015. Earnings from foreign exchange increased from Rs 2640.94 crores in 2007 to Rs 4221.99 crores in 2011. This has increased to Rs 6949.88 crores in 2015. The total income generated has grown up from Rs 11433 crores in 2007 to Rs 19037 crores in 2011. This has again grown up to Rs 26689.63 crores in 2015. A comparison of the four years performance of tourism during the 12th Plan with that of the 11th plan indicated that the performance of the sector is reasonably good. The details of tourist arrivals, foreign exchange earnings and total income for the last ten years is given in the appendix.

30. The foreign tourist arrival to Kerala during the year 2015 is 977479. It shows an increase of 5.86% over the previous year's figure of 923366. Domestic tourist arrival to Kerala during the year 2015 is 12465571. It shows an increase of 6.59 % over the previous year's figure 11695411. The total revenue from Tourism during 2015 is Rs26689.00 Crores, with an increase of 7.25% over previous year. Foreign exchange earning for the year 2015 was Rs 6949.88 Crores, which recorded an increase of 8.61 % over the previous year.

Major Schemes Implemented During 12th Five-Year Plan

31. *Up-gradation, creation of infrastructure and amenities.* The scheme targets ensuring proper basic infrastructure facilities, waste disposal system, accommodation facilities, transport facilities, tourism signage, wayside and water side facilities. An outlay of Rs. 387.68 Crores was allocated for the scheme during the Plan period (5 Years) and the expenditure is Rs.282. 63 as on 31.10.2016.Improvements of major destinations were taken up through master plans. Department concentrated on providing basic facilities at destinations and ensuring safety and security of tourists.
32. *Marketing.* In order to retain the market supremacy, Kerala Tourism launched number of new and innovative marketing campaigns in both International and Domestic markets. The Great Backwater of Kerala, Kerala – Home of Ayurveda, Your Moment is Waiting, Dream Season etc are the major multimedia campaigns carried out by Kerala Tourism in the major markets. Market specific campaigns were also carried out to attract tourists from strategic markets like Middle East, Australia, Japan etc. Innovative campaigns like Train Branding, Airport Displays, Social Media campaigns were taken up to attract more number of tourists to the state.Total allocation for the scheme was Rs 162.0 crores and the expenditure is Rs.151.87 Crores as on 31.10.2016.
33. *Kerala Tourism Promotions and Marketing Mechanism.* The Department of Tourism has been a regular participant in National and International tourism trade fairs. Kerala Tourism participated in the leading international tourism trade fairs like ITB - Berlin, WTM – London, FITUR – Madrid, ATM - Dubai with an increasing number of trade partners.The Department of Tourism has also organised National and International Trade Workshops in key tourist originating markets for Kerala and it is the most effective platform for B2B interaction and tie-ups. During the 12th Plan period, department have participated in 42 International Trade Fairs,68International Road shows, National Partnership meetsin 37 Indian cities and National Trade Fairs in 50 Indian citiesAn outlay of Rs65.47 crores was allocated for the scheme during the 12th Plan and the expenditure is 55.94 Crores as on 31.10.2016.
34. *Muziris Heritage and Spice Route project.* The Muziris Heritage Project was started in the annual plan 2009 -10. The first phase of Muziris Heritage Project has been completed. This project covers networking of 100 museums, palaces, forts, temples, churches, synagogues, other historical monuments through waterways. Also the Spice route initiative of Department in association with UNESCO and other partner countries is developing into a unique global tourism product centeredaround the state of Kerala. Thalassery Heritage project that covers historic monuments like Thalassery Fort, Gundart Bungalow, Sea Bridge, Kannur Fort, ArakkalKettuetc, did not progress as envisaged. An amount of Rs 68. 5 crores was earmarked for the scheme during 12th Plan and the expenditure is 52.09 Crores as on 31.10.2016.
35. *Responsible Tourism.* Community Participation in Tourism development is successfully implemented in Kerala through Kerala Responsible Tourism (RT) initiative launched in

2008. The initiative implemented on a pilot basis has succeeded in mobilizing local community and channelizing the resources for strengthening the tourism activity in various destinations. The local community is benefitted economically, socially and environmentally and the visible outcomes of the same have been acknowledged by UNWTO Department of Tourism, Government of Kerala has received the precious Ulysses Award for Responsible Tourism Project in Kumarakom under the category of Innovations in Public Policy and Governance. Besides, the project won various National and International awards.

