

Impact of COVID-19 on Indian Tourism Sector: An Analysis

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Abstract

Indian tourism industry is the most affected industry influenced by the infectious COVID-19, the infectious infection has arrived at urban areas and towns everywhere throughout the nation inside a couple of days and unfavourably hit the travel industry, and subsequently lodgings and visit administrators are incidentally shut or decreased their room stock also, activity. This effect can be decreased by utilizing certain quick measures, transient measures and long haul plans. The e-government and partners ought to offer financial help to the travel industry. Tourism industry ventures ought to respond rapidly to the circumstance; alter both long haul and momentary procedures, in viewpoints such as cost control and worker game plan. It is significant for the tourism industry ventures to remain serious when the market is flimsy, and ought to keep up costs diagram all through the emergency. The tourism industry endeavours can take the specific measures to keep up their money flow in the near future by suspending superfluous or least significant operational material buys, by postponing redistributing instalments and by urging workers to take yearly leaves and unpaid leaves, additionally the travel industry partners can keep up business by different ways like changing their market blend and appropriation channels. Present lockdown timeframe can likewise be used by directing on the web preparing and advancement programs for the representatives, which will assist with improving neighbourliness aptitude or can, overhaul their ability in the different field of the Tourism industry to adjust well in the contemporary advanced conditions.

Key words: COVID-19, Global Pandemic, Global Tourism, Tour Packages, Tourism Sector.

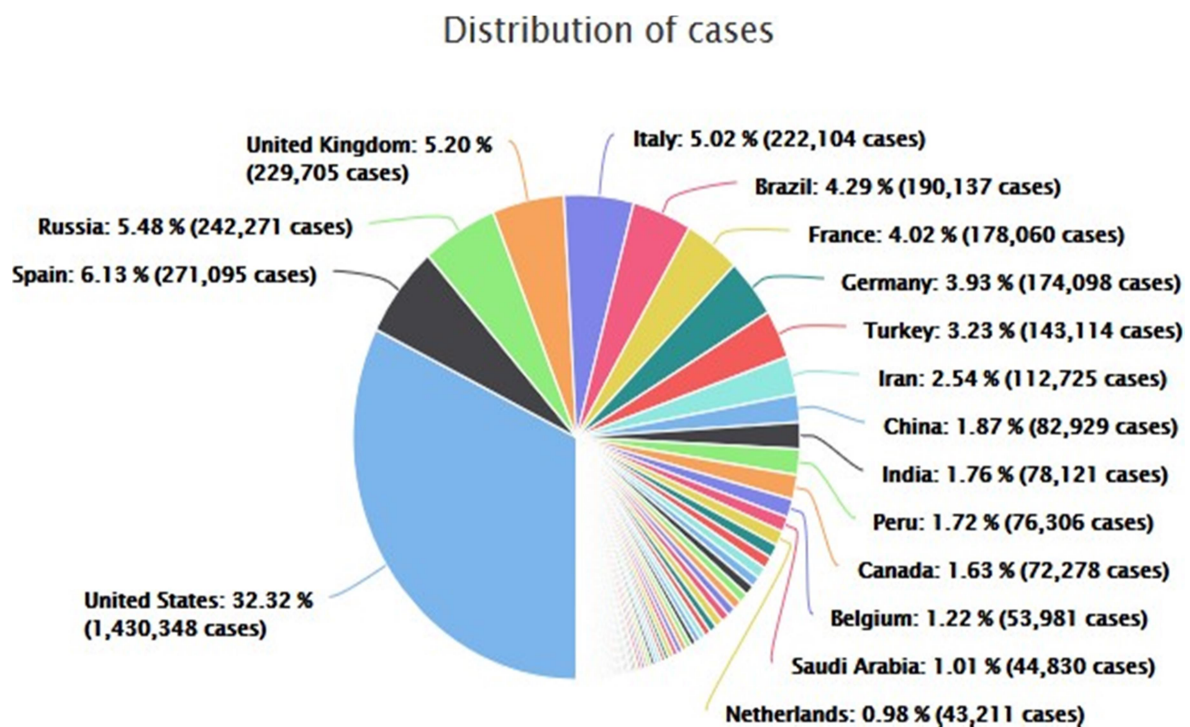
Introduction

The first case of Covid-19 in India was reported on 30 January 2020 originating from China. After the World War Two, the outbreak of Covid-19 has had a detrimental effect on global healthcare and economy systems with a ripple effect on every aspect of human life as we know it. In other words we can say that the Covid-19 global pandemic has led to one of the largest global crises since the Second World War. World Health Organization (WHO)

