



ORIGINAL RESEARCH PAPER

Marketing

IMPACT OF COVID 19 ON INDIAN TOURISM INDUSTRY: A REVIEW

KEY WORDS: Tourism Industry, Covid-19 impacts, Measures adopted

Dr. D. Anbugeetha*

Assistant Professor, Department of Business Administration, Thiagarajar College, Madurai-09. *Corresponding Author

Ms. S.Sangeetha

Student, Department of Business Administration, Sri Meenakshi Government Arts College for Women, Madurai-02.

ABSTRACT

India is a favorite destination for tourist across the world because of its rich culture, variety of ecology and historical heritage. Hence, tourism in India has a significant potential. It is considered to be the biggest and rapidly growing industry which plays a predominant role in the growth of the economy; more than 39 million people are directly engaged in this industry which is 8% of the total employment in the country. According to World Travel and Tourism Council, India ranked 10th among 185 countries in terms of its contribution to GDP which was 6.8% (Rs.13,68,100 crores) of the total economy in the financial year 2019 but due to covid-19 its contribution reduced tremendously in 2020. Between January 2020 and April 2020 Foreign Tourist Arrivals (FTA) declined by 84%. It then saw a temporary uptrend in October 2020. However, due to the hit of second wave it again saw a down trend from April 2021 and further decreased to 63% in the end 2021 from the pre – pandemic levels. The UN World Tourism Organisation says there will be no global recovery before 2024. It is true for both out – bound and in- bound tourism. According to their prediction Asia Pacific region is the grimmest. What does it mean to India? The impact of Covid 19 not only create consequences in the industry itself but also on various sectors which are indirectly connected with this industry such as Transportation, Hospitality, Retailers in and around the tourist spots etc., This paper aims to review the impact of the pandemic on the Indian Tourism Industry and to make a few suggestions to handle the situation in an effective manner.

INTRODUCTION

The first case of new corona virus was reported in Wuhan, Hubei Province, China on December 31, 2019. The outbreak has affected several people (i.e., 43,53,47,090 cases registered as of February, 2022) globally in an adverse manner. The World Health Organization (WHO) officially declared corona virus as a “Global pandemic”. Covid 19 not only affected the human lives but also the country's economic growth. During this pandemic there has been a great reduction in many business activities of every industry. Especially in the Tourism industry, there are 100.08 million direct and indirect job losses worldwide.

India is a favourite destination for tourist across the world because of its rich culture, variety of ecology and historical heritage. Hence, tourism in India has a significant potential. It is considered to be the biggest and rapidly growing industry which plays a predominant role in the growth of the economy; more than 39 million people are directly engaged in this industry which is 8% of the total employment in the country (WTTC, 2019). According to World Travel and Tourism Council, India ranked 10th among 185 countries in terms of its contribution to GDP which was 6.8% (Rs.13,68,100 crores) of the total economy in the financial year 2019 but due to covid-19 its contribution reduced tremendously in 2020. In India, Kerala was the first state where covid-19 case was registered first. The number then raised steadily to 4,29,16,117 as of February 27, 2022. In March 2020, the Government of India imposed complete lockdown and banned international flights and visas due to the pandemic situation. As the result of this measure there was a great drop in both inbound and outbound tourism of about 67% and 52% respectively. Only 90544 FTA (Foreign Tourist Arrival) was registered for the whole financial year 2020. Between January 2020 and April 2020 Foreign Tourist Arrivals (FTA) declined by 84% it then saw a temporary uptrend in October 2020. However, due to the hit of second wave it again saw a down trend from April 2021 and further decreased to 63% in the end 2021 from the pre – pandemic levels. The UN World Tourism Organisation says there will be no global recovery before 2024. It is true for both out – bound and in- bound tourism. According to their prediction, Asia Pacific region is the grimmest. What does it mean to India? The impact of covid 19 not only create consequences in the industry itself but also on various sectors

which are indirectly connected with this industry such as Transportation, Hospitality, Retailers in and around the tourist spots etc., According to Indian Association of Tour Operators (IATO), the hotel, aviation and travel sector together may incur losses of about INR 8500 crores due to travel checks forced on out - bound tourists by India. This paper aims to review the impact of the pandemic on the Indian Tourism Industry and to make a few suggestions to handle the situation in an effective manner.

