

Status of Regional Tourism Satellite Accounts (TSA) in India - Problems and Challenges

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Introduction:

The Tourism Satellite Account (TSA) is a standard statistical framework and the main tool for the economic measurement of tourism³. The basic framework for the preparation of the National TSA has been documented by the UNWTO i.e The Tourism Satellite Account: Recommended Methodological Framework 2008 (also known as the TSA: RMF 2008). It gives the details of the concepts used, the classifications, different tourism related definitions, the standard ten tables and aggregates of the System of National Accounts 2008 (SNA 2008), the international standard for a systematic summary of national economic activity.

The national TSA thus allows for the harmonization and reconciliation of tourism statistics from an economic (National Accounts) perspective. This enables the generation of tourism economic data (such as Tourism Direct GDP) that is comparable with other economic statistics⁴.

The TSA can be seen as a set of 10 summary tables, each with their underlying data⁵:

- Inbound, domestic tourism and outbound tourism expenditure,
- Internal tourism expenditure,
- Production accounts of tourism industries,
- The Gross Value Added (GVA) and Gross Domestic Product (GDP) attributable to tourism,

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“Views expressed in this paper are those of the authors and not of the organisation to which they belong to”.

³UNWTO, The conceptual framework for TSA - Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF 2008)

⁴UNWTO, definition of TSA

⁵UNWTO, The conceptual framework for TSA - Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF 2008)

- Employment,
- Investment,
- Government consumption, and
- Non-monetary indicators.

The two indicators which show the economic importance of tourism: the gross added value of the tourism industry, or the added value generated by the tourism industry, regardless whether their products and services are consumed by tourists or non-tourists, and the direct gross added value of tourism, or the added value of tourism and other industries but only for the share consumed by tourists.

Regional tourism satellite accounts are not just the representation of the national figures to regional levels. The prime reason behind this is the fact that tourism is unevenly distributed across the nation, for deigning the more efficient tourism policies at national level , it becomes more pertinent to look at the diversity of the tourism products and services at regional level, especially regarding domestic tourism. Thus, the preparation of the regional TSA becomes more relevant for the diverse countries like India.

Now it's a proven fact that the domestic tourism plays a very important role in times of crisis and economic slowdown. The reference to the same has been made in the UNWTO's White Paper as one of the top three areas that deserve special attention and that a more prominent role in UNWTO's work (the other two areas identified were —employment in tourism and —governance in tourism⁶).

Earlier no regional TSAs were prepared in India. However, two national TSAs were prepared for the years 2002-03 and 2009-10. While attempting the 2nd TSA, it was also decided to attempt regional TSAs for two of the States of India. In this paper an attempt has been made to discuss the experience of India in developing the regional TSAs for two of its States, namely Kerala and Madhya Pradesh. These States are distinctly different in their tourism profiles and hence posed different types of problems in the exercise.

Problems in Preparation of the Regional TSA:

In most of the developed countries tourism has been one of the prime economic drivers and domestic tourism has been substantial part of the economic. But the scenario has not been the same in the developing world. In the developing countries tourism is yet to be seen as one of the most important economic activity. In the recent years it has come out one of the most important drivers for sustainable development of the country. The IRTS 2008 also accepts the need for the regional TSA as it notes that —increasingly, regional tourism authorities are interested in regional statistics and possibly some form of TSA at regional

⁶UNWTO white paper

level as a means of providing useful indicators for tourism enterprises and organizations in identifying possible business opportunities, assessing the volume and intensity of tourism business and determining the extent to which private and public regional tourism networks and clusters are interconnected”.

For seeking the promotion of the tourism in any particular states, like in the country as a whole, some important statistics such as share of tourism in state GDP and the share of tourism in the jobs in the total jobs in the states are required. These figures can come only when the regional / State TourismSatelliteAccounts (TSA) are attempted. Though the IRTS 2008 framework has recommended for regional TSA, no agreed methodology has been suggested. Some of the developed countries, particularly in Europe, have attempted the regional TSA, based on the data available with them. In India for some of the states the tourism is very vital however the quality of data varies from one state to the other.

Tourism Scenario in India:

As far as the domestic tourism is concerned, in last 20 years, the number of tourist visits haven increased many folds. The annual growth has been quite encouraging. However, the Foreign tourist visits have observed mixed pattern. While the growth rates have been positive for most of the years, it has been negative for the year 1998, 2001, 2002 and 2009. The details are given in the following Table.