36. The Responsible Tourism initiative launched in 2008 at Kovalam, Kumarakom, Thekkady and Vythiri was later extended to three more destinations in 2011 incorporating Kumbalangi, Ambalavayal and Bekal. Later in 2014, Muziris was added as another RT destination. The activities are in progress in different stages at these destinations. Subsequently, the Department also decided to broad base the RT initiative to 50 more destinations in the state. The initial works for implementing the programme in the new destinations is nearing completion with community level meetings and tourism resource mapping. Considering the overwhelming success of the project, receipt of several national and international recognitions and the volume of economic benefit disseminated to the society including the linkage effect, Government has decided to extend the programme into 112 Local Self Government areas under the broad heading “God’s Own Country Peoples’ Own Tourism”. In this context, it is highly imperative to broad base and strengthens the RT initiative in the existing pilot destinations while implementing projects in all over Kerala.

CHAPTER 3
POLICIES AND PERSPECTIVES

37. Realizing the potential of tourism in strengthening the economy of the state, Government of Kerala declared it as an industry in 1986. This announcement necessitated the need for a policy framework to give clear directions and guidance for the various activities and programmes to be drawn up for the effective and successful development of tourism. Kerala announced its first tourism policy in 1995. The policy intended to provide a clear vision and direction for programmes to be organized in order to help realize the growth of annual international tourist's traffic from 1 lakh to 5 lakh and annual domestic tourist traffic from 10 lakhs to 50 lakhs by 2000. The policy contained concession and incentives to tourism entrepreneurs giving emphasis to the development of infrastructure, product, human resource and marketing. After five years, in 2001, government prepared Tourism Vision 2025 encompassing short term, medium term and long term measures to make tourism sector more dynamic and vibrant so as to make it an indispensable component in the state's economy. Generation of employment, protection and promotion of heritage, quality service delivery, infrastructure development with private participations, back water, Ayurveda and nature based forms were the thrust areas in Vision 2025. The vision also announced short, medium and long term action programmes for ensuring sustainable tourism development giving adequate emphasis to above mentioned areas.

State Tourism Policy 2012

38. Within a short span of time since tourism was declared as an industry, the sector exhibited visible growth making significant contribution to revenue, foreign exchange, employment and tourist arrivals. Kerala Tourism bagged several national and international recognitions and reckoned as one of the must see destinations in the world offering diverse tourism products, which gave authentic and enchanting experience to tourists. In order to put tourism development along sustainable lines, ensuring responsibility of the stakeholders on economic, social and environmental fronts and to provide quality service delivery ensuring value for money, the Government of Kerala announced a comprehensive Tourism Policy in 2012. The five basic objectives addressed in the policy document includes;
1. Quality visitor experience
 2. Benefit to community from tourism
 3. Enabling environment for investment
 4. Establishing sound market
 5. Developing quality human resource
39. The policy was formulated keeping in mind the expectations of all stakeholders concerned including the government. To ensure quality visitor experience the policy emphasized the need for ensuring basic infrastructure in destinations, strategies for managing tourism resources, developing local destinations and enterprises, ensuring quality of the destinations, way side facilities at the destination enroute, Green practices, promotion of local souvenirs, cuisine, adventure tourism, information centers, good signage, way side establishments, Hop-on Hop off services, lifesaving initiatives, disaster management and accessible tourism.

40. A salient feature of 2012 policy was placing local community as central to tourism development in Kerala. With the active involvement of the local Self Governments, the policy envisaged programme for extending benefits to community on social, economic and environmental fronts. It was also suggested to form the Kerala Responsible Tourism Task Force with representations from Department of Tourism, Local Self Governments, Tourism Industry, Self Help Groups, Department of Agriculture, Animal Husbandry and Fisheries.
41. The policy envisaged strategies for creating an enabling environment for investment, fast track clearance to tourism projects, new subsidy system focusing Responsible Tourism, marketing assistance to service providers and residential tariffs for homestay where the areas identified for promoting an enabling environment for investment.
42. The policy stressed the need for strengthening the existing international markets while adopting strategies for exploring new markets, strengthening market research, ICT enabled marketing strategies, measures to increase the length of stay and develop Kerala as an all season destination.
43. Tourism is a labour intensive industry. Development of quality human resource can ensure quality service delivery leading to improved customer satisfaction. As part of this, the policy envisaged to promote quality human resource by providing need based training, capacity building and skill based courses in tourism sector. The existing tourism HR institutions in the state- KITTS, SIHM and FCIs need be strengthen and equipped properly to achieve this.

