

# Tourism Industry: The Worst Hit Due to Covid-19 Pandemic?

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**Abstract:-** This research aims to study the negative impact suffered by the tourism sector in India as well as across the globe due to the COVID-19 pandemic. Covid-19 is the first pandemic that has adversely affected the economy especially the tourism industry and it has been estimated by the United Nations World Tourism Organization that the tourist traffic across the world will decline by 58% to 78%. Typically, one of the first sectors to be affected and the last one to recover is the tourism sector during this global crisis created