


**IMPACT OF COVID-19 ON THE TOURISM INDUSTRY IN INDIA- AN OVERVIEW**

**Dr. Dhanashree Pramod Sawant,**

*Associate Professor,*

*Dept. of Economics,*

*Sheth NKT College of Commerce and Sheth JTT College of Arts. Thane.*

**Abstract:**

*Before the outbreak of COVID-19, the tourism industry was the fastest growing industry all over the world. Many countries in European continent, UAE and South Asian region have been developing the tourism business giving them good revenue.*

*Among the fast-growing business activities, the tourism industry had occupied a fair position in terms of employment and foreign exchange earning throughout the world as well as India. Available data on tourism indicated that around 9% of the people in the economy are employed in this sector. The foreign exchange earnings from this sector were 5931 million US dollars in 2005-06. India is blessed with a wide and diverse climatic condition, culture, history, beautiful coastline.*

*Sudden outbreak of COVID-19 has shaken almost all types of economic activities worldwide. Of all these, Tourism industry has been affected the most. The present study focuses on the impact of COVID-19 on tourism industry in India. The study reviewed the online reading material, reports and articles.*

*It is concluded that with a set of necessary efforts and hygiene maintenance at tourist places, tourists can be assured of security and protection from the disease. This will help tourism industry for its revival.*



*Aarhat Publication & Aarhat Journals is licensed Based on a work at <http://www.aarhat.com/erj/>*

**Introduction:**

Before the outbreak of COVID-19, the tourism industry was the fastest growing industry all over the world. Many countries in European continent, UAE and South Asian region have been developing the tourism business giving them good revenue as well. Indian tourism industry was also growing well. Many countries had recognized the importance of tourism industry in economic development with the falling employment opportunities in traditional regions. This is because tourism industry has not just had positive impact on revenue to the governments, but also it created good impact on direct and indirect employment of people, such as travel agencies, hotel industry, tour managers, tour guides, restaurants, local business, local artifacts and many more.

Among the fast-growing business activities, the tourism industry had occupied a fair position in terms of employment and foreign exchange earning throughout the world as well as India. Available data on tourism indicated that around 9% of the people in the economy are employed in this sector. The foreign exchange earnings from this sector were 5931 million US dollars in 2005-06. India is blessed with a wide and diverse climatic condition, culture, history, beautiful coastline.



Sudden outbreak of COVID-19 has shaken almost all types of economic activities worldwide. Of all these, Tourism industry has been affected the most. The pandemic situation has affected tourism industry consisting of travel business, hotels, restaurants, tour agencies etc. Further leading to unemployment, losses, less revenue to the government and less investment.

**Objectives:**

1. To study the impact of COVID-19 on tourism industry in India.
2. To review the measures for the revival of tourism industry.

**Importance of Tourism Industry:**

Broadly, the role of tourism is summarized into following points viz.

- i) Overall utilization of natural resources,
- ii) Increase in foreign exchange earnings,
- iii) Improvement in international trade relations,
- iv) Creation of employment or job opportunities,
- v) Development of markets or business,
- vi) Increase in national income,
- vii) Contribution to the government revenue,
- viii) Helps economic development and
- ix) Regional development.

Having known about the above role of tourism industry, let us study how the tourism industry has been affected severely due to COVID-19 in India.

**Review of Literature:**
**A. Tourism Industry before COVID-19-**
**1. GDP share of Tourism Industry:**

- a. Article by Nidhi Singh, on “The Impact of Covid-19 on Travel & Tourism Industry in India and its Future” on 30th April 2020. In 2018, travel & tourism contributed 9.2% in India’s GDP. She also pointed out that the restaurant industry in India, had an annual turnover of ₹4 lakh crore (\$53 billion).

**2. Creation of Employment:**

- a. Article on “COVID-19 – Impact on Travel and Tourism in India” published on 7th Sept. 2020. As per IBEF report, 4.2 crore jobs were generated in 2019 by tourism industry, however as per FHRAI report 38 million people have lost their jobs due to pandemic. Indian states like, Rajasthan, Goa, Sikkim and Kerala who highly depend on revenue from tourism are severely affected.
- b. In 2018 tourism industry<sup>1</sup> generated 26.7 million jobs. The author pointed out that the tourism industry not only employed workers in cities but also provided an employment to rural population. Further she gave statistics the tourism sector, stating that it accounted for 12.75% of employment in India, 5.56% of it is direct and 7.19% is indirect. She mentioned that, over 87 million people were employed in the travel sector in 2018-19 in India. This industry provided direct employment to more than 7 million people. Adding to this Singh mentions about India’s air transport industry which employed over 400,000 people directly and 940,000 are employed in related supply chains.



- c. Goswami A. & Nirupama S. (2020) stated that the Indian tourism industry employed 8.75 crore people (12.75 per cent of the total employed population in 2018-19). Mostly overing the population from the hospitality industry, tour operators, travel agents, homestay owners, drivers, guides, small traders, artisans etc.