declared the Covid-19 outbreak as a global disaster. According to world meter data till May 14 2020 Coronavirus Cases were 4,452,820 and total deaths were 298,740 reported (Figure 1). In a response to ‘flatten the curve’, governments of every single nations have enforced border shutdowns, travel restrictions and quarantine in their countries which constitute the world’s largest economies, sparking fears of an impending economic crisis and recession.

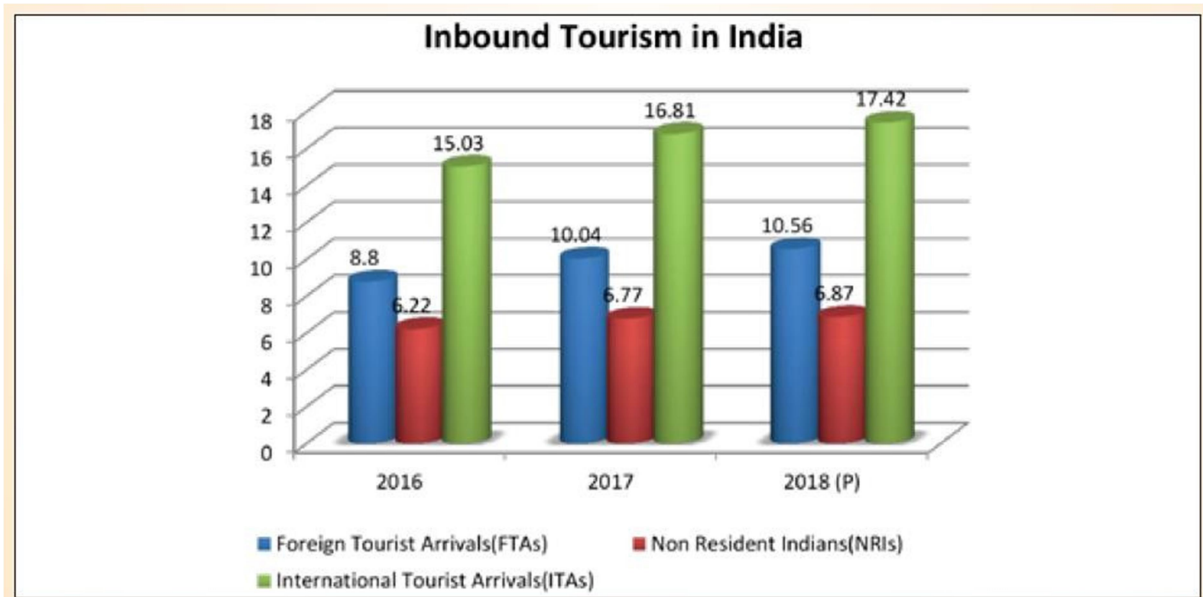
The primary object of present study is to understand and elucidate the outcome of Covid-19 on the tourism industries. Due to Covid-19 huge number of cancellation of travel plans by both foreign and local tourists, there has been a drop in both inbound and outbound tourism of about 67% and 52% respectively since January to February as compared to the similar dated previous year (Figure 6.2). Asia Pacific inbound arrivals are expected to decline 42% in 2020, with a loss of 148 million visitors compared to 2019. Domestic city visitor arrivals are forecast to decline 28% in 2020, a loss of 331 million visitors. On average, domestic tourism accounts for almost 80% of entire visitor arrivals to cities in Asia Pacific, which will help facilitate the recovery of city tourism as restrictions are likely to be lifted for domestic travel earlier than for international travel. Not only in Asia, the European Union (EU) has acted quickly to help the sector, for instance, by offering financial support to businesses, among them numerous small and medium sized enterprises. Considering the evolving nature of the situation, it is too early to estimate the full impact of Covid-19 on global tourism.

