


IMPACT OF COVID-19 ON TOURISM IN INDIA
Dr. Ajay K. Dixit

Associate Professor and Head-Department of Business Economics Changu Kana Thakur Arts, Commerce and Science College, New Panvel, Navi Mumbai.

Abstract:

Covid-19 disease originated in Wuhan; now reach to all parts of the world leading to lockdown and closure of all the activities. Closure of all activities leads to loss of GDP and employment. But, tourism is the sector which was closed down first of all and will be opened in the last. Naturally, this sector will face more problems than any other sector of the economy. In this situation, we want to know what will be the impact of covid-19 on tourism sector. Objectives of the study are around this curiosity. To study the status of tourism sector before covid-19, to study the impact of covid-19 on tourism sector, to study the demands made by this sector to government to come out immediately from this crisis and to suggest measures to government for speedy revival of the tourism sector from pandemic. The present study uses the secondary sources only, as primary sources are not possible to use due to lockdown and other restrictions from the government. So, primary sources are not considered in this study. For secondary sources also, we are relied mainly on reports of CII, government and other international agencies. The study is restricted to tourism industry only. Major conclusions of the study are tourism sector is severely affected by the pandemic, not only in India but in the entire world. This industry is trying to revive itself but government should support them in this effort for fast recovery since this industry is useful in creation of employment, increasing growth of national income but is also useful in increasing the stock of foreign exchange reserves.

Key words: COVID-19, Hospitality, Tourism, Industry, GDP, Lockdown

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Introduction: -

The novel corona virus that originated from China grapples the entire world. It leads to historical changes in all spheres of life. Lockdown becomes inevitable in most of the developing and developed economies. For the first time, people experience the lockdown. Lockdown saves the life of the people but it cripples the economy. The growth rate of our GDP becomes -27.8% for the first quarter of 2020-21 and -7.1% for the entire year. For the first time, we have got negative growth in our GDP. Naturally every sector in the economy is badly affected by the pandemic. But, tourism sector is the sector which was having more adverse impact of covid-19 compare to any other sector. Due to this, we have selected this sector for our study. In this paper, first of

all, we have taken the contribution of tourism sector to Indian Economy, secondly, highlighted the situation of this sector before covid-19. Then we have enlisted the effects of covid-19 on this sector. It is followed by government efforts to bring back this sector on track again. Then demands made by this sector to government through CII and in the last we have some suggestions to the government for revival of tourism sector.

1.2 Objectives of the study: - The present study is based on following objectives;

- A) To study the status of tourism sector before covid-19.
- B) To study the impact of covid-19 on tourism sector.
- C) To study the demands made by this sector to government to come out immediately from this crisis.
- D) To suggest measures to government for speedy revival of the tourism sector from pandemic.

1.3 Methodology of the study: - The present study uses the secondary sources only, as primary sources are not possible to use due to lockdown and other restrictions from the government. So, primary sources are not considered in this study. For secondary sources also, we are relied mainly on reports of CII, government and other international agencies.

1.4 Scope of the study: - The study is restricted to tourism industry only. The impact of covid-19 is there on each and every sector of the economy. Not only in India, but impact of pandemic is on the entire world. Though every sector is affected, here, we can concentrate on the effect of covid-19 on Indian tourism sector only. Study is based on secondary sources only. No field work is involved.

1.5 Review of literature: - Pandemic has a full scale effect on almost all the sectors of the economy. There are a lot of studies available online which studies impact of covid-19 on number of sectors throughout the world.

According to Kaushal and Shrivastava¹, The highly infectious novel coronavirus continues to thwart the tourism sector and raises serious questions about the present and future survival of the sector. Their research addresses two important concerns, first, pertains to the major challenges that hospitality and tourism industry faces amid current conditions; and second relates to the vital leanings for the industry. The study draws on the interviews with 15 participants in senior positions in hospitality industry, and tourism and hospitality education services. This study also discusses the future scope of research in the area of tourism.

Kumar² in his paper concluded that severe impacts from COVID-19 on tourism industry can be reducing hotels booking, airlines booking, cancellations of events, reduction of staff as a cost cutting measures and risk to airlines, hotels, travel agencies jobs in the near future as the revenue generated by tourism industry will be reduced. Half of the revenue can be declined in 2020 as compare to the previous year, however, despite severe cuts in business and predictions that normal travel patterns would take years to return. He also stressed the need of government intervention. To handle this situation and for the upliftment of tourism industry government should come forward, without government intervention it would be difficult to overcome the present situation and financial crunch. Government must give certain relaxation on taxes imposed on tourism

industry, or to provide certain soft loans with minimum interest rates and must issue additional funds for the betterment of tourism industry in the near future.

According to UNWTO Dashboard ³, over 1 billion reductions in tourist arrivals worldwide which is around - 74%. Again there is loss of US dollar 1.3 trillion to tourism export worldwide. Estimated loss in global GDP over US\$ 2 trillion and 100-120 million direct tourism jobs at risk. It is estimated that International tourism could plunge to levels of 1990s.

