

IMPACT OF COVID-19 ON THE INDIAN TOURISM INDUSTRY

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ABSTRACT

The Covid-19 pandemic is the foremost human disaster in the year 2020 and has created tremendous shock to the Indian economy. The Covid-19 pandemic has affected severely to the various important sectors of India economy. The impact of Covid-19 on the Tourism Industry which is one of the important sectors has been extremely disturbing and has caused great losses. As India being developing economy, it was already in a struggling state before Covid-19. The unexpected countrywide lockdown in India was the biggest in the world. And the four stages of continual countrywide lockdown spanning above two months have a significant impact on the tourism industry in India. During 2019, the Indian travel & tourism sector accounted 6.8% of India's GDP and created 39,821 million jobs, which is around 8.0% of the total employment. The Indian tourism and hospitality industry is now assuming a probable job loss of around 38 million. The Indian government has undertaken major initiatives to get the tourism sector back on track. The Indian travel and tourism industry has begun to develop general safety and hygiene standards for hosting and serving their customers; and trying to build confidence of people to travel again after the corona pandemic. This study aims to assess the Covid-19 impacts on the Indian Tourism Industry. The study also attempts to provide the remedies to recover and improve the growth of the tourism sector in India. The entire research study and findings are based on the objectives.

Keywords: Covid-19, Pandemic, Indian Tourism Industry, Recession.

Introduction

Coronavirus has been declared a pandemic by the WHO, as more than 200 countries and territories have confirmed medical cases of coronavirus. The Covid-19 pandemic is the foremost human disaster in the year 2020 and has created tremendous shock to the Indian economy. The Covid-19 pandemic has affected severely to the various important sectors of India economy. The impact of Covid-19 on the Tourism Industry which is one of the important sectors has been extremely disturbing and has caused great losses. The Indian Government took tough protective measures for curbing the spread of this virus by restricting the movement; however, the virus caused chaos in the country. As India being developing economy, it was already in a struggling state before Covid-19. The unexpected countrywide lockdown in India was the biggest in the world. As it forced 1.3 billion Indians to stay indoors. And the four stages of continual countrywide lockdown spanning above two months have a significant impact on the tourism industry in India. During 2019, the Indian travel & tourism sector accounted 6.8% of India's GDP and created 39,821 million jobs, which is around 8.0% of the total employment. The Indian tourism industry is assuming a likely job loss of around 38 million. India faces an enormous decline in government revenues and growth of the income for a minimum of two quarters because the coronavirus hits economic activity of the country as a whole. In the view of the entire these reasons; there is a need of

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immediate, effective and efficient steps for controlling the spread of Covid-19 and to prepare effective economic policies for curtailing the impact of Covid-19 on the economy and for the efficient growth of economy in India. The Indian government has undertaken major initiatives to get the tourism sector back on track. The Indian tourism industry has begun to develop general safety and hygiene standards for hosting and serving their customers; and trying to build confidence of people to travel again after the corona pandemic.

Research Methodology

Objectives of the Study

- To overview the impact of Covid-19 on the Indian Economy.
- To assess the COVID-19 impacts on the Indian Tourism Industry.
- To provide the suggestions to recover and improve the growth of the tourism sector in India.

Collection of Data

The secondary data is the base of present study and has been collected from various articles published in magazines, daily newspaper, websites, internet, published journals, etc. The present study is qualitative in nature.