Indian Tourism Industry

India is considered to be the one of the oldest civilisations in the world, which is a home to the finest architectural heritage, serene ghats, spectacular landscapes and largest tiger reserve. It is the cluster of multiple cultures with a rich heritage and myriad attraction. The quintessential traveller can get the best of both old and new world by rubbing shoulders in old bazaars, bustling in swanky shopping malls and viewing majestic monuments, experiencing luxurious hotels, they can also be greeted with nuances of cuisines, arts, crafts, music, nature, tribes, history etc. due to these characteristics this nation is one among the most favourite tourist destination in the world. India is the 7th largest country in the world which covers an area of about 32,87,263 sq. km. There are 3691 sites which have been registered with Archaeological Survey of India (ASI), among them 38 are world heritage sites. As of August 2019, UNESCO has recognised 40 world heritage sites in India. According to United Nation World Tourism Organisation (UNWTO), India is ranked as the 22nd most visited nation in the world and 8th in Asia and Pacific. The Travel and Tourism Competitiveness Report (2019) ranked India as 35th out of 140 countries overall, further it mentions that India has quite good air transport infrastructure (ranked 33rd), ground and port infrastructure (ranked 28th). The country also scores high on natural resources (ranked 14th), Price competitiveness (ranked 13th), cultural resources and business travel (ranked 8th). Having a vast potential, India has to handle the situation effectively.

Impact of covid-19 in tourism industry

The Foreign tourist Arrival (FTA) in 2020 is 2.74 million which declined by 74.9% when compared to the previous year due to this pandemic. The sharp drop in international and domestic tourist arrival along with a significant loss in travel

and tourism sector had adversely affected the India's GDP. With airplanes on the ground, hotels closed and travel restrictions implemented, tourism industry is one among the most affected industry in India country from the beginning of the pandemic. As a result, there is a cascading effect on tourism revenues, tax collection, employment level and the survival of several business activities (retailers in and around tourist spot) linked to the tourism sector. The pandemic not only adversely affect the tourism industry but also all the sectors that are indirectly connected with the industry like Aviation, Hospitality, Travel agency and Tour operators. Thus, every component of tourism industry is being affected with the closure of the borders of the countries and due to the fear associated with the spread of the diseases among the travellers. In the next section let us discuss about the impact of the pandemic on various sectors associated with tourism industry.

Month-wise Foreign Tourist Arrivals in India, Jan 2019 – June 2021

MONTH	FOREIGN TOURIST ARRIVALS IN INDIA				
	2019	2020	2021	PERCENTAGE CHANGE	
				2020/19	2021/20
January	11,11,040	11,19,250	83,822	0.7	-92.5
February	10,90,516	10,18,440	99,640	-6.6	-90.2
March	9,78,236	3,28,304	1,23,179	-66.4	-62.5
April	7,74,651	2,820	69,442	-99.6	2362.5
May	6,15,136	3,764	13,307	-99.4	253.5
June	7,26,446	8,590	29,397	-98.8	242.2
July	8,18,125	12,655			
August	8,00,837	19,761			
September	7,51,513	28,167			
October	9,45,017	41,494			
November	10,92,440	70,977			
December	12,26,398	90,544			
Total	1,90,30,355	27,44,766	-	-74.9	-

Source: Bureau of Immigration, Government of India, for 2019, 2020 and 2021.

Impact on Transportation Sector

Transportation sector is highly affected by the pandemic. Due to safety concern, public transportation is less preferred during this pandemic. Moreover, transport operators are facing severe financial constraints in the immediate future due to reduced demand for public transportation.