Perspective Plan 2030

44. In 2014, the State Planning Board after detailed deliberations, published the Perspective Plan 2030 covering all sectors in the economy. Tourism is discussed as one of the prospective areas that can make covetable contributions for economic development. After a detailed review of the history and current status of tourism business in Kerala, a strategic plan was prepared with the following vision, mission, targets and strategies;
45. The strategic approach conceived for tourism development in the perspective plan is built on six specific pillars namely Economic, Environment, Social issues, Skill development, Research and Local government ownership. The perspective plan, emphasized the need for promoting tourism development in Kerala on sustainable line maintaining harmony with society, economy and environment.

CHAPTER 4
APPROACH TO 13TH PLAN

46. Systematic efforts taken during the last three decades have enabled the state to occupy its own position in the world tourism map. The strong brand image of Kerala, “Gods own country” is internationally known and well accepted. The salubrious climate with scenic beauty, nature based attraction, diverse cultural products and traditional knowledge immensely contributed in strengthening and promoting Kerala Tourism with the country and abroad the best practices and unique attractions enable the state to bag several national and international awards also. Beside this, high level of literacy, availability of qualified personnel network of road transport system well developed human resource institute in tourism international airport and support role of state and local government for entrepreneurship development and community involvement in tourism add strength to the tourism business of Kerala.
47. Despite the above strength, the state face declining growth rate in tourist arrivals in recent years this is partially attributed to some of the challenges facing this sector. The challenges include heavy dependence on already popular attractions, in adequate attention to Malabar area lack of new products and product diversification, increasing competition from neighboring states issues related waste management etc. In the back drop of major strength and challenges a target and strategy for 13th Five-Year Plan are formulated.

Strengths

1. Kerala Tourism is the No.1 tourism brand in the country due to our consistent marketing efforts in the domestic as well as international markets
2. Kerala Tourism is a world-renowned tourism brand.
3. Consistently Kerala Tourism is receiving many international recognitions and awards, and our destination is one of the most acclaimed tourism destination in the country
4. Even though there is a decline in tourist growth rate in recent time, there is a consistent growth in both domestic and international tourist arrivals
5. Tourism contributes more than 10% to the GDP of the State
6. The state offers diverse tourism products including nature, wild life, backwaters, heritage, culture, pilgrim, ecotourism, ayurveda, village life, adventure, medical tourism etc
7. The state contributed large numbers of vibrant local entrepreneurs who offers world class facilities and services
8. The state has 3 international airports and the 4th one in operation in 2017
9. The community support tourism due to the focused efforts in maximizing their benefits from tourism through the responsible tourism initiative
10. Presence of decentralized institutional mechanism takes care of the destination developments and destination level issues up to the grass root level
11. Presence of KITTS, FCI and SIHM take care of the HR development in the sector
12. Presence of KTDC play a balancing role in business delivery

Issues/Challenges

1. Declining growth rate during recent years
2. Heavy dependence on few products like backwaters, Ayurveda and wild life. There is a felt fatigue in the product line.
3. Increasing competition from neighboring states and countries especially from Sri Lanka and other Asian countries
4. Lack of better connectivity to Kerala from major parts of the domestic and international markets
5. Poor connectivity to the destinations within the state
6. Problems with respect to infrastructure facilities, waste management, safety measures etc at the destinations
7. Maintaining quality of services and visitor experience
8. Lack of museums of international standards etc.
9. Sharp decline in MICE sector due to the present Excise Policy

Targets for 13th Plan

48. The targets projected by the government for the next 5 years in tourism sector have been adopted as the target for the 13th Plan also. They are;
 1. Doubling the arrival of foreign tourists
 2. 50% increase in domestic tourist arrivals
 3. Additional 4 lakh employment
 4. To achieve the target of doubling of foreign tourist arrivals in 5 years, an average annual growth rate of 15% is to be achieved. For 50% increase in domestic arrivals, average annual growth rate of 8% is needed.