Impacts of Covid-19 on the Indian Economy

The unexpected countrywide lockdown in India was the biggest in the world, as it forced 1.3 billion Indians to stay indoors. During this lockdown period, India's \$2.9 trillion economy was stayed closed, except for few essential services. The lockdown rules and norms shutdown almost all economic activities and these results in job loss of millions of people. India faces an enormous decline in government revenues and growth of the income for a lowest of two quarters as the corona virus strikes economic activities of the country as a whole. With the prolonged lockdown in India, global economic recession and disturbance of demand and supply chains, the economy has been very likely to face a long-drawn-out phase of slowdown. GDP three major contributors: private consumption, investment and external trade have been also affected. India's GDP growth slow-down to its lowest in over six years in 3Q 2019-20, and the outbreak of the COVID-19 posed fresh challenges. India's growth for next year 2020-21 is forecasted in between, about 5.3% to 5.7%. According to the Ministry of Statistics, India's growth has gone down by 3.1%, in the 4Q of the 2020 fiscal year. Although the fact that the country likes India is capable to control the spread of COVID-19, there is a considerable recession in the global economy. Still in this scenario, the impact on India's growth in terms of global spillovers will be meaningful, owing to India's integration with the global economy. Hence, India's growth will be lesser than situation 1: the expected range is 4-4.5%. The impact of Covid-19 on the Tourism Industry which is one of the important sectors has been extremely disturbing and has caused great losses.

Impacts of Covid-19 on the Indian Tourism Industry

Covid-19 pandemic has caused the harsh impact to the Indian tourism industry sector. The four stages of continual countrywide lockdown spanning above two months have a significant impact on the tourism industry in India. During 2019, the Indian travel & tourism sector accounted 6.8% of India's GDP and created 39,821 million jobs, which is around 8.0% of the total employment. The Indian tourism industry is assuming a likely job loss of around 38 million. The ongoing coronavirus pandemic, countrywide lockdown situations and travel restrictions have paralyzed the entire Indian tourism industry and it will take more time to recover tourism sector like other sectors, specifically leisure tourism. This has straightly affected the states like Uttarakhand, Himachal Pradesh, Sikkim, Kerala, Rajasthan, Goa and other north eastern states which are heavily reliant on tourism as a source of state revenue.

The Indian tourism industry generate employments 8.75 crores people which is approximately 12.75% of the over-all employed population in the year 2018-19. Such people include people in the hospitality industry, travel agents, drivers, guides, tour operators, home stay owners, artisans & craftsmen, small traders, etc. which are amid the masses of further service providers. In India the tourism sector also has forward and strong ties with various other sectors such as transport, agriculture, handloom, FMCG, etc. Disruptions in the tourism sector will affect many of the unemployed. India's foreign and domestic travel will witness a less. In the 3rd week of March 2020, the occupancy rate in the hotel sector has slowdown by more than 65% and which has further slowdown due to lockdown restrictions to curb coronavirus. Due to stop page in the domestic and international travel, there has been significantly decrease in demand for turbine fuel. In the 1st quarter of 2020-21, India's aviation industry occurred loss of approximately Rs. 27,000 crores (\$ 3.3-3.6 billion) and by 2020-21, the growth of airline's passenger is anticipated to fall considerably to a negative 20-25%.

According to the estimation of FAITH, (the policy federation of associations of tourism and hospitality industry) the tourism sector will incur a loss of Rs.10,00,000crores due to covid-19. As this has also affected the inflow of foreign tourists, which in-turn has considerably fall in foreign exchange earnings, in Q1-Q3 of 2019 it was closed to Rs. 2,10,981 crores. According to the Indian Association of Tour Operators (IATO) estimations the travel, hotel and aviation sectors together possibly will incur loss of approximately Rs. 85 billion as considering the travel restrictions imposed on foreign tourists.

According to CII - Confederation of Indian Industry and hospitality consulting firm Hotelivate; the Tour operators are anticipated to lose \$4.77 billion; it includes both online and offline as well as inbound and outbound. The entire value chain of Travel & Tourism is expected to lose approximately Rs. 5 Lakh Crore (US \$65.57 billion), amid the organized sector alone is expected to lose US \$25 billion.