Figure 1: Distribution of Coronavirus Cases among Countries



Source: www. Worldometer.info

Figure 2: Inbound Tourist in India for last 5 years



Source: www.tourism.gov.in

The coronavirus outbreak has paralyzed the tourism business, leaving travellers scrambling to return home and devastating economies that are largely dependent on tourism. The Novel Corona Virus (Covid-19) previously identified only as the Wuhan virus, expanded to nearer countries as south Korea, Japan, Italy, Iran and finally spreading its routes to India. Till mid of May the spread of the virus spans 185 countries. According to WTTC (World Travel & Tourism Council), India categorized as 3rd position among 185 countries in terms of travel & tourism’s total contribution to GDP in 2018. India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum.

The present research study is an analytical assessment of the COVID storm and its impact on tourism Industry in India. There is a worthy analysis of what tourism industry was, how it contributes to economy, how it affects the employment, business and overall economic development of country and what is the current saturation of the Indian tourism industry. There has been an extraordinary development opportunity of tourism in India due to the efficient government policies and effective support from all levels. The present study also proposed some recommendations for speedy recovery and regain of the tourism industry which can be helpful for revamping economy to achieve the take off again in new normal.

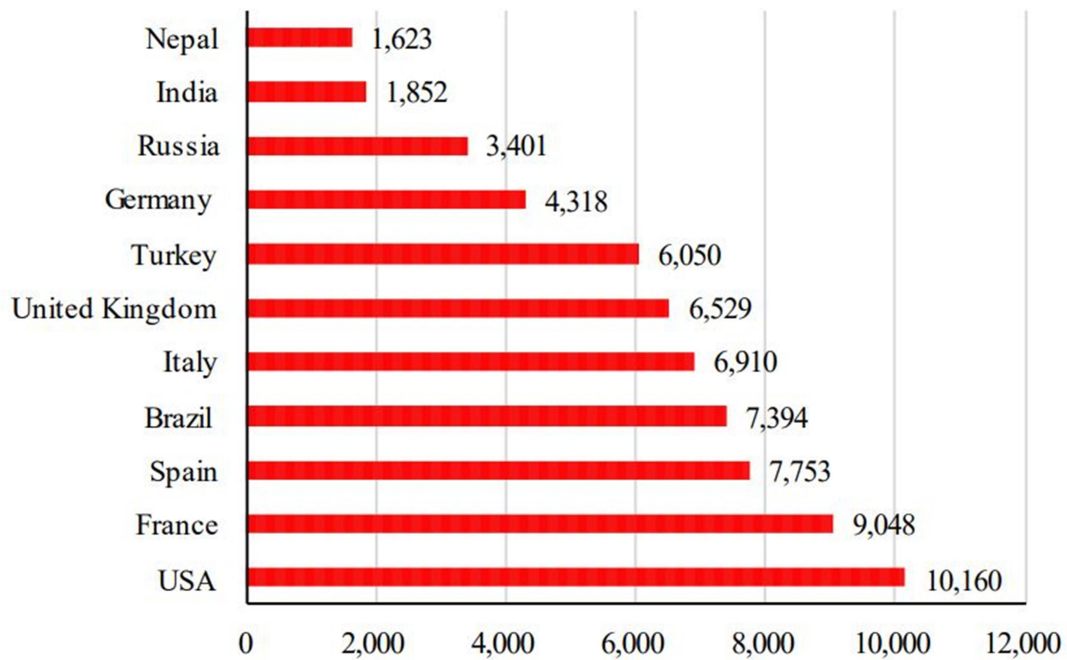
Global Pandemic-Not New for Society

Global pandemics and infectious disease outbreaks have an adverse effect on society affecting its social and economic structure threatening human health. World history has seen various pandemics and outbreaks such as Plagues, Spanish flu, SARS, Ebola, Zika, Dengue, etc., and is still confronted by many other infectious diseases. **Morens et al. (2009)** concluded that there is no single definition of the word 'Pandemic', but it can be looked at by understanding it by breaking down the common terms used to describe the word. The first term is 'global', as they are widely spread and have a spatial extension and distributed over the entire globe making it a global phenomenon. The second is the 'movement' of the spread, as the disease is spread rapidly from one location to another transmitting it to many. The third is the 'time span' of spreading the disease, as this has a high rate of transmission and exponential spread within a short period of time to multiple locations. The fourth is related to 'low immunity' against the disease, which makes it more vulnerable for the population. The last one is the 'novelty' associated with the organism of the disease, as it is unknown and the cure for which is not yet confirmed or established in the environment.