Strategy

49. The strategies proposed for the 13th Plan includes;
 5. Adopt new sense of direction by refreshing the brand and making it more appealing, exciting, and desirable to all traveller segments
 6. Focus on new products such as Kochi Muziris Biennale, Spice Route, Eco-adventure etc
 7. Utilizing the potential of tourism development in Malabar
 8. Providing uncompromised quality infrastructure and facilities at destinations
 9. Strengthen existing markets along with the exploration of new markets
 10. Attract new visitor segments including young travellers, adventure groups, honeymoon and family
 11. Community participation and aggressive HR development

Proposal for 13th Five-Year Plan

50. The targets proposed for the 13th Plan can be achieved only through an aggressive marketing efforts supported by destination and product development. For achieving the

target of additional 4.00lakh employment, the Human Resource development in tourism sector has to be focused along with the Responsible tourism initiative to maximize the benefits of tourism to the local community. To achieve the above it is proposed to revise the pattern of plan allocation in an appropriate manner.

51. From the analysis of the Plan allocation to different subgroups, it is found that for the 12th Plan the Plan allocations were;

1. Infrastructure and destination development	-	62.56%
2. Promotion and marketing	-	25.60%
3. Human resource development	-	05.12%
4. Hospitality	-	04.35%
5. Incentives to private sector	-	02.36%

52. Considering the issues/challenges faced by Kerala Tourism and the priorities, it is proposed to progressively move towards the following proportion of fund allocation as a strategy to bring visible changes in the 13th Plan.

1. Infrastructure and destination development	-	45.00%
2. Promotion and marketing	-	32.50%
3. Human Resource development	-	10.00%
4. Hospitality	-	07.50%
5. Incentives to private sector	-	05.00%

53. Utilizing funds from other sources such as KIIFB, CSS, NABARD and other sectors can compensate the reduction in allocation in infrastructure and destination development.

Tentative Programmes of the 13th Five-Year Plan

54. The programmes of the Thirteenth Plan cover 19 schemes. All are ongoing schemes and we propose to merge 6 schemes to the existing ones as detailed below:

Table 4.1 *Existing Schemes*

Sl No.	Head of account	Name of State Plan Scheme	Remarks
1	5452-01-190-99	Kerala Tourism Development Corporation	
2	5452-01-190-98	Kerala Tourism Infrastructure Ltd	
3	5452-01-190-96	Bekal Resort Development Corporation Ltd	
4	3452-80-800-79	District Tourism Promotion Councils (DTPC) and DMCs	
5	3452-80-800-78	HR Development in Tourism through Kerala Institute of Tourism and Travel Studies (KITTS), Food Craft Institute & State Institute of Hospitality Management studies	
6	3452-80-800-92	Studies on Impact of Tourism including collection of Tourist statistics	
7	3452-80-104-98-34	Marketing	
8	3452-80-104-99	Conservation, Preservation and Promotion of Heritage Environment and Culture	
9	3452-80-800-76	Infrastructure Facilities for schemes sponsored by Govt. of India	
10	3452-80-800-90(26)-33	Incentives for Creation of Infrastructure facilities in private sector - Subsidies	
11	5452-01-101-99	Upgradation and Creation of Infrastructure and amenities	
12	5452-01-101-89	Development of Other Destinations and Tourism Products	Proposed to merge with the h/a 5452-01-101-99
13	5452-01-800-87	Upgradation and Creation of Infrastructure and amenities at Guest Houses	
14	3452-80-800-97	Modernisation and Strengthening of Tourism Institutions	
15	5452-01-800-98(1)(2)(3)	Guest Houses	
16	3452-01-102-95	Development of Eco Tourism Products	
17	3452-80-800-34	Responsible Tourism	
18	5452-01-800-84	Heritage and Spice Route Project	
19	3452-01-102-89	Kerala Waste free destination scheme	Proposed to merge with the h/a 5452-01-101-99
20	3452-01-102-86	Development of Innovative Tourism Products	
21	3452-80-104-97	Kerala Tourism Promotion and Marketing Mechanism	Proposed to merge with the h/a 3452-80-104-98-34- Marketing
22	5452-01-103-98	Kerala Sea Plane Project	Proposed to merge with the h/a 5452-01-101-99 Proposed to change the name to Central Sectoral Schemes to
23	5452-01-101-88	Swadesh Darshan (Central Scheme)	accommodate PRASAD scheme also under this head
24	5452-01-101-91	Green Tourism Circuit, Kottayam	Proposed to merge with the h/a 5452-01-101-99
25	5452-01-101-87	PRASAD (Central Scheme)	Proposed to merge with the h/a 5452-01-101-88

26	5452-01-190-95	Comprehensive and Infrastructure Development of Varkala Formation of Special Purpose Vehicle	Under Planning Board
----	----------------	--	----------------------