## B. Tourism Industry after COVID-19:

### 1. Impact on GDP-

- a. Goswami A. & Nirupama S. (2020) pointed out that the sector also has strong forward and backward linkages to other sectors such as agriculture, transport, handloom and so on. The authors critically put that the disruptions in tourism sector will render many people in unemployed. Continuing that they stated that the food and hospitality sector is already reeling under pressure from high fixed costs and no footfalls. The authors stated that the Federation of Associations of Tourism and Hospitality Industry (FAITH), has estimated a loss of Rs 10 lakh crore for the industry due to COVID-19. This will also impact inflow of foreign tourists, which means a drastic fall in foreign exchange earnings which was close to Rs 2,10, 981 crores in Q1-Q3 2019.<sup>ii</sup>
- b. Business Standard viewed that the Indian tourism industry's projected revenue loss would be of Rs 1.25 trillion in calendar 2020 as a fall out of the shutdown of hotels and suspension in flight operations after the onset and spread of the coronavirus (Covid-19) pandemic.<sup>iii</sup>
- c. During April-June, the Indian tourism industry is expected to book a revenue loss of Rs 69,400 crore, denoting a year-on-year (y-o-y) loss of 30 per cent.<sup>iv</sup>

### 2. Impact on Employment:

- a. Goswami A. & Nirupama S. (2020) stated that the Indian tourism industry employed 8.75 crore people (12.75 per cent of the total employed population in 2018-19). Mostly overing the population from the hospitality industry, tour operators, travel agents, homestay owners, drivers, guides, small traders, artisans etc. So, it can be said that due to COVID-19, tourism industry's employment has reduced to that extent.
- b. As per Nidhi Singh also tourism industry has lost 12.75% of employment in India, 5.56% of it is direct and 7.19% is indirect. Further The restaurant industry in India, which created jobs to more than 7 million people has been lost. She also pointed the loss of employment in India's air transport industry which employed over 400,000 people directly and 940,000 are employed in related supply chains.

### 3. Impact on Foreign Exchange Earnings-

- a. **An article in the Business World stated that** "During H2 2020, assuming the virus impact subsides, we expect FTAs to still be lower affecting the FEEs (foreign exchange earnings) by about 50 per cent to reach Rs 56,150 crore vis-à-vis Rs 112,300 crore during H2 2019," the report said.<sup>v</sup>
- b. Aviation business has been affected due to the pandemic situation. "It is one of the biggest hit industries, this sector has a high probability of suffering most from the recession without the direct intervention from the government. Since people are unlikely to travel for leisure for months to come, it will impact the inflow of tourists in all the countries drastically reducing the money flow in this sector."<sup>vi</sup>

### 4. Impact on Domestic tourism:



- a. Given various travel restrictions imposed by the Indian government as well as governments across the globe, forward bookings for various conferences and leisure travel bookings to foreign destinations have already been cancelled. In India, most of the summer holiday bookings (for the states of Kerala, Rajasthan and Goa) have also been cancelled (about 40-50 per cent), thereby impacting domestic tourism.
- b. “The National Restaurant Association of India (NRAI) which represent the majority of Indian restaurants had advised its members to shut down their dine-in services when the lockdown began which majorly impacted the dine-ins, pubs, cafes and also food delivery platforms such as Swiggy and Zomato which faced drop of 60% in revenue.”<sup>vii</sup>

#### 5. Impact on MSME sector:

- a. Pravakar Sahoo, Ashwani (2020) estimated that India’s MSME sector may have a decline of 2.1 per cent and this loss of 5.7 per cent. The writers further evaluated that, the loss is more skewed in manufacturing sector to the tune of 3.5 per cent in scenario A and 8.3 per cent in the scenario D. further they stated that the MSMEs dealing in trade and other services activities can bear the decline in GVA in the range of 1.4–4.5 per cent. So, they concluded that the impact of the pandemic across sectors and in different scenarios of complete and partial lockdown and at different levels of capacity utilization is massive on the Indian economy. The impact is particularly severe on trade, manufacturing and the MSME sector which contribute substantially to India’s employment and growth.<sup>viii</sup>

#### Methodology:

Different online material has been referred to understand the statistics of the COVID-19 issue. Government surveys and reports are also reviewed to study the issue.

#### Findings:

It is found out that the tourism sector has been hit worse than any other sector due to COVID-19. Tourism sector has not just affected foreign exchange earnings from international tourism but also affected domestic tourism in India. Although the majorly affected sectors include travel and tourism, logistics, auto, metals, drugs and pharmaceuticals and retail, among others, education as we know it, has completely changed and is impacted too.<sup>ix</sup>

#### Suggestions:

1. It is suggested to identify areas, where public-private partnership approach and collaborative management can be prevailed for the development of tourism industry is necessary for the revival.
2. It is suggested to provide sanitary and hygiene services at the tourist spots and use of these should be mandatory for hotels, restaurants, and other eateries.
3. It is suggested that promotional efforts are to be undertaken to publicize tourism spots and its hygiene efforts. More publicity of the government efforts to develop tourism sites of Indian states need to be given.
4. People should be assured of the availability of immunity foods, yoga or medical tourism

#### Summary and Conclusions:

It is summarised that the tourism industry after the pandemic can be revived. With the introduction and enforcement of precautionary steps to control the disease, the tourism industry can regain its past status.

It is concluded that slowly the domestic tourism in India is trying to improve the tourism business in prominent tourist places in different states of India. It can be expected that the international tourism would also regain its position in near future.

**References:**

- 
- <sup>i</sup> Nidhi Singh's article - <https://www.tourmyindia.com/blog/impact-of-covid-19-on-travel-tourism-industry/>
- <sup>ii</sup> Arindam Goswami & Nirupama Soundararajan, (2020), Business World- 16 June, 2020.
- <sup>iii</sup> Business Standard website- First Published: Tue, April 28 2020. 19:42 IST
- <sup>iv</sup> Business Standard website- First Published: Tue, April 28 2020. 19:42 IST
- <sup>v</sup> ibid
- <sup>vi</sup> <https://reva.edu.in/blogs/impact-of-covid-19-on-indian-economy-few-key-points>
- <sup>vii</sup> ibid
- <sup>viii</sup> Pravakar Sahoo, Ashwani, Global Business Review September 2020, COVID-19 and Indian Economy: Impact on Growth, Manufacturing, Trade and MSME Sector
- <sup>ix</sup> <https://reva.edu.in/blogs/impact-of-covid-19-on-indian-economy-few-key-points>