There were many pandemics and outbreaks in the twentieth and twenty-first centuries such as influenza, HIV/ AIDS, Cholera, SARS, Ebola, Zika, Dengue fever and now COVID-19. We can trace the history of pandemics from early 1918. That is when the world saw its first pandemic Spanish flu which was also known as influenza (Girard et al., 2010) followed by Asian flu in the year 1957–1958 which also took nearly 1–2 million lives (WHO, 2009). In 1968–1969 again influenza struck in the region of Hong Kong to spread at a rapid rate due to air travel (**Taubenberger & Morens, 2006**). HIV/ AIDS pandemic was very prominent in Africa and reported 70 million cases and 35 million deaths being the main reasons for the decreased life expectancy rate in many African countries (**Anderson & May 1992**).

In the year 2002–2003, SARS virus outbreak was originated in China and noted 8,098 cases and 774 deaths and spreading to 37 other countries due to international travel between the countries (**Beutels et al., 2009**). In the year 2009, the world saw another form of influenza which was called Swine flu which was a major outbreak in Mexico with 284,000 deaths (**Rassy & Smith, 2013**), which severely impacted the tourism industry with heavy losses.

Chart 1: Ten Countries Having High Covid Infections
(In per Hundred Thousand Population)



Source: Worldmeter, May 19, 2021

The next pandemic outbreak was Ebola, which is also known as haemorrhagic fever (**Rhymer & Speare, 2017**) in West Africa which was found in 2014 and is present till now. The year 2015 saw the rise of the Zika outbreak in America primarily in the regions of Brazil (Petersen et al., 2016) transmitted by a type of mosquitoes (**Aedes aegypti mosquitoes**). Dengue fever outbreak was found in the year 2016 with around 100 million cases and 38,000 deaths (**Gubler, 2012**). It is the most important vector-borne disease globally (**Shepard et al., 2016**). Next, the COVID-19 which was found in the year 2019 reported 187,086,096 cases as of July 2021 with 4,042,921 deaths worldwide majorly laying severe impact on the movement of the people with a huge impact on the travel and tourism industry.

The United States, one of the most affected countries by Covid-19 infection in terms of the population, has 10,160 infections in per hundred thousand population. In India, such proportion is 1,852.

Impact of COVID-19 on Indian Tourism Sector

The tourism sector is severely affected due to the outburst of COVID-19 all over the world. India is the major attraction of the tourism sector due to its vast heritage. The Indian tourism industry is projected to book a revenue loss of Rs. 1.25 trillion in calendar 2020 as a fall out of the shutdown of hotels and suspension on the wing operations after the shutdown of hotels and suspension on the wing operations after the onset and spread of the coronavirus

(Covid-19) pandemic. (**Business Standards, 2020**). The main reasons for which the Indian tourism sector was affected by:

- World Wide lockdown.
- International flights were cancelled.
- International visas are cancelled.

Coronaviruses are an outsized family of viruses which can cause illness in animals or human. In humans, sever Coronaviruses are known to cause respiratory infection starting from the cold to more severe diseases like geographical region Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS) foremost recently discovered coronavirus causes coronavirus disease COVID-19 (**coronavirus, 2020**).

COVID-19 is that the communicable disease caused by the foremost recently discovered coronavirus. This new virus and the disease were unknown before the outbreak began in Wuhan, China, in December 2019.

People can suffer from COVID-19 from others who already have that virus. It spreads through small droplets from the nose or mouth when someone having COVID-19 coughs or exhales from person to person. While cough or exhales, the droplets also land on objects and surfaces when people also touch that he or she will get affected. People may also catch COVID-19 if they inspire droplets from a person with COVID-19 who coughs out or exhales droplets. This is why it is essential to remain over 1 meter (3feet) far away from a person who is sick (**coronavirus, 2020**).

Tourism is a major source of Foreign Exchange Earning (FEE) to India but this COVID storm make an immense interruption in the development of Indian tourism industry. Although the Government is trying to foster the tourism industry but some major Impact of COVID storm on Indian Tourism are given hereunder:

- As per the Ministry of Tourism, Government of India (MOT-GOI) Report 2020 on travel and tourism industry contributes 6.9% of India's GDP and creates about 40 million employments which was 8.8% of the total employment share in year of 2019. But the coronavirus badly affects the overall tourism industry. As per the report of Civil Aviation Ministry of India there were 25% to 30% fall in inbound foreign visitors to India in 2020.

