

Growth driver crashes: Kerala tourism in COVID-19 times

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The Kerala economy is one of the most open among the economies of the Indian states. The growth drivers of the economy are its commodity exports, tourism receipts and remittances. Among the commodity exports seafood, cashew, coir and spices stand out. While exports of seafood, cashew and coir have suffered in the first quarter of 2020-21, spices export have behaved differently largely because the perception that spices improve immunity is gaining ground in COVID- 19 times.

Despite the diverse disruptions in the export markets and within India since early 2020, exports of spices from India in 2019-20 was 11.83 lakh tonnes, valued at Rs 21,515 crore recording a growth of 10 per cent in rupee terms. Initial months of lockdown did see disruptions in exports but exports from India have gone up 23 per cent in US Dollar terms to 359 million (Rs 2721 crore) in June 2020 compared to US Dollar 292 million (Rs 2030 crore) in the same month last year. Kerala is the main beneficiary of this growth.

The other two drivers of growth, namely remittances and tourism have suffered owing to COVID- 19. Remittances have been adversely affected by job loss and salary reduction in the destination countries. But there is a positive side to remittances in that rupee has depreciated by over 15 per cent during this period boosting remittances in rupee terms.

Tourism refers to the activity of visitors, who take a trip outside their usual environment for business, leisure or any other purpose. It is an important social and economic phenomenon and a key driver of economic growth through the creation of jobs, infrastructure and export revenue earned. Tourism activities are embedded in services and are not separately identified in the national accounts as an industry, or sector. Tourism is defined by the status of the

consumer, not according to the status of the producer. Hence, contribution of tourism to the GDP needs to be estimated by developing satellite accounts.

Table 1. Tourist arrivals in Kerala, foreign and domestic, 2019 and 2020

Month	Foreign			Domestic		
	2019	2020	Change	2019	2020	%Change
January	160588	176646	10	1515551	1818661	20
February	148024	130261	-12	1335665	1442518	8
March	113857	37573	-67	1339252	562486	-58
April	86693	2861	-96.7	1613257	19359	-98.8
May	49952	549	-99	1818986	21828	-98.8
June	45675	502	-99	1341496	32196	-97.6

Without going into the methodology of tourism satellite account, it is enough to mention that tourism characteristic consumption products and activities are accommodation services, food and beverages services, transport services, rental services, cultural services and so on. In addition, tourism gross fixed capital formation and tourism collective consumption are also related to tourism and enter into value added computations. For each of these industries, the fraction of its gross value added corresponding to the contribution of its output to tourism consumption is estimated and summed up over all industries to arrive at Tourism Direct Gross Value Added (TDGVA). In Kerala, around 70 per cent of accommodation services, 53 per cent of food and beverages services, 63 per cent of transport services, 80% of air and rail services and around 30 per cent of health and medical services are accounted for by tourism. TDGVA and Tourism Direct Gross Domestic Product (TDGDP) together with the associated use tables provide the basis to compute input-output tables and facilitate estimation of indirect contribution of tourism to the economy. The share of Gross Value Added of Tourism Industry of Kerala in its GSDP was estimated to be 10.5 percent in 2009-10. If indirect contributions are added, the share goes up to 21.3 per cent (NCAER, Regional Tourism Satellite Account for Kerala and Madhya Pradesh - 2009-10, NCAER (available at [http://tourism.gov.in/sites/default/files/Other/TSA_Kerala_MP% 20new.pdf](http://tourism.gov.in/sites/default/files/Other/TSA_Kerala_MP%20new.pdf)).

Maldives tops the repatriation table

According to the action taken report [ATR] of the Kerala Tourism, 2663 overseas tourists were repatriated from the state during the lock down period. Tourists from Maldives tops the list with 346 persons, followed by UK and Germany. Here is the country-wise break up.

Country	No. Of repatriates
Maldives	346
UK	273
Germany	232
France	229
Russia	212
Switzerland	164
Saudi Arabia	136
Australia	127
USA	42

The Tourism Department identified around 85,000 rooms in 6000 hotel/resort units across Kerala and shared the same for the State Disaster Management Cell for paid quarantine facility.

We have no reason to believe that the contribution of tourism industry to the GSDP in 2020-21 would be any different from that in 2009-10.

COVID-19 had begun affecting tourism from February 2020 as foreign tourist arrivals showed a sharp fall. By March foreign tourist arrivals fell by two thirds compared to 2019 and domestic arrivals too started falling by an almost equal magnitude. The first quarter of 2020-21 saw almost 100 per cent fall in arrivals of both foreign and domestic tourists with a complete lockdown of air, rail and road transport. As tourism contributes to one-fifth of the GSDP an equivalent loss in the quarterly GSDP could be expected.

An important dimension of tourism characteristic activities is that they are all highly employment intensive. Accommodation, food, road transport and medical tourism have fairly high employment coefficients that too semi-skilled or skilled. It is estimated that tourism accounts for 23.52 per cent of the employment - direct and indirect - in the economy. A complete crash of the sector during the quarter implies a quarter of the workforce is unemployed with severe job and income loss.