Schemes to be Continued During the 13th Plan

<i>Sl No.</i>	<i>Head of account</i>	<i>Name of State Plan Scheme</i>	<i>Remarks</i>
1	5452-01-190-99	Kerala Tourism Development Corporation (KTDC) Ltd.	
2	5452-01-190-98	Kerala Tourism Infrastructure Limited (KTIL)	
3	5452-01-190-96	Bekal Resorts Development Corporation Ltd. (BRDC)	
4	3452-80-800-79	District Tourism Promotion Councils (DTPC) and DMC	
5	3452-80-800-78	HR development in tourism through Kerala Institute of Tourism and Travel Studies (KITTS), Food Craft Institute (FCI) and State Institute of Hospitality Management (SIHM)	
6	3452-80-800-92	Studies on Impact of Tourism Including Collection of Tourist Statistics a. (Outlay:Rs.100 lakh)	
7	3452-80-104-98-34	Marketing (Plan)	
8	3452-80-104-99	Conservation, preservation and promotion of Heritage, Environment and Culture	
9	3452-80-800-76	Infrastructure Facilities and Matching Grants for Schemes Sponsored by Government of India	
10	3452-80-80090(26)-33	Incentives for Creation of Infrastructure Facilities and Tourism Products in Private Sector	
11	5452-01-101-99	Up-gradation, Creation of Infrastructure and Amenities	
12	5452-01-800-87	Up-gradation, Creation of Infrastructure and Amenities at Guest Houses	
13	3452-80-800-97	Modernization and Strengthening of Tourism Institutions	
14	5452-01-80098(1) (2)(3)	Tourist Accommodation (Guest Houses)	
15	3452-01-102-95	Development of Eco tourism Products	
16	3452-80-800-34	Responsible Tourism	
17	5452-01-800-84	Heritage & Spice Route Project	
18	3452-01-102-86	Development of Innovative Tourism Products	
5	5452-01-101-88	Central Sectoral Schemes (Central Scheme)	

Schemes to be Discontinued

Sl No.	Head of account	Name of State Plan Scheme	Remarks
1	5452-01-101-89	Development of Other Destinations and Tourism Products (Proposed to merge with the h/a 5452-01-101-99)	
2	3452-01-102-89	Kerala Waste free Destination Scheme (Proposed to merge with the h/a 5452-01-101-99)	
3	5452-01-103-98	Kerala Sea Plane Project (Proposed to merge with the h/a 5452-01-101-99)	
4	5452-01-101-91	Green Tourism Circuit, Kottayam (Proposed to merge with the h/a 5452-01-101-99)	
5	5452-01-101-87	PRASAD (Central Scheme) (Proposed to merge with the h/a 5452-01-101-88)	
6	3452-80-104-97	Kerala Tourism Promotion and Marketing Mechanism (Proposed to merge with the h/a 3452-80-104-98-34- Marketing)	

ANNEXURE 1

Table 2.4 *Foreign Tourist Arrivals to India and Kerala*

Year	India (Nos.)	Percentage Change	Kerala (Nos.)	Percentage Change	Kerala's share (%) in Country's Tourism
2006	4,447,167	13.5	428,534	23.68	9.64
2007	5,081,504	14.3	515,808	20.37	10.36
2008	5,366,966	5.6	598,929	16.11	11.16
2009	5,108,579	-4	557,258	-6.96	10.91
2010	5,775,692	11.8	659,265	18.31	11.81
2011	6,290,319	8.9	732,985	11.18	11.65
2012	6,577,745	4.57	793,696	8.28	12.07
2013	6,967,601	5.90	858,143	7.51	12.31
2014	7,679,099	10.2	923,366	7.6	12.02
2015	8,027,133	4.53	977,479	5.86	12.18

Table 2.5 *Domestic Tourist Arrivals to Kerala*

Year	Number of Tourists	Percentage variation over the previous year
2006	6,271,724	5.47
2007	6,642,941	5.92
2008	7,591,250	14.28
2009	7,913,537	4.25
2010	8,595,075	8.61
2011	9,381,455	9.15
2012	10,076,854	7.41
2013	10,857,811	7.19
2014	11,695,411	7.71
2015	12,465,571	6.59