- The recent report of MOT-GOI has also corroborated the similar concern for the Foreign Exchange Earning (FEE), which was \$29.96 billion in 2019 and this number dropped down to US\$6.15 billion(48330 Crore Rs.) for January to June 2020 as per The Business Today report in July 2021. Thus due to COVID storm there was about 77% fall down in FEE of India.
- The report of MOT-GOI has also confirmed the similar concern for the Foreign Tourist Arrivals (FTA), which were 17.91 million in 2019 has been found to dropped down by about 67% yearly in the January-March 2020 quarter, while domestic tourist's was about 40% in 2020. As per the report of Business Today Foreign Tourist Arrivals (FTA) to India downcast by 97% in April- December 2020. Total FTA in 2020 were 2.68 million.
- Travel and tourism alone account for 9.2% of India's GDP (in 2018). The tourism division produced 26.7 million employments in year of 2018. The cascading effect of the coronavirus has been found to cripple the Indian tourism and hospitality industry at a surprising pace. According to Ministry of Civil Aviation, India is witnessing a 25% to 30% drop in inbound international visitors to the country in the backdrop of novel coronavirus fears.
- The newly published figures by Ministry of Tourism, Government of India has also corroborated the similar concern as the Foreign Tourist Arrivals (FTA) has been found to be downcast by about 67% yearly in the January-March quarter, while local tourists notched a much lower figure by about 40%. FTA in February, 2020 has dropped by 9.3% month-on- month and 7% year-on-year, according to government data. In February 2020, there were 10.15 lakh FTAs, against 10.87 lakh in February 2019 and 11.18 lakh in January 2020. The situation is getting uglier as India has announced suspension of all tourist visas till April 15 in a bid to contain the spread of the virus.
- The Covid-19 outbreak has also started showing its impact on the domestic tourism sector and summer bookings to leisure destinations like Rajasthan and the hills. Summer travel is the peak travel period in India. Considering that most domestic travellers book their flight tickets 2-3 weeks before the travel date, the travel companies saw a more than 30% drop in domestic travel this summer compared with last year. Maximum impacted summer destinations are Leh, Guwahati, Coimbatore, Srinagar and Amritsar where

more than 40% drop has been recorded. This is after airline fare drop by 20% for domestic routes.

- There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements were only travelling. The number of visitors who visited the Statue of Unity in Gujarat dropped by over 38 per cent from January to February, and the revenue collected fell approximately Rs.5 crore. The Archaeological Survey of India (ASI) has 3,691 sites registered with it, of which 38 are world heritage sites. As per information provided by the ASI, the total revenue from ticketed monuments was Rs.247.89 crore in FY18, Rs.302.34 in FY19 and Rs.277.78 crore in FY20 (April-January). If the scenario fails to change by May, which is when domestic travel is at its peak because of the summer vacations, employment may then become a concern.
- Due to Corona virus outbreak, the industry has seen a flurry of international and domestic cancellations. There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements are only travelling. The corona virus scare has abruptly cut short the charter tourism season in Goa midway with visas for international travellers getting suspended from March 13 midnight onwards. Now, empty charters will arrive to take back the tourists to their destinations in the days to come. During the last tourist season, 250 chartered flights had arrived from different countries, including Russia and the UK. The collapse of travel firm Thomas Cook in the UK last year had severely affected chartered flights to Goa.
- The hospitality sector in totality is also bearing the brunt of reduced travel. Hospitality companies have seen a 50% drop in bookings within India between March 2 and 9. People are postponing booking plans in large numbers. According to Edelweiss Securities, both occupancies and tariffs would be impacted in March 2020 and the April- June 2020 quarter. While domestic tourism might see an improvement on limited outbound travel, the recent cases in India would limit that opportunity as well. Some popular domestic routes had seen a 20-25% decrease in last-minute airfares. Airlines are also refraining from increasing prices for the summer season in order to pre-empt weakening of demand on the domestic side.