Table 1: DOMESTIC & FOREIGN TOURIST VISITS TO STATES / UT_s, 1991 - 2011

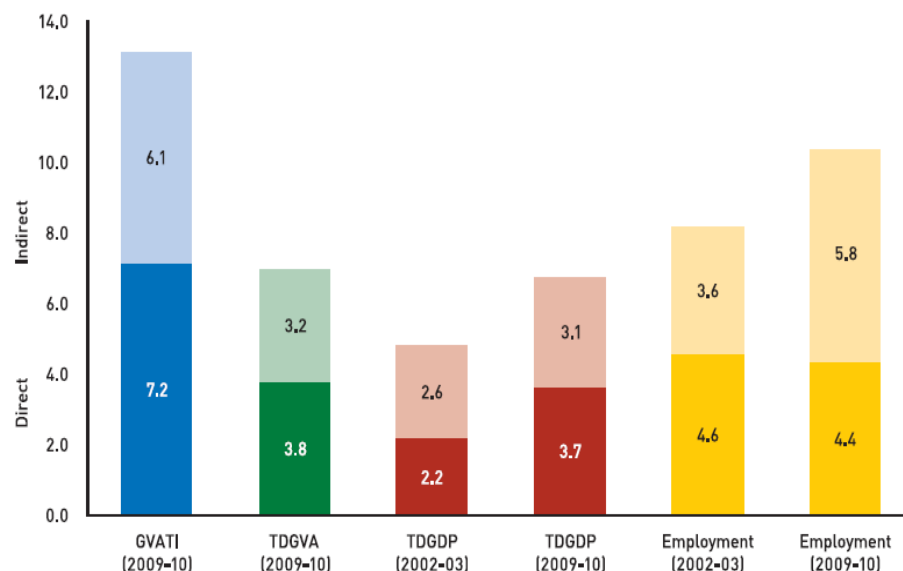
Year	Tourist Visits		Annual Growth Rate	
	Domestic	Foreign	Domestic	Foreign
1991	66670303	3146652	-	-
1992	81455861	3095160	22.2%	-1.6%
1993	105811696	3541727	29.9%	14.4%
1994	127118655	4030216	20.1%	13.8%
1995	136643600	4641279	7.5%	15.2%
1996	140119672	5030342	2.5%	8.4%
1997	159877208	5500419	14.1%	9.3%
1998	168196000	5539704	5.2%	-0.7%
1999	190671034	5832015	13.4%	5.3%
2000	220106911	5893542	15.4%	1.1%
2001	236469599	5436261	7.4%	- 7.8%
2002	269598028	5157518	14.0%	-5.1%
2003	309038335	6708479	14.6%	30.1%
2004	366267522	8360278	18.5%	24.6%
2005	392014270	9947524	7.0%	19.0%

Year	Tourist Visits		Annual Growth Rate	
	Domestic	Foreign	Domestic	Foreign
2006	462321054	11738892	17.9%	18.0%
2007	526564478	13256637	13.9%	12.9%
2008	563034107	14380633	6.9%	8.5%
2009	668800482	14372300	18.8%	-0.1%
2010	747703380	17910178	11.8%	24.6%
2011	850856640	19494879	13.8%	8.85%

The growth in the domestic tourism and in the foreign tourist visits to different states and UT's have resulted in the growth in the employment in the Tourist sector and also in the contribution of the tourism in the total GDP of the Country. The same is reflected in the estimate of the last two Tourism Satellite Accounts (TSA) of India. The 2nd TSA has estimated Tourism Direct Grass Value Added (TDGVA) for 2009-10 at Rs. 2,34,912 crore⁷ or 3.80 per cent of the GVA of the economy. On the other hand the Tourism Direct Grass Domestic Product is estimated at Rs. 2,37,768 crore accounting for 3.68 per cent of the country's GDP. Similarly in the employment in tourism characteristic industries have been estimated to have 4.4 per cent in overall employment of the country during the same period. If indirect contribution of tourism is taken into account, its share in country's GDP comes out to be 6.8%. The share of direct jobs in tourism characteristic industries is 4.4 percent. It increases to 10.2% if the indirect contribution of tourism is also taken into account.

The comparison of growth in the tourism sector during 2002-03 and 2009-10 is given in the following chart.