Impact on Aviation Sector

Aviation was one among the most affected sectors during this pandemic, exhibited by a substantial reduction of air passengers and a large number of flight cancellations worldwide. In the opinion of the International Air Transport Association, airlines across the globe have to bear loss in passenger revenues of up to US\$ 113 billion due to this crisis. Domestic traffic growth is also gradually declining with domestic travellers postponing or cancelling their travel plans. Some companies have reported more than 30% drop in domestic travel in summer 2020 compared with last year. Airfare in the popular domestic routes has been reduced by 20-25% and airfares are expected to remain subdued for the summer season as well. Cash reserves of many airline companies are decreasing and some are almost at stage of bankruptcy. This crisis leads to loss of many jobs and some airlines have asked many of their employees to go on leave without pay. A few significant impacts on Aviation sector are listed as follows.

- From March 25, 2020 to May 24, 2020, scheduled domestic flights were completely suspended due to this pandemic.
- Indian airlines and airports incurred an estimated loss of Rs. 19,564 crores and Rs. 5,116 crores respectively during the financial year 2020-2021.

- Domestic air passenger traffic declined by 0.3% in 2019-20 and by 61.7% in 2020-21.

Impact on hospitality sector

Yet another lively sector associated with tourism is Hospitality. The sector is also having heavy burn during the pandemic. Federation of Association in Indian Tourism & Hospitality (FAITH) stated that 52000 Travel agents, 11500 tour operators, 911,000 tourist and transporters, 53,000 hospitality partners and five lakh restaurants are struggling due to this pandemic. The Federation of Hotel and Restaurant Associations (FHRA) is of the opinion that India lost Rs. 1.3 trillion revenues in the financial year 2021. Since March 2020, the industry has been struggling to manage its statutory and capital expenditure obligations, repayment of loans with interest is impossible for them.

Post Lockdown Tourism of India

The COVID-19 pandemic has changed the way people live. Post pandemic, the crucial aim of all the stakeholders of this industry would be to build the confidence of the tourists to travel.

The following are the measures adopted by the government of India in-order to revive the industry.

- First and foremost, people are encouraged to get vaccinated to avoid spreading of Covid 19. Covishield, Covaxin, SputnikV are the available vaccines in India.
- To perk up the industry the government issued free tourist visas for the first 5 lakh tourists after global air travel opens up till March 31, 2022.
- Government also provides financial support to more than 11,000 registered tourist guides/travel and tourism stakeholders in the form of personal loans with 100 percent guarantee with a limit of Rs 10 lakh for travel and tourism stakeholders and Rs 1 lakh for registered tourist guides, with nil processing charges and waiver of prepayment charges.
- The hotels are potentially assured with the safety measures, almost every hotel standard such as sterilization, use of personal protective apparatus by the staff and housekeeping department. Social distancing has become a new normal practice.
- The restaurants are also making sure of the safety procedures such as keyless entry, online check-in, and check-out, contact – less valet for parking to ensure minimal proximity with people from the time they enter, and till the time they exit the place.
- The aviation industry is also implementing necessary protocol for the traveller's safety. The airports are functioning with smart security resolutions, computerized traveller screening systems, automated tray retrieval, and RFID tagged trays at the checkpoint screening to reduce wait time for people.
- The government of India has come up with new initiatives called Digi Yatra which is an industry-led initiative coordinated by the Ministry of Civil Aviation. Digi Yatra helps passengers to process entry and exits based on facial recognition systems at various checkpoints, security check – in, and boarding etc. thus it will ease the travel for air travellers.
- The Indian railways also have done some enhancements like hands- free amenities, copper coated handrails, and latch plasma air purification, and titanium dioxide coating for minimizing restraint.
- The government of India is commencing various campaigns to boost domestic tourists by allocating sufficient funds for organising road shows and other promotional activities in prospective markets to market Incredible India.
- Government of India have tie up with various 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 their country to get visa. This Certificate has to be made mandatory to curb any cross-border transfer of the infection. Tourists visiting foreign countries should have 'Fitness Certificate' at the time of immigration formalities.