- Disruption due to coronavirus could result in 18-20 per cent erosion of nationwide occupancy across the sector, and 12-14 per cent drop in average daily rates (ADRs) for the entire 2020. The hospitality sector is also likely to be impacted by large-scale cancellations and drop in room rates
- According to the Federation of Associations in Indian Tourism and Hospitality (FAITH), the federation representing entities within the tourism, travel, and hospitality industry, has appealed for a right away relief package from the government to remain afloat and avoid job losses.
- Over 95 percent MSMEs of 53000 travel agents, 115,000 tour operators, 15000 adventure, 911000 tourist transporter, 53,000 hospitality, and five lakh restaurants face warmth because of lack of money flows, said the federation. The industry employs an estimated value of 3.8 crore jobs.
- The Indian tourism industry, in 2018-19, handled the business of over 10.5 million foreign tourists, quite five million visiting NRIs, 1.8 billion domestic tourist visits, and over 26 million outbound travellers.
- The organized sector within the industry is also the hit the toughest with an estimated loss of around Rs1.58 lakh crore, says CII.
- The national federation of 10 tourism, travel and hospitality organizations of India, FAITH, said it had been safe to mention that the value of the losses may well be within the range at Rs5 lakh crore, covering all aspects of the business.
- As per the World Economic Forum (WEF), the coronavirus pandemic is putting up to 50 million jobs within the global travel and tourism sector in danger, out of that 30 million jobs are would be in danger in Asia. **(livemint, 2020).**

Suggestions

Tourism is the leading industry in the world from turnover point of view but Corona Virus outbreaks poorly affects now it would take enough time to achieve that earlier state but here mentioned some suggestions can be helpful to heal the whole industry from crisis and recover in the shortest possible time:

- ✓ After the impacts of Corona virus pandemic subside, the primary aim of all the stakeholders of the country would be to bring back the confidence of the tourists to visit India. In fact, in the long run, the country will have a

competitive edge in this respect, since it has been least affected by the pandemic compared to other countries afflicted by Corona virus. The Government and private stakeholders should very subtly publicise this newly acquired credibility for promoting our tourism sector. Government should allocate sufficient funds for organising Road shows and other promotional activities in prospective markets.

- ✓ Government of India should tie up with healthcare accreditation bodies of foreign countries (like National Accreditation Board for Hospitals & Healthcare Providers (NABH) in India) to issue “Fitness Certificates” for visa purpose. Every tourist will have to procure this Certificate from the respective authority in his/her country to get visa. This Certificate needs to be made mandatory to block any cross-border transfer of infectious diseases, like Coronavirus. Tourists visiting foreign countries will have to produce the ‘Fitness Certificate’ at the time of immigration formalities
- ✓ The Government should focus highly on all type of safety and security measures for the tourists visiting various places of the country. Since global tourism fraternity will take some time to get settled after the aftermath of this pandemic, the sector per se should now focus more on domestic travellers. People would now feel more comfortable to travel within the country rather than going abroad. Alternative tourist spots should be developed and marketed properly within the country.
- ✓ Since East and North Eastern States are comparatively in better position in terms of spread of Corona virus, both Central and State Government of this region should emphasize on promoting and developing tourism attractions of this region. There are lot of unexplored tourism options in North Eastern States. North Bengal is also having huge tourism potentials. Government should chalk out special plans to promote tourism in these areas.
- ✓ The Government should propose some attractive tour packages such as Discount offers, Combo plans (Food on wheel while traveling by tour operator, provide all kind of hygiene and safety at optimum level, to adopt strong health and sanitation protocol, digital up-gradation) also offers some fringe benefits like Work From Tourism, medical facilities on a click, to reboot their tourism industry.