⁷ Rs. = Indian Rupees and One Crore= 10 million



Source: Ministry of Tourism, Govt. of India & National Council of Applied Economic Research (2012):
Tourism Satellite Account for India, 2009-2010

Tourism Scenario in Madhya Pradesh and Kerala

The States of Kerala and Madhya Pradesh are quite distinct in terms of the tourist attractions. While Madhya Pradesh is known for the religious tourism, Wildlife tourism, and historical sites, Kerala is known for the beach tourism, Medical Tourism specially the Ayurveda, which is famous worldwide. Apart from this, Kerala is also famous for backwater tourism too. Some of the famous tourist destinations in these states are as under:

There are 382 tourist sites, including World Heritage Sites in Madhya Pradesh⁸. The major tourist destinations in Madhya Pradesh are Bandhavgarh, A National Park having the highest density of tiger population in the country, Kanha: National Park, known for the tiger population and the only habitat of the rare hard ground barasingha. Apart from this the historical site like Mandu: A place famous for beautiful fort carved out in stone in Afghan Architecture, and world famous Khajuraho, where in the historical temples built in 950-1050 A.D, depict life in every form and mood captured in stone.

The important tourist destinations in the state of Kerala are as under:

Beaches- Kovalam, Varkala, Marari, Bekal, Kannur

Backwaters- Kumarakom, Alappuzha, Kollam, Kochi, Kozhikode

⁸www.mptourism.com

One of the key contributors to Kerala's success has been in the development of tourism products instead of merely destinations. For example Kerala is closely associated with three major products namely, Ayurveda, Backwater cruises and beach holidays.

Madhya Pradesh is more important from the domestic tourist point of view and the state of Kerala is more important from the point of view of the foreign tourist. The data on the foreign tourist visits and domestic tourist visits in these states along with the growth rates show the fact stated above. The domestic tourist visits growth in Madhya Pradesh have been more than the growth of foreign tourist in the state on the other hand in the state of Kerala the growth of Foreign tourist have been far better than the growth of domestic tourist visits. Following Tables presents the details.⁹

Table 2: Domestic and Foreign Tourist visits (2008-2010)

State/Country	2008		2009		2010	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Madhya Pradesh	22088927	251733	23106206	200819	38079595	250430
All India (in 100 thousand)	5629.82	141.13	6688.00	143.72	7402.14	178.53
% Growth Madhya Pradesh	-	-	4.6	-20.2	64.8	24.7
All India	-	-	15.5	-2.8	10.7	24.2
Share of Madhya Pradesh to India	3.9	1.8	3.5	1.4	5.1	1.4

The details of tourism growth in Kerala are presented in the following Table.

Table: 3 Domestic and International Tourist Visits to Kerala¹⁰

Category/Year	2008	2009	2010
Domestic	7,591,250	7,913,537	8,595,075
Growth rate	14%	4%	9%
Foreign	598,929	557,258	659,265
Growth rate	16%	-7%	18%

⁹India Tourism Statistics, 2009 and 2010

¹⁰Official website of Kerala tourism

Total	8,190,179	8,470,795	9,254,340
Growth rate	14%	3%	9%

Experience of India in Preparing the Regional TSA:

The basic objective behind the preparing a TSA is to get the valuable information on the following:

- (i) Purchases made by visitors and effect on the industries due to these purchases,
- (ii) Characteristics of visitors and their visits;
- (iii) Employment and investment profile; and
- (iv) Links with non-monetary benefits to the people and other stake holders of the TSA at regional level.

Some of the reasons for the need to prepare a regional TSA are listed below:

In India prior to year 2011-12 no state TSAs have been prepared. Also, there are no standard international guidelines available for preparation of regional TSAs. However, preparation of the Tourism Satellite Accounts at regional level provide useful indicators for regional tourism enterprises in identifying possible business opportunities in the sector and also the State/ Local Government bodies to formulate relevant tourism policies. For preparation of a regional Tourism satellite Account in India, the following statistics / data is required:

- Relevant Statistics on expenditures made by visitors on different products within the physical boundaries of the state.
- Statistics on supplies from the domestic production (Within the state) and imports (which include from other states and other countries as well) to meet these purchases of tourists.
- Confrontation of the two sets of statistics in the national accounting framework through the supply and use tables so that supplies from domestic production and imports match with the expenditures made by tourists.
- Estimate for the value added to the domestic production that is involved in supply of products to meet the purchases of the Tourists.

The Compilation of the State/ regional TSA requires enormous data at state level and also the creation of the Supply and Use tables at state level. In India the supply and use tables are not been prepared at both National as well as State Level. With these existing challenges, while attempting the preparation of the TSA for the States of Kerala and Madhya Pradesh two approaches were considered. i.e Regionalization, in which the idea was to fragment the

data from National Level to State level, and the other was regional or bottom-up approach, under which different approaches were used that was dependent on the availability of different data and information required for the preparation of the TSA. The same method is been followed by different countries, who have till date attempted the Regional TSA.

While preparing the TSA for the two states the guidelines provided by TSA RMF 2008 have been used to the possible extent and also all the possible and recommended tables for the regional TSA have been prepared, barring table no 8 & 9, which are not being prepared, due to non-availability of imports data to the States from other states and abroad.