According to CMIE's Consumer Pyramids Housing Survey, travel and tourism account for 5% of total employment in India. Travel and tourism in India's account approximately 20 million jobs and hotels & restaurants account approximately 4 million jobs. In India, since year 2017, employment in the tourism industry has been diminishing and has already vanished over 2 million jobs. Employment in this sector is expected to be further hit by Indian Government restrictions on foreigners entering the country. Due to the Indian Government restrictions, the Indian Association of Tour Operators are expected to lose 1.2 million tourists on a base of Rs 10 million. By means to curb the spread of corona virus the airlines have been asked for waiving cancellation charges, which in turn will leads to increase in cancellations. Nevertheless, the collateral loss will be a further downturn in the economy and a potential job loss.

Suggestions

On the basis of the above points, we are in fact looking at the slow regaining condition of the Indian tourism industry. However, the vital thing to aspect at is that everything is hoping to get better. Suggestions to reduce the impact of Covid-19 and to improve the growth in the Indian Tourism Industry are as follows:

- India is focused on historical and cultural hospitality, drawing domestic and foreign nationals around the year. Hence, the economy of the country can also be given a boost by promoting Indian culture. And this ultimately will enable for boosting Indian tourism sector.
- Experts have highlighted to concentrate on the potentials of domestic tourism and attempt to make some income through it.
- The ICC has suggested the establishment of a 'Travel and Tourism Stabilization Fund' through direct assistance transfer in each unit to avoid monetary and job losses
- Careful utilization of FF&E reserves is also recommended and the operators must support the owners of hotel.
- Hotels & Restaurants need to ensure adequate availability of hygiene and sanitation facilities. There should be adequate isolation facilities to keep hotel staff or a tourist away if infected with the virus. And they should arrange rapid response teams in hotels, responsible for effectively preventing incidents
- To measure the impact of Covid-19 and formulate a demanding strategy relating both government and stakeholders of tourism industry, it can be categorized into three stages: surviving (short-term), revived (medium-term) and thrive (long-term).
- The two challenges in the surviving (short-term) stage are to save the businesses and save the jobs. The Government should provide capital for institutional access to businesses and enable liquidity to defer repayment of loans. The Government should plan to help small businesses access working capital by writing off a portion of the loan amount.
- In the revived (medium-term) stage, the reduction in international travel restrictions will lead to severe rivalry as all the countries will target the same markets. Accordingly, it is essential to prioritize destinations and products which are of interest to the target market and make sure it pays off.
- In the thrive (long-term) stage, there is a need to adapt to the fundamentally changed tourism sector after covid-19. Tourism policies and consumer preferences are anticipated to change towards attaining greater sustainability and community orientation around the world.
- Economic policies have a significant bearing on mitigating the implications of restraint measures and the pace by which the Indian economy can be regulated towards more normal state after the corona virus outbreak.

- The execution of sustainable tourism at the grassroots level can be ensured if there is a mandatory regulatory structure to comply with. Most meaningfully, the government should also identify startups and companies that already practicing sustainable tourism.

Conclusion

The impact of the COVID-19 on the India Tourism Industry has been very alarming. It has notably created impact on lifestyle, social behaviors, spending patterns and travel habits with significant impacts on tourism in India. The tourism industry sector is probably the hardest hit by pandemic and subsequent restrictions that apply during and after the lockdown period. The revival of tourism industry must be a major concern for GOI. Push back is needed to revive India's tourism industry, and immediate relief under the GST laws will inspire the sector to escape a global economic crisis never seen before. Instant vital measures and short-term, mid-term and long-term strategies are requisite to stabilize the tourism sector during this recession. To overcome the challenges of a recession and economic crisis, policy makers are required to prepare concrete plan and strategy to minimize the impact of the Covid-19 shock on both the formal and informal sectors and its sustained economy recovery. The coronavirus may have completely stopped the pace of the Indian travel and tourism industry, but it has yet to defeat the spirit of the people in this sector. This shock may sound harsh but there is still hope. The revival of this industry must become a major concern for GOI, but the Indian tourism industry must also move towards adopting a more sustainable, healthier and responsible tourism after the Covid-19; The mantras are: cleanliness, safety, health, quality, hygiene and value for money. This will help to build confidence of people to travel again after the corona pandemic.

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