Based on the recommendations given by International Chamber of Commerce (ICC) the a few suggestions to revive the tourism industry are as follows,

1. It is suggested to provide a complete GST relaxation for tourism, travel and hospitality industry for the next few months to get recovery from this heavy loss.
2. The government announced Rs 1.7 lakh crore relief package aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown. But this amount is largely insufficient and Government may consider increasing the relief package to at least Rs. 2.5 Lakh crore to ride over the Covid-19 crisis
3. RBI can also take steps to ease the working capital crunch faced by the tourism industry in the wake of corona virus outbreak. In this regard the apex bank can facilitate faster clearance of banking credits related to Travel & Hospitality sector.
4. Interest reduction or subvention on term loans and working capital loans for Travel and Tourism industry helps them to get faster recovery.
5. It is also suggested that removal of fees for any upcoming licenses, permits, renewal for the hospitality and travel industry across the country will helps to boost the economy.

CONCLUSION

Tourism industry has been hit hard by Covid-19, the biggest threat to all nations ever faced. Due to the closure of boundaries across the globe, the international and domestic travel has severely impacted up to 45% in 2020 which is equal to four-month travel loss. But after the relaxations, to handle the mental restrictions of the travellers several safety measures were taken together by the government and the stakeholders in the tourism sector in order to re-equip the industry in phased manner. Hope the Industry will have a strong come back soon.

REFERENCES

1. Renu Malra (2021). Impact of COVID-19 on Tourism Industry, Journal of Interdisciplinary Cycle Research, Volume-13(1), Page: 700 – 709.
2. Rajeev Singh Chandel., Shruti Kanga., Suraj Kumar Singh (2021). Impact of COVID-19 on Tourism sector: a case study of Rajasthan, India., AIMS Geosciences, 7(2), Page: 224-243.
3. Pravin Kumar Patel., Jaya Sharma., Shivali Kharoliwal., Prashant Khemariya (2020). The effects of novel corona virus in the tourism industry in India, International Journal of Engineering Research and Technology, 9(2), Page: 780 -788.
4. <https://mpira.ub.uni-muenchen.de/110442/>
5. <https://timesofindia.indiatimes.com/business/india-business/indian-tourism-wont-be-back-to-pre-pandemic-levels-before-2026/articleshow/89017330.cms>
6. <https://www.businesstoday.in/industry/aviation/story/covid-19-impact-indias-airlines-suffered-loss-of-rs-19564-cr-in-20-21-says-govt-314578-2021-12-06>
7. <https://www.longdom.org/open-access/the-impact-of-covid19-in-the-indian-tourism-and-hospitality-industry-brief-report-61261.html>
8. https://www.business-standard.com/article/economy-policy/fhrai-says-indian-hotel-industry-revenue-hit-in-fy-21-see-govt-support-121051600214_1.html
9. <https://www.sciencedirect.com/science/article/pii/S2590198221001755>
10. <https://www.moneycontrol.com/news/business/covid-19-crisis-governments-measures-to-revive-tourism-receive-mixed-reactions-from-the-industry-7096881.html>
11. https://en.wikipedia.org/wiki/Tourism_in_India
12. <https://www.incredibleindia.org/content/incredible-india-v2/en/destinations/z/popular-destinations.html>
13. [https://tradingeconomics.com/india/tourist-arrivals#:~:text=Tourist % 20 Arrivals%20in%20India%20averaged,2820%20in%20April%20of%202020.](https://tradingeconomics.com/india/tourist-arrivals#:~:text=Tourist%20Arrivals%20in%20India%20averaged,2820%20in%20April%20of%202020.)