1.6 Contribution of tourism sector to Indian economy: -

The World Travel and Tourism Council- 2018⁴ estimated the significance of tourism sector in India as;

1. Contribution to GDP of India- 16.91 lakhs crore. US \$240 billion. It is 9.2% of Gross Domestic Product of India in 2018.
2. Employment: - Tourism sector created 42.673 million jobs in India. It is 8.1% of its total employment generated in 2018. It is creating highly skilled jobs and jobs without skills also.
3. Growth rate: - More than 7% annual growth is recorded by this sector. It is expected to grow more than 6.5% of GDP every year
4. Foreign tourists arrivals: - Over 10.93 million foreign tourists arrived in India in 2019 compared to 10.56 million in 2018, representing a growth of 3.5%
5. Domestic tourists: More than 16% domestic tourists visited different states in India every year.
6. Unorganised employment: - Supports to unorganised employment. This is the feature of this sector. Anyone with or without any specific skills can get the job in this sector.
7. Foreign exchange earnings from tourism in India: - In 2019 Rs. 211,661 crores which is 8.6 % growth compare to previous year.

1.7 Situation before Covid-19 of tourism sector: -

1. Jobs: - Tourism sector was excellently working and growing before Covid-19. 42.673 million jobs in India. It is 8.1% of its total employment generated in 2018
2. Foreign tourist arrivals were increasing at increasing rate.
3. Generating revenue: - Generating revenue to the government. By ways of taxes. excise duty, GST, taxes on petroleum products, service taxes, realty sector,
4. GDP: - GDP was growing more than 7 % per annum.

1.8 Impact of Covid-19 on tourism sector: -

- Two sectors- Pharmaceutical and Tourism are two sectors most affected due to Covid-19. One Sector is working more than 100% and the other sector is totally shut down and will be opened in the last in lockdown opening sequence.
- The global travel and tourism accounted for 10.4% of global GDP in 2019, amounting to \$9,170 billion. For 2020, this figure came down to 5.5% of the global GDP at \$4,671 billion. As a result of this fallout, the global travel and tourism economy contracted by 49%.



- According to World Economic Forum (WEF)⁵- 50 million jobs will be at risk in the global travel and tourism sector out of which 30 million jobs will be from Asia.
- According to Nakul Anand of The Federation of Associations in Indian Tourism & Hospitality FAITH⁶- Rs. 5 lakh crore losses will be experienced by the tourism sector, which will cover all aspects of the business. Around 4 to 5 crore jobs will cut due to covid-19 directly or indirectly.
- According to CII⁷- Confederation of Indian Industries.
 1. Loss of revenue to tourism and hospitality industry- Loss of Rs. 90,000 crores in 2020-21. Hotels may lose 80 to 85% of their revenue. Organised sector will lose \$ 25 billion.
 2. Entire sector can lose \$65 billion
 3. According to CII branded hotel groups are set to lose as much as Rs 1.10 lakh crore
 4. Online travel agencies will lose Rs 4,312 crore
 5. Tour operators (inbound and domestic) will lose Rs 25,000 crore
 6. Adventure tour operators set to lose Rs 19,000 crore and
 7. Cruise tourism will lose Rs 419 crore

1.9 Revival of the tourism industry- Initial efforts of the Government: - Government of India has taken following steps to improve tourism sector under Aatmanirbhar Bharat Package⁸;

1. Short-term interest-free or low-interest loans for rebuilding business,
2. 12-month deferment of all statutory dues and a moratorium of additional three to six months on all working capital principal, interest payments on loans and overdrafts
3. Soft loans are given to the industry.

1.10 Demands from CII⁹- for Revival: -

1. Classifying hospitality under the RBI infrastructure lending norm criteria
2. Industry status to hotels, restaurants, and resorts across the country
3. To include hospitality and tourism in the concurrent list
4. MAT waiver for a period of three years
5. IGST billing to hotels for corporate and MICE bookings

None of the demands of the CII accepted by the Government. Industry is expecting that in near future government can accept some of their demands.

1.11 Efforts required by the Government for revival: - Government ignored to the demands of the CII, but it has to work on this industry. Government can take following measures for revival of this most vital industry

1. National priority should be given to tourism sector by providing direct financial support from the government to this sector.
2. Competition among states is expected after the end of pandemic
3. Short and long term investments are possible by government sector in tourism

4. Community participation is essential in bringing tourism on track again.
5. Must enhance the campaign ‘ Dekho Apna Desh’ and ‘ Swadesh Darshan’. Encouraging Indians to explore their own country world wide.
6. Developing core infrastructure like airways, railways, and waterways.
7. RTPCR Testing- Speed up RTPCR testing by Government in tourist places (Test results within 6-8 hours)
8. Isolation and Covid centres in tourist places with facilities
9. Slash petrol and diesel prices drastically: - People can use their own vehicles or private vehicles to maintain social distancing for travelling
10. LTC and other tourism packages must be given by government and private sector to their employees.
11. Vaccination priority or hassle free vaccination to those who will travel within India.

1.12 Conclusion: - From the above discussion, we can conclude that tourism sector is severely affected by the pandemic, not only in India but in the entire world. This industry is trying to revive itself but government should support them in this effort for fast recovery since this industry is useful in creation of employment, increasing growth of national income but is useful in increasing the stock of foreign exchange reserves.

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