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Impact of Covid-19 on Tourism Sector in India

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Abstract:

The novel corona virus, a humanitarian disaster, has affected people globally. It created unprecedented economic crises. In this respect tourism and hospitality sector is not untouched. Indian tourism play significant role in economic development. The pandemic has severe impact on tourisms sector. There has been substantial decline in both domestic and overseas tourisms. The present paper is an attempt to assess the impact of Covid 19 in the tourisms sector in India with the help of statistical data collected form reliable sources. Present paper deeply investigates the impact of Covid on domestic and foreign tourism, foreign exchange earnings, employment etc. It explores the initiatives taken by the governments for the relief of the sector. The study suggests some short term and long term initiatives to control and revive the tourism in India.

Keywords: Covid-19, GDP, Tourism and hospitality, Foreign exchange earnings, Employment

Introduction:

The novel Corona virus (Covid- 19) a humanitarian disaster created unprecedented global crises. The pandemic has effected millions of people who are either sick or lost their life. The impact can be clearly evident on the economic activities – production, distribution and mobility of people. WHO has declared Covid -19 as pandemic on 12th March 2020. Outbreak of virus created havoc around the globe. Tourism and hospitality sector is globally recognized fortune and wealth creator for many countries. India is one of the favorite tourist destinations around the globe but this sector has not untouched by the pandemic. Like the other sector tourism is less of necessity and it contrived due to any external or internal distress.

India is known for its tradition, diversity and unparalleled hospitality. The tourism industry is not only having a significant share in GDP but also major source of employment in the country. Hotels, guide, aviation and many other sectors directly or indirectly connected to the tourism. India's tourism industry every year generates billions of dollars with fastest growing sector. The pandemic has created a storm in the sector especially the sudden decision of suspending all entry points and lockdown. According to CII committee (Confederation of Indian Industries) this is the worst disaster the industry ever had faced in the history. In a sign of corona virus pandemic, committee further said pandemic major hit is on inbound foreign tourism of over USD 28 billion accounts for an average of 60-65 percent between October 2019 to June 2020. According to KPMG "The Indian tourism and hospitality industry is starting a potential job loss of around 38 Million which is 70% of total work force due to corona virus". National and international agencies reported that it will take long time to restore the previous position.

In the present paper we are trying to examine the impact of pandemic on the tourism and hospitality industry. An attempt has been made to analyze pandemic scenario and future of tourism industry.

Review of Literature:

Tourism is a vibrant industry which supports cultural and economic growth of nation but factors like climate change, terrorism are stumbling blocks of the sector. Present outbreak of corona virus is another prime factor. The impact of virus of tourism by some international agencies and researches are below.

A study conducted by Organization for Economic Co-operation and Development (OECD) (2006) estimated sharp downfall between 45% to 70% in tourism industry. United Nations World Tourism Organization

(WNTWO) (2020) reported that due to pandemic international tourist has decline between 1%- 3% in comparison to 2019.

International Labour Organisation ILO (2020) highlights that due to pandemic downsizing of total number of employed worker in tourism industry.

World Travel and Tourism Council (WTTC) projected that tourism related loss up to \$ 2 Trillion in 2020 and loss of job up to 75 Millions.

ITTA (International Air Transport Association) projected a worldwide loss of \$84 Billion in 2020 which is more than three times loss made during global financial crises.

Annual Report of Tourism (2020) reveals that due to pandemic 40% to 50% summer bookings has been cancelled and statistical analysis projected that tourism sector will generate loss of Rs. 1.25 trillion during 2020.

Impact of Covid-19 on Tourism Sector in India (2020) by Sumita Jaipuria, Rati Parida and Pritee Roy in their research paper they predicated foreign tourist arrival by ANN model. They concluded that pandemic has an adverse impact on tourism industry in India and suggested that there is need to restructure tourism policy in India.

Impact of Covid -19 in India Tourism and Hospitality Industry (2020) report prepared by Pavitra Shetty explained how the industry will be recover after pandemic. Further she recommended some strategies such as promoting flexible services, safety protocol, and tourist friendly policy will create a best opportunity for long term sustainability and growth of tourism industry in India.

Corona Virus Pandemic (Covid 19) on Tourism Industry in India Review (2020) by Dr. Abdul Jamal, Dr. Shekhran, Dr. Shahul Hameed and Dr. Yasmmeen Sultana in their research paper they found that covid 19 has not only paralyzed Indian tourism industry but also severely affected ancillary industries like hotels, restaurants , tourist market etc. They suggested long term and short term measures to revive the industry.