Table 2.6 *Earnings from Tourism*

Year	Foreign Exchange Earnings (Rs.in crores)	Earnings from Domestic Tourists (Rs.in crores)	Total Revenue generated from Tourism (Rs.in crores)
2006	1988.40	4891.94	9126.00
2007	2640.94	5978.65	11433.00
2008	3066.52	6832.13	13130.00
2009	2853.16	7122.18	13231.00
2010	3797.37	9282.68	17348.00
2011	4221.99	10131.97	19037.00
2012	4571.69	10883.00	20430.00
2013	5560.77	11726.44	22926.55
2014	6398.93	12981.91	24885.44
2015	6,949.88	13,836.78	26,689.63

**PROCEEDINGS OF THE MEMBER SECRETARY
STATE PLANNING BOARD
(Present: Sri. V. S. Senthil IAS)**

Sub: Formulation of XIII Five-Year Plan (2017-2022) – Constitution of Working Group –
Tourism - reg.

Ref: Note No. 260/2016/PCD/SPB dated 06.09.2016 of the Chief (i/c),PCD, SPB

ORDER No. SPB/295/2016/I&I (WG-9)Dated: 20.09.2016

As part of formulation of XIII Five-Year Plan, the State Planning Board has decided to constitute Working Groups to formulate draft proposals in the various major development sectors and sub sectors. Resources persons including Professionals, Administrators and experts connected with the sectors were identified as members of the Working Groups. Accordingly, the **Working Group on Tourism** is hereby constituted with the following members.

Co- Chairpersons

1. Dr. Venu V., IAS, Principal Secretary to Govt. (Tourism), Thiruvananthapuram
2. Sri. Jose Dominic, Managing Director, CGH Earth, Casino Hotel, Wellington Island, Kochi – 682 003, Kerala

Members

1. Smt. Rani George IAS, Secretary to Govt. (Cultural Affairs), Thiruvananthapuram
2. Sri. U.V. Jose IAS, Director, Department of Tourism, Thiruvananthapuram
3. Sri. Balamurali, IAS, Managing Director, Kerala Tourism Development Corporation Ltd., Mascot Square, Thiruvananthapuram
4. Sri. Joseph Thomas IFS, Director, Ecotourism / Chief Executive, Thenmala Ecotourism Promotion Society, Thiruvananthapuram
5. Dr. B. Vijayakumar, Principal, Kerala Institute of Tourism and Travel Studies (KITTS), Thycaud P.O., Thiruvananthapuram
6. Dr. Benny Kuriakose, Conservation Consultant, Muziris Heritage Project
7. Sri. K. Ganghadharan, Director of Museums and Zoos, Thiruvananthapuram
8. Sri. Kallaramadhu, Souparnika, Thiruvananthapuram

Convener

Er. Joy N.R., Chief, Industry & Infrastructure Division, State Planning Board

Co- convener

Research Officer (Tourism Sector), Industry and Infrastructure Division, State Planning Board

Terms of Reference

1. To review the development of the tourism sector with emphasis as to progress, achievements, present status and problems under during the 11th and 12th Five-Year Plan periods.
2. To evaluate achievements with regard to the Plan projects launched in the tourism sector, both by the State Government and by the Central Government in the State during these plan periods.
3. To list the different sources of data in regard to the tourism sector and provide a critical evaluation of these data sources, including measures for improvement.
4. To identify and formulate a set of output and outcome indicators (preferably measurable) for the tourism sector and base the analysis of the previous plans on these indicators.
5. To outline special problems pertaining to tourism sector.
6. To suggest, in particular, a set of projects which can be undertaken during the 13th Plan period in tourism sector.

Terms of Reference (General)

1. The Chairperson is authorised to modify Terms of Reference with the approval of State Planning Board. The Chairperson is authorised to invite, on behalf of the Working Group, experts to advise the Group on its subject matter. These invitees are eligible for TA and DA as appropriate.
2. The Working Group will submit its draft report by 1st December 2016 to the State Planning Board
3. The non- official members of the Working Group will be entitled to travelling allowances as per existing government norms. The Class I Officers of GOI will be entitled to travelling allowances as per rules if reimbursement is not allowed from Departments.

Sd/-

MEMBER SECRETARY

To

The Members concerned

Copy to:-

The Accountant General, Kerala (A&E) with C/L

The Sub Treasury Officer, Vellayambalam

The PS to the Hon. Vice Chairman, State Planning Board

PA to Member Secretary

CA to Member (RR)

All Divisions, State Planning Board

The Sr. Administrative Officer, State Planning Board

Forwarded by Order

Sd/-

Chief (Industry & Infrastructure Division)