The data sources used for the preparation of the Regional TSA are (i) Domestic Passenger Survey, 2008-09 conducted by the National Sample Survey Office of the NSO, India, (ii) International Passenger Survey, 2009-10 conducted by the Indian Statistical Institute, India and (iii) National Accounts Statistics, 2012 published by Central Statistical Office, Govt. of India.

Methodological Challenges and how they were addressed:

Apart from the basic issues related with the non-availability of the some of the Statistical data and also the supply use tables etc. , while preparing the TSA at the regional level the following challenges were faced:

At tourist location some of the housing services are provided by vacation homes and therefore the ownership of the house generates output to its owner in the form of a tourism characteristic service and the same amount of rent as tourism consumption. The owner-occupied dwellings, under the System of National Accounts are included as a production activity and therefore included in the ISIC class 6810: Real estate activities with own or leased property and the product obtained and consumed belong to the CPC subclass 72111: Renting or leasing services involving own or leased residential property. Similar treatment is applied for time-share of properties for vacation purposes. For the purpose of the regional TSA, the value of these services is, therefore, estimated on the basis of the market rent for an equivalent unit.

The treatment of the reservation services provided by travel tour agencies/operators, and other similar service providers is same in TSA. The total amount charged from the visitors by these intermediaries for providing such services are split into two parts, (i) one corresponding to the value of the travel agency and (ii) the other corresponding to the value paid to the provider of services, which is the balance of total amount minus the commission of the travel agency. Therefore although for the visitor the total expenditure remains the same but in the TSA it is reflected in the product breakdown. Further, depending on the country of residence of visitor and service providers, this treatment will affect domestic tourism consumption, inbound tourism consumption and outbound tourism consumption.

By definition tourism consumption relates to producers serving goods and services directly to Tourists. However in the case of services, there is a direct contact between the service producer and taker. During the visits, visitors do purchase goods. In the case of goods, it is only the retailers who come in direct contact with visitors and not the producers of goods. Apart from the producers of the goods other important functionaries such as the wholesalers, transporters are also doing some value addition to the final goods, delivered to the visitors. Therefore looking at the supply side, only the retail trade margin is taken into account. It is therefore, necessary to estimate the retail trade margin in respect of goods for the purpose of calculating tourism direct gross value added.

Results of the regional TSA for the States of Kerala and Madhya Pradesh:

The data on the domestic trips for the two states indicate that in the State of Madhya Pradesh the Domestic Tourism activity was higher than the state of Kerala. The domestic overnight trips in the state of Kerala and Madhya Pradesh have been at par with the national average of 91.8% household and they stood at 83.3% in Kerala and 96.7% in Madhya Pradesh. The share of the tourist household in out of the total household came out to be 3.1% in Kerala and 5.8% in Madhya Pradesh.

The Tourism Direct Gross Value Added (TDGVA) for the state of Kerala has been estimated to be Rs. 11308 crores, which is 4.7% of the State Gross domestic product during the year 2009-10. On the other hand for the State of Madhya Pradesh the Tourism direct gross value added has been estimated to be Rs.6094 only which is about 2.7% of the State Gross Domestic Product. If we compare this with the National TDGVA, for the state of Kerala the TDGVA (4.7%) is more than the national TDGVA (3.8% of National GVA) and for the state of Madhya Pradesh it is for less.

If the indirect contribution of the Tourism is included the GVA for the state of Kerala increases to 9.5% and for the state of Madhya Pradesh it reaches to 5.2%.

The employment in the Tourism sector has been estimated to be 14.7 lakh in the state of Kerala and 6.38 lakhs for the state of Madhya Pradesh. Similarly including the indirect effects the share of the employment in the state of Kerala increases to 23.5% and for the state of Madhya Pradesh it increases to 7.2%.

Conclusion and Discussion:

The regional TSAs attempted for Kerala and Madhya Pradesh on a pilot basis clearly brings out the fact that tourism has relatively different importance for both these states. If All India tourism scenario is used to make the policies and programmes for different states of India, full potential of Tourism cannot be exploited in many tourism important states. Therefore, there is an urgent need to develop suitable methodology as well as the requisite

data sets for attempting the regional TSA's for all the states in India on a periodic basis. As international recommendations on regional TSAs are also lacking UNWTO should attempt for firming them so that there is uniformity in such exercises undertaken by different countries. Once the State level TSA's are attempted on a regular basis with agreed recommendations and methodology, similar exercises can be attempted for cities and areas which are very important from Tourism angle.

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