- ✓ As we all aware medical tourism of India is an appealing factor for foreigner so Indian government can also promote “Vaccination Tourism” on behalf of M-Visa to revamp the Indian tourism industry.
- ✓ Government can also promote new segment of tourism i.e. “Wellness Tourism” for mental peace and wellness of life with combination of spirituality, meditation, yoga and other therapies can also reboot charm towards tourism.
- ✓ For flying up the tourism sector, Government should adopt some tax reform polies like tax benefits, tax holidays to all the tourism and associated sectors such as hotels, aviation etc.
- ✓ Government should firstly attracts to domestic tourist after that recover the footfalls of foreign tourists.
- ✓ The National Restaurants Association of India (NRAI) has warned that even 10% - 20% job losses among its 7.3 million employees in restaurants across the country would mean up to 15 lakh unemployed. It is believed that around 70% out of a total estimated workforce of 5.5 crore (direct and indirect) employed in Tourism and Hospitality industry (i.e over 3.8 crore) could get unemployed because of Coronavirus effect. Accordingly, A
- ✓ Travel & Tourism Stabilisation Fund” be set up with direct benefit transfer to each unit to prevent financial loss and consequent job loss. “Each unit suffering loss should claim equivalent subsidy to the Ministry help break even and avoid sacking of a single employee. The claim of each loss making unit would be verified by a concerned officer of the State Government and once verified the amount needs to be transferred to the account of the unit owner, on the undertaking that no employee is sacked. This fund could be drawn from the Direct Tax Contribution of this sector, supplemented by the Central Government. If this is not taken, we fear, that the economy which was already facing highest unemployment at around 8%, could slip into recession with unemployment increasing further.
- ✓ It is anticipated that this pandemic will entail huge job cut, especially for the unskilled workers. There should be some planning to absorb these newly unemployed workers in the tourism sector itself. Otherwise, this unemployment will create huge social unrest in other sectors of the economy. So, the Government should employ them as “Tourism Police” in every state to take care of the safety and security of the tourists.

Summing-up

The tourism sector is dependent on travellers and, trade for its survival. The pandemic has severely affected the activities of major sectors of the tourism industry like the hotel, tour guides, and lodging. The unemployment rate has also increased in the past few months. The Ministry of Tourism and Ministry of Finance, Government of India need to work jointly to steadfastness issues in the tourism sector regarding unemployment, wages, and payment of salaries and liquidity shortages. The union government can offer a helping hand to hotels by occupying empty rooms in hotels and paying a small fee to hotels. This small step will go a long way in helping small tourism and hospitality companies manage their finances. Union government with various states governments should take efforts to promote tourism both at domestic and international level by providing incentives and subsidies to tour operators.

The tourism sector requires constructing their approach by introducing measures like changing people's social behavior, wearing a mask when stepping out, social distancing, and hesitation to travel far distances. Capitalizing on safety and hygiene would reassure customers in availing their services. All travel and tourism companies should try to go cashless and try to minimize personal contact.

The purpose of this study is to examine the effect of COVID-19 on the tourism industry in India. The tourism industry as compared to the other important industries of a country is highly affected due to the internal and external shocks. In the past few months, the drastic outbreak of the novel coronavirus has caused great losses to the tourism industry. The Indian tourism industry accounted for 9.2% of India's GDP in 2018 and braced 42.673 million jobs, 8.1% of its total employment. The Indian tourism and hospitality industry is now gawking at a likely job loss of around 38 million. The governments across the world are trying to woo back visitors from domestic and international markets. Travel and tourism companies will have to recuperate the trust and confidence of people in the recovery period to travel again after the pandemic. The present study suggests that the travel and hospitality sector should restructure their approach by introducing measures like changing people's social behavior, wearing a mask when stepping out, social distancing, and hesitation to travel far distances.

The study has also some limitations, few of them are as follow;

- Firstly, the all available information in particular paper has been gathered from the secondary data sources and Due to lack of updated data amid pandemic the study was inefficient to access the real scenario.

- Secondly, lack of actual data and reports of Tourism ministry. There were also very limited literature available. Therefore, the accuracy of the study depend on the available resources.
- Lastly, COVID-19 has adversely affected the tourism industry and at a time when the country suffered from two hideous wave's time-to-time a wave knocks the door then the future prospects cannot be predicted.

The pandemic affects all the sectors of the economy. Tourism is worse affected because it is driven by the psychology of people who are very sensitive to safety and security aspects. It will be difficult for the travel and tourism companies to attract tourists during the pandemic as their safety is of paramount importance. Travel and tourism companies will have to recuperate the trust and confidence of people in the recovery period to travel again after the pandemic. Unlike the other sectors, the tourism sector relies heavily on trust and thus will take a longer time to return to routine in the recovery period because tourists need to ensure that the situation is safe and secure before they step out to travel again. What can help companies to regain the trust of travellers is to ensure disinfecting major tourist destinations, including hotels and restaurants, to regain people's trust that tourist destinations and accommodations are all safe from Covid-19. The future of the tourism sector will depend on how rapid virus transmission is and how it is contained.

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