Objectives of the Study:

Present study mainly investigates the impact of pandemic on the tourism industry in Indian with the following objectives.

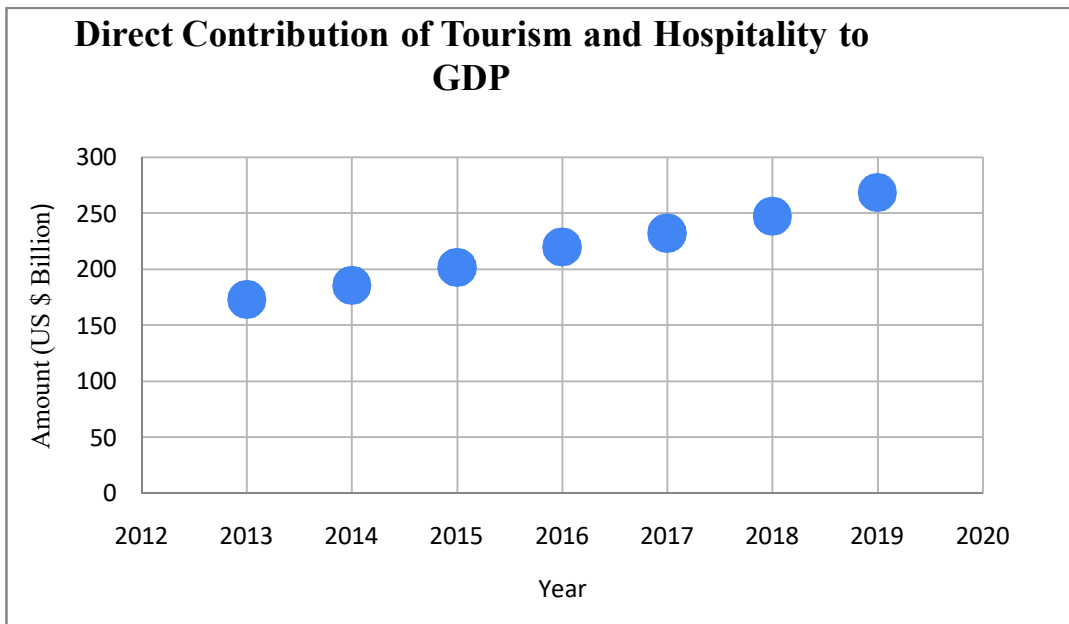
- A) To examine the tourism and hospitality industry in India
- B) To study the impact of pandemic on the tourism industry in India
- C) To analyze the measures that will overcome and revive the tourism industry

Methodology:

The present work is descriptive in nature .In order to present correct scenario both quantitative and qualitative data has been analyzed. The data has been collected from national and international agencies of tourism, research papers, magazines, journals etc. Websites of Ministry of tourism and international agencies also explored for this purpose.

Indian Tourism and Hospitality Sector:

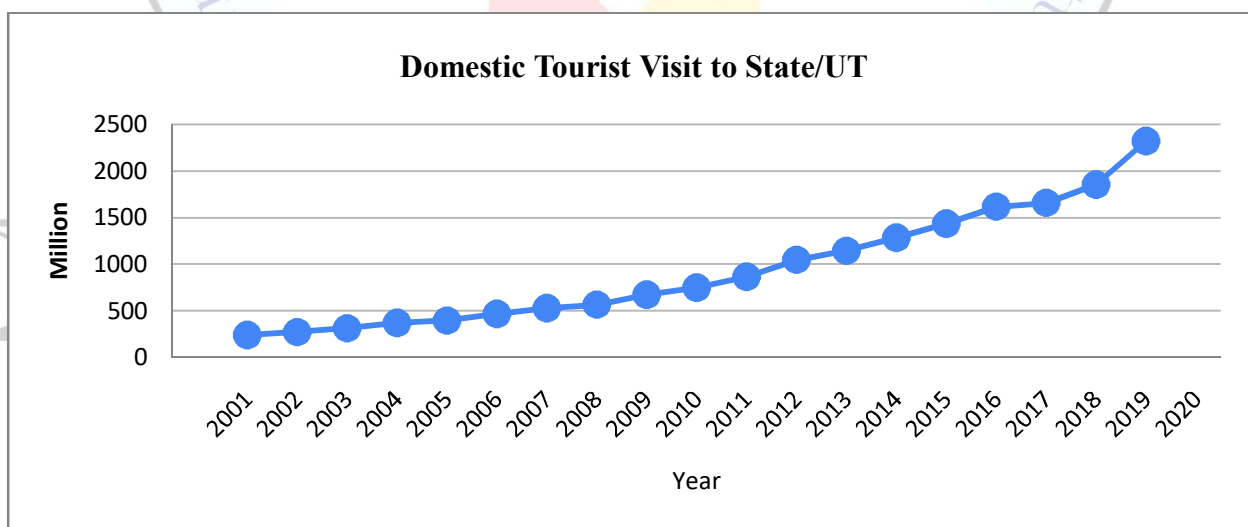
Peninsular India's is the largest democracy of the world .Natural beauties; cultural heritage ancient civilization has been center of attraction for both domestic and foreign tourist. India offer diverse portfolio like medical tourism, rituals and religious tourism. It offers 32 world heritage sites 10 bio –graphical sites zones, 80 national park 441 sanctuaries, geographical diversity beaches. There has been significant improvement in infrastructure like hotels, transportation and markets for tourist. As per WTTC 2019 Economic impact report, India's tourism sector contribution grew by 4.9% which is third highest in the world. Further report highlights that between 6.36 Million jobs created by this sector during 2014-19 which is highest in the world. Direct contribution of Tourism sector in GDP is expected to reach Rs 12.68 Trillion in 2028.



Source: Annual report, ministry of tourism, various issues

Figure1: Direct contribution of tourism and hospitality to GDP

The above figure reveals the contribution of tourism sector on GDP. As per the report of world trade and tourism council, India ranked 3rd in 185 countries in contribution to GDP. Above figure supports the growth story of tourism sector. Every year the contribution is increasing in compare to previous year from 2013 to 2019. During 2013 contribution was 172.91 US Billion dollar while it was reached to 268.29 in 2019 registered a growth of 8.4 % compare to previous year.. According to BEF, 2020 India hold 34th rank in tourism competitiveness.



Source: Annual report, ministry of tourism, various issues

Figure 2: Domestic tourist visit state/UI during 2001-2019

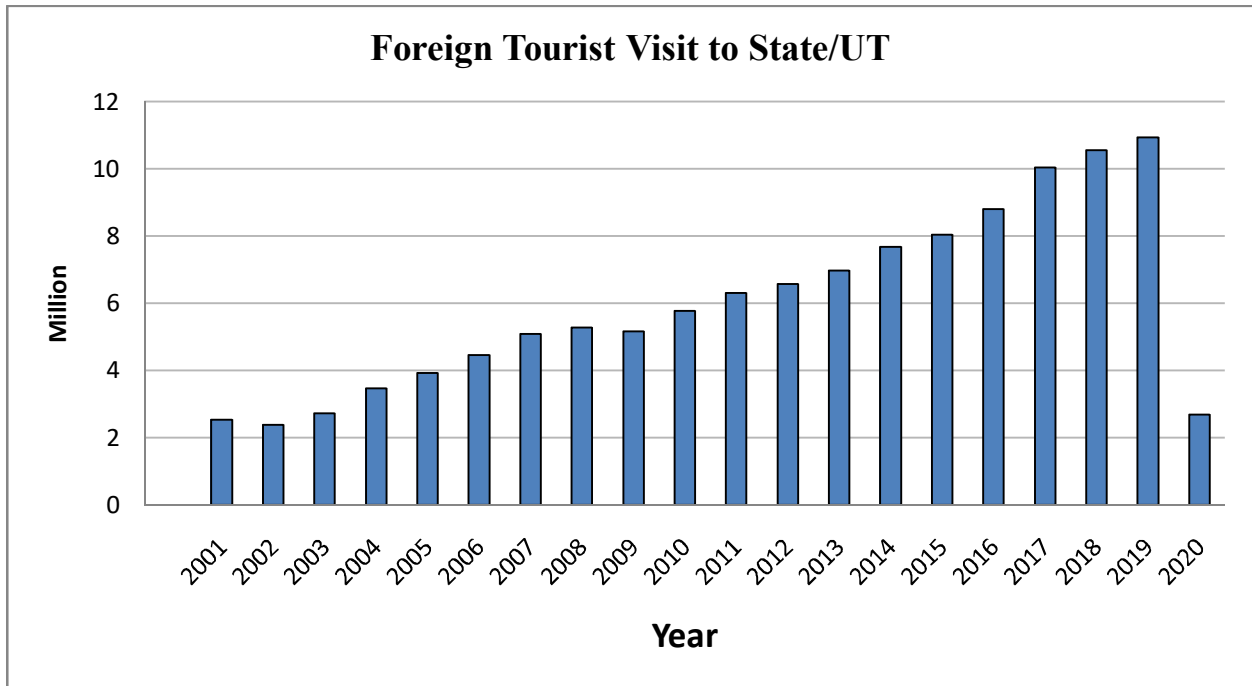
There are few fortunes which created optimism in tourism industry. The growth of Indian economy produces more disposable income in hands of middle class, thus, promoting domestic tourism. The above figure shows that there is uptrend in the domestic tourism in India. There was negative growth only in 2002 in comparison to 2001. Except that domestic tourism for rest years register continuous increasing trend. The highest growth is 20.16% in 2019 in the above period as compared to 2018.



Source: Annual report, ministry of tourism, various issues

Figure 3: Foreign exchange earnings from tourism in India from 2001 to 2020

Figure 3 shows an analysis of foreign exchange earning form tourism sector in India form 2001 to 2020. Foreign exchange earnings (FEE) are directly correlated with foreign tourist arrival in India. FEE is mainly includes payments to the goods and services and purchase of domestic currency. Business tour is the prime source of FEE. Visitor contribution from 2001 to 2019 shows uptrend. The growth was negative in 2002 and 2009. The growth rate was high in 2017 registered and increase of 16.39 % compared to 2016,. It is correlated with the data as number of tourist visit growth was increase of 14.09 % in 2017. Data of 2020 has dropped as only 6.15 billion US dollar decline of 80 % compare to 2019 clearly shows how pandemic has adversely affected the tourisms revenue in India.



Source: Annual report, ministry of tourism, various issues

Figure 4: Foreign tourist visits in India from 2001 to 2020

Figure 4 shows foreign tourist visit in India from 2001 to 2020. Indian tourism sector are attracting foreign tourists across the global. Above figure also support the fact. On analysis of figure, we found that in 2001, 2.54 million foreign tourists visited to India. Since than ever year it shows increasing trend, however there was decrease in the year 2002, 03, 04 and 2009 as compared to previous year. In 2016 foreign tourist visit was 8.8 million while in 2017 it was increased to 10.04 million recorded growths of 14.09 % which is the highest in the given table. Since 2009 there is continuous growth in foreign tourist visit every ear. Table clearly reveals the impact of corona virus on foreign tourist. In 2020 number of foreign tourist was just 2.68 million which is decline of 5.48 percent in comparison to 2019. It is the lowest number of tourist visited since 2003.

Potential Impact of Corona Virus on Tourism Sector:

A study conducted by National Council of Economic Research reported that due to Covid-19 millions of domestic job loss in tourism sector in India after lockdown. Tourism minister in parliament said that 14.5 Million jobs are lost during first quarter, 5.2 Million in second quarter and 1.8 Millions in July third quarter of 2000-21. The KMPG Report projected that it will take 3-4 years to restore tourism industry. Further, during January to December 2020 Foreign exchange earnings fall by 76.3 % in compare to 2019 of tourism.

Tourism industry as per report of 2018 revealed that industry contributes 9.8 % of GDP and 26.7 Million people directly and indirectly employed in the sector. The cascading impact of pandemic has cripple the Indian tourism sector. Inbound international visitors dropped 25 % to 30%

due to pandemic According to ministry of tourism, foreign tourist arrival down by 67 % in final quarter of 2020 while local tourist notched a lower figure of 40 %. Pandemic also showing impact on domestic tourism and summer travels mainly in hill station. Travel companies reported the 30 % reduction in domestic travel companies to previous year during summer season. The hospitality companies reported 50 % drops in booking within India during March.

Federation of Association of Indian Tourism & Hospitality (FAITH) which represent the entire tourism & hospitality fertility ask government for interim relief to stay afloat and save job loss. According to report, close to 90 % of MSMEs, 52000 travel agents, 15000 adventures, 1 115000 tour operators and more than five lacks restaurants are suffering

Second wave of Covid started form March 2021 hitted even harder compare to first wave, the sector which contributed around 6.8 % of GDP in 2019 severely affected by lockdown and restrictions. During second wave peak more than 4 lacks cases reported very day. Highest number of case was 414188 on 7th May. Death rates were also very scary. Highest numbers of death was on 18th May 4529. .As on 1st August 2021 total number of Covid cases is 3.17 crore while total death is 4.25 lacks.

There are millions of people in Indian after the first wave in 2020 bouncing back but they could not recover as in starring of 2021 second round of devastation took place. Second wave again crippled the tourism sector which was struggling to recover its loss after first wave.

Future Prospect of Tourism Industry of India:

Recent trends show that India is blessed by digital instruments for tourist facilitation like tourism planning, selection of destination. This sector contributes significantly by attractive large number of domestic and foreign tourist. The main reason of this increasing contribution is designed wide range of holiday packages, economic airfare. Another reason is improvement in hospitality facilities of world class at a comparable rate. According to India's Brand equity formation India's tourism sector is expected to grow 6.7 % and it will reach Rs. 35 trillion by 2029. International tourist arrival is expected to reach 30.5 million by 2028. The tourism and hospitality sector expected to reach 12.68 billion in 2028. Since march e- visa facility was offered to 171 countries.

Measures to Overcome Current Crises:

There is urgent need to take necessary and effective measure to revive travel and hospitality sector in India. This includes short term and long term measures.

Long Term Measures:

- ❖ It includes measures that heal sector and build resilience to face any future crises and recover in the shortest possible time. The efforts should be form stakeholders and government.

- ❖ All the stakeholders should take all necessary measures to restore the confidence of tourist. Government should allocate ample fund to promote this sector.
- ❖ Tourism minister has launched website in many foreign language like Chinese, Arabic etc. to attract tourist all over the world.
- ❖ Ministry of health and other minister issued guidance to take necessary steps taken by tourist hotels and other shareholders.
- ❖ Government authorities make strategies to built trust with tour operator; focus on all safety protocol for the tourist. Since foreign tourism will take time to settle after pandemic. Tourist sector should focus on the domestic tourist.

Short term Measures:

Short term measures are some immediate steps that is require to pull tourism industry form financial quiescent. These measures will rescue the sector from recent problem caused by pandemic.

- ❖ All companies related with tourism are looking for revival, waiting for relief to payment of salaries and installment. However, RBI has announced that Banks and NBFCs are eligible for three months moratorium on repayment of loan but keeping the severity of damage ICC (Indian Confederation of Commerce) Suggested that it should be extent to six month.
- ❖ ICC also advises that moratorium should extent form 6 to 9 months on principal and interest. Further it also demands deferment of advance and overdraft.
- ❖ ICC recommends that there should be complete GST holiday for all tourism and hospitality industry for next twelve month till recovery.
- ❖ The government has funded 1. Lakh Crore rupees as package to these sectors who badly hitted by pandemic. However expert demand it is insufficient and to be extend to 2.5 Lakh Crore rupees.
- ❖ ICC solicits to case the working capital crunch faced by industry, further it suggests RBI to ensure faster clearance of credit to tourism and hospitality sector.
- ❖ Experts of the industry opined subvention of term loan and working capital loan.
- ❖ ICC recommends removal of free for upcoming license and renewal, entire exemption (liquor) for tourism and hospitality industry.
- ❖ ICC suggests the transfer of fund from MGNREGA scheme for salaries of employees of tourism sector.

Conclusion:

During December 2019, a new virus emerged from China. WHO official declared it pandemic on 12th March 2020. IMF stated that "A crises like no other". The virus forced the world authorities to impose lockdown to beak the chain. It created as situation of economic collapse

worldwide. Tourist sector was severely affected by this pandemic. The present research paper is an attempt to reveal the impact of pandemic in general and Indian tourism particular. The study first assesses global impact on tourist and extends its impact on Indian tourism industry. The method for them is basically descriptive in nature. The study revealed that pandemic has hardly hit the global economy. The entire sectors are going through pain but tourism industry has the worst impact as in less necessity. In India due to first and second wave there is significant decrease in the tourism both domestic and foreign tourist. Millions of people whose life depends on this industry lost their jobs came in a vicious circle of poverty. At present tourism and hospitality sector is fighting for its survival and it seems that revival in short term is not feasible.

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