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Impact of Covid-19 Pandemic on Indian Tourism & Hospitality Industry

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Abstract

The rapid outbreak of COVID-19 has caused significant disruptions to the worldwide economy and also challenged the human life. As per the WHO report the virus has infected 195 million people internationally till July 2021 and 4.1 million deaths (WHO, 2021). From the late 2019 to mid-2021, the COVID-19 had brought travel to a sudden stop and greatly impacted the travel and tourism industry. Tourism is a major source of employment, foreign exchange earnings and government revenue for many developed and developing countries. Tourism driven countries have lost their people's livelihood and fighting for their minimum survival. According to UNWTO report the worldwide tourist arrivals decreased by 74 percent in 2020 against with 2019. In case of India, the travel and tourism contributed in Indian GDP was 6.9% and tourism provided 87 million direct and indirect jobs that is 12.1% of whole employment in 2019 and it was estimated to increase around 10% by 2028 (WTTC,2020). But this pandemic badly affected and paralyzed the travel industry. All tourism stake holders trying their hard to back tourist again. The main motive of this research paper is to study the impact of covid-19 virus on tourism industry especially Indian Tourism industry.

Keywords: COVID-19, Indian tourism industry, pandemic, corona virus

Introduction

Tourism is one of the largest and fastest growing industries and because of its nature the industry is greatly affected by the internal and external environment changes. From previous year, the corona epidemic has caused enormous negative impacts to the worldwide tourism industry. This virus is originated from Wuhan province of China in December 2019. In the January, 2020 this virus has triggered a foremost worry for worldwide and till now (July, 2021) the virus has infected millions of people globally (WHO, 2021). On march, 12th 2020, due to its severity this virus has been declared as pandemic (WHO, 2020). Worldwide travel and tourism industry suffer a huge crisis because of covid-19 pandemic. As per the report of (WTTC, 2020) 62 million people lost their jobs, globally as of now 272 million people employed in tourism sector. This 18.5% decrease was felt across the entire Travel & Tourism ecosystem, with Small and Medium Sized Enterprises (SMEs), which make up 80% all global businesses in the sector, being particularly affected (WTTC,2020). The deadly disease affected the world economically, politically and socially (Cohen, 2012). Corona virus negative impact can be seen on all sectors and sub-sectors and that's the reason there is a huge decline in worldwide GDP because government take attention to curb this virus. In 2020, the contribution of travel and tourism in GDP declined by 49.1% (USD 4498 billion) vs. overall economy change -3.7%. There is a huge decline in international tourist arrivals also that is 74% in worldwide scenario. Furthermore, the decline in the tourist arrivals results low demand and arose many financial problems (Tsionas, 2020).

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Fig. 1: (Source: UNWTO).

According to UNWTO the following are the major figures and that verify the awful impact of corona virus pandemic on world-wide tourism sector. Worldwide tourism is declined by 74 percent in January to December 2020 over the same period of last year due to pandemic impact. It represents that over 1 billion fewer travel arrival as compared to the same period of last year i.e. 2019. And in term of financial loss, it represents loss of US \$ 1.3trillion in export revenues. Africa and Middle East both recorded 75 percent drop in tourist arrivals in 2020 after the Asia Pacific that recorded 84 percent decline in the same period. While Europe and America saw drop of 70 percent and 69 percent respectively.

Review of Literature

From time to time tourism industry is exaggerated by many types of unwanted forces, such as epidemics like, Swine flu, Cholera, SARS, Ebola, terrorist attacks (9/11) etc. (Wen et al., 2020). But, the latest outbreak corona virus has rigorously impacted each and every industry, including tourism (Yeh, 2020). This virus has badly impacted the adjoining sectors (components) of tourism like the hospitality industry, transportation industry, accommodation sector tour operators, travel agents, and others (Mondaq, 2020). Through air transport, the virus spread from one country to another and growing day by day (Nicolaidis et al., 2020). The travel industry shrinks by 60% in 2020 that mean millions of jobs and revenue losses. Airlines industries are also suffered and anticipated a loss USD 85 billion due to pandemic, which is greater than global financial crisis. Many airlines are closed hotels are shut down because of lack of customers. As per WTTC report (2019) tourism contributed USD 8.9 trillion to the world’s GDP and created 330 million jobs worldwide. But the scenario has been reversed after the beginning of COVID-19. Gössling et al. (2020) reported that COVID-19 hit the tourism sector severely when compared to other key sectors such as shipping, seafood, oil and gas. Neisdadt (2020) computed the financial loss caused by COVID-19 in the tourism industry for European countries.

Indian Tourism Scenario

Along with worldwide tourism industry COVID-19 is badly affected the Indian tourism industry also. In India first Covid-19 case was reported on January, 30, 2020 originated from Wuhan (China). In March 2020, national lockdown was imposed by Indian government and banned international flights and Visas. After few months of lockdown the necessary industries of the country were wide open in June 2020, but limitations on travel and tourism

still existed. Slowly the domestic tourism of country is in starting phase the second wave of the deadly COVID-19 hit India to worst with new record high cases reported every day. The states who are affecting severely have imposed lockdown partial or complete. The movement of the people has been restricted. Several industries have been affected with such lockdown and restrictions. India is a developing country known for its distinctiveness culture, custom, traditions, beliefs and supreme guestship. It is an important place for tourists to experience the richness and glory of Indian culture and tourism is the reason to create employment opportunities and generating taxes for local people and government (Ahmed & Krohn, 1992). According to WTTC,2021 global economic report the Indian travel & tourism contribution in GDP was fall down by -36.3% that is 4.7% against the previous year 6.9%. Total contribution of travel and tourism to employment is also declined by -20.8% in 2020 compared to previous year.

	2019	2020	Change
Total contribution of Travel & Tourism to GDP:	6.9% of Total Economy Total T&T GDP = INR4,181.9BN (USD39.3BN)	4.7% of Total Economy Total T&T GDP = INR9,039.5BN (USD121.9BN)	-36.3% Change in Travel & Tourism GDP vs 2019 real economy GDP change
Total contribution of Travel & Tourism to Employment:	40,111.9 jobs (000s) (8.8 % of total employment)	31,785.2 jobs (000s) (7.3 % of total employment)	-20.8% Change in jobs -8,326.7 (000s)
Visitor Impact International:	INR 2,282.3 BN Visitor spend 4.8% of total exports (USD30.8BN)	INR 890.7 BN Visitor spend 2.5% of total exports (USD12.0BN)	-61.0% Change in international visitor spend -USD 18.8 BN
Domestic:	INR 10,384.8 BN Visitor spend (USD 140.1BN)	INR 7,201.4 BN Visitor spend (USD 97.1BN)	-30.7% Change in domestic visitor spend -USD 42.9 BN

Fig. 2: (Source: WTTC)

Due to COVID-19 pandemic foreign tourist arrivals in India is turn down by 66.4% in February 2020 when compared to the previous year. India ranked 7th in total tourism contribution to GDP of about USD 121.9 billion (WTTC, 2021). According to (WTTC), India’s tourism in 2018 was in third position out of 185 countries with respect to the contribution to the nation’s total GDP. From 2019 records, this sector obtained US\$29.96 billion, reflecting a growth of 4.8 percent compared to 2018; it reached US\$5.40 billion in the first part of 2020. India is in 34th place in terms of tourism competitiveness (IBEF, 2020). In India from 3rd January 2020 to 27th July 2021, there have been 31 million confirmed cases of COVID-19 with 4.21 lakh deaths, reported to WHO.

Objectives of the study

The rapid outbreak of corona virus (COVID-19) not only affected the global economy on a massive scale but also challenged human life. The rapid spread of the virus modified normal economic activities and pushed some production centers into vicious circles. As per WHO dashboard report, the covid-19 pandemic has resulted in over 4.5 million positive cases and over 585,000 deaths (25 July 2020). The covid outbreak of this virus paralyzed the tourism industry by threatening both global and domestic tourist. The main purpose of this research paper is to study the impact of covid-19 virus on tourism industry especially Indian Tourism industry with statistical evidence.

Research Methodology

In order to execute the study, we adopted a descriptive research technique. The key information, such as the spread

of COVID-19, status of tourism, hotel, travel and other associated industries, impact on total domestic and foreign tourist flow, impact on tourism employment, and impact on the livelihood of tourism dependent people, has been taken from previous studies conducted by various researchers, government reports, websites, books etc.

Covid-19 and Indian Tourism

The speedy COVID-19 virus stopped domestic and international tourist activities. To hold the spread of the virus travel limitations are imposed by the countries worldwide. The worldwide tourism sector is on hold and the impacts are greater on those countries that are largely dependent on tourism. In India travel companies are suffering because of tourist cancelled their travel plans. The condition was worst from March to-June 2020. The Ministry of Civil Aviation of India confirmed that almost 30 percent foreign tourist cancelled their tours immediately due to the fear of COVID-19. The Ministry of Tourism reports exposed that 45- 55 percent of summer bookings have been cancelled. As a result the tourism and its sub-sectors were badly affected. The Ministry of Tourism estimated that that Indian tourism sector will bear a total revenue loss of Rs 1.25 trillion in 2020 because of corona virus and foreign tourist arrivals was declined by 67 percent from January to March 2020, domestic tourists also declined but at a lower speed 40 percent. FTA's in February 2020 were 10, 15,632 while 10,91,234 in the same month of the last year and 11,18,435 in January 2020.

Table 1: Foreign Tourist Arrivals in India.

Months	FTA's in India	Month over Month% change
October-19	9,45,323	25.81
November-19	10,91,946	5.64
December-19	12,25,762	12.25
January-20	11,18,150	-8.77
February-20	10,15,632	-9.17
March-20	3,28,462	-67.66

Source: Ministry of tourism (Govt. of India)

IATO has estimated around USD 85 billion losses may acquire by the hotel, aviation, and travel sector collectively. Foreign exchange earning in India is also decline by -66.32 % compare to previous year.

Table 2: Foreign Exchange Earning in India in USD billions.

Months	FEE In India	Year-over Year% change
October-19	2.3 Billion USD	25.81
November-19	2.7 Billion USD	5.64
December-19	3.1 Billion USD	12.25
January-20	2.8 Billion USD	-8.77
February-20	2.5 Billion USD	-9.17
March-20	0.78 Billion USD	-67.66

Source: Ministry of tourism (Govt. of India)

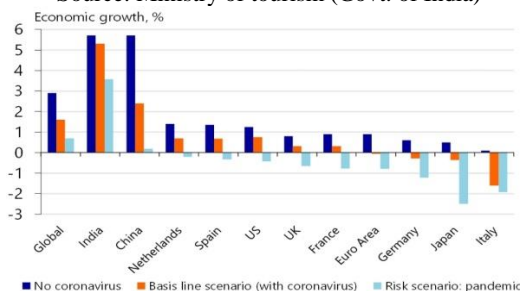


Fig. 3: Global Economic Impact of Covid-19

Tourism Post Lockdown

Covid-19 pandemic affected each and every industry but the tourism sector was the worst hit because of the government restrictions on movement's people also avoiding to go crowded places to remain protected from the virus. Now they follow social distancing and always wear a mask when go out from home. After a strict lockdown now government give some relaxation and uplifted the state border restrictions that have been very important for tourism growth. Companies started their operation with staff to work from home. The accommodation establishments are also using standard operating procedures for make sure the guest safety. The transportation sector especially airlines and railways taken care traveler's safety by implementing guidelines provided by the government. Many services are turning contactless the airports are using smart security systems; thermal screening at entry points, automated tray retrieval systems, to reduce waiting time and increased customer experience. The Indian government has launched Digi Yatra Platform coordinated by the Ministry of Civil Aviation. Digi Yatra will also facilitate self-beg drop and check-in, using facial recognition to identify passenger and data recall. Innovations and revolution to be accelerated in the aviation and railway sector to be safe from this virus. But the path is not easy because tourist's expectations on the future of the Indian tourism sector post lockdown is different.

Tourism sector post COVID-19-Expectations

In June and July 2020, a study on hoteliers from 25 tourist destinations was conducted by Statista research department about their opinion on future of tourism after covid-19 that shown (Figure 3) around 26 percent expressed that they were not sure about future. More than 45 percent in total stated that the tourism in India will hit an all-time low. In compare around 24 percent said that in future domestic tourism will increase.

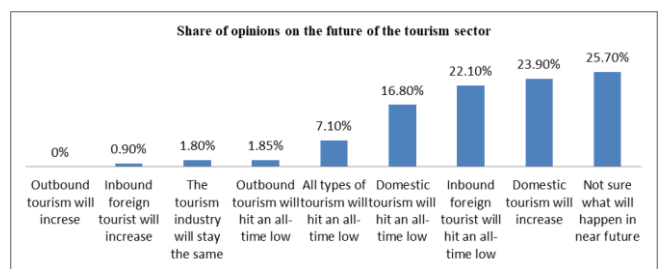


Fig. 4: Future of tourism sector post covid-19 by expectations
Source: Statista, 2021

Government Initiative

Ministry of Tourism, (GOI) has taken my initiative to lift up and fight the effect of corona viru on the tourism industry. Along with this Ministry of Finance is also providing relief package for travel and tourism industry. The followings are the initiatives taken by tourism ministry....

- ✓ 'Dekho Apna Desh' web-series campaign was launched to create awareness about countries tourist places. More than thirty webinars were held in April-May for promoting responsible tourism concept.
- ✓ A 'G-20' online meeting was held in April 2020 chaired by Saudi Arabia Tourism minister to facilitate mutual action to protect tourism businesses and support tourist in this tough time. Indian tourism

ministry also participated and given their suggestions.

- ‘Stranded in India’ portal was set up by ministry of tourism with an aim to provide help foreign tourist who were stuck here due to lockdowns.
- The Tourism Ministry circulated and dispersed advice and guidelines, issued by the Ministry of Health and Family Welfare and other Ministries/Organizations.
- The Union finance minister announced the relief package Rs 6.28 lakh crore to support Indian economy in fight against covid-19 pandemic. Financial support is give to more than 11,000 registered tourist guides / travel stakeholders. Free tourist visa will be granted to first 5 lakh tourist once visa issuance is restarted.
- Accommodation sectors were advised to provide accommodation facilities to tourist especially foreign tourist, they can't deny for stay. They are also advised to follow all the guidelines issued by Ministry of Health from time to time.
- Incredible India campaign website is launched in 12 international languages to attract tourists from these regions.

Conclusion

In late December 2019, a new virus originated from Wuhan province of China. On 12th March WHO officially declared this virus as a pandemic. Millions of people were infected and lost their lives because of this deadly virus. Worldwide industries were also stuck, people lost their jobs. The impact was greater on travel and tourism sector because in which people travel from one place to another to visit places. And to break the chain of infection governments imposed travel bans. This research paper attempted to explain the impact of COVID-19 in general and the tourism industry in particular. The result of our study discovered that COVID-19 has cruelly impacted the worldwide financial system. Both developed and developing countries are fighting for its survival due to COVID -19 pandemic.. In India, due to the rapid spread of the novel virus, both domestic and foreign tourists cancelled their planned trips The foreign tourist arrivals in India are declined by 66% in March, 2020 compared to the last month. Foreign exchange earnings were also declined because of lower tourist arrivals. There is a strong need to stake holders worked together to develop harmonized and supportive safe travels protocols for across the Travel & Tourism sector to accelerate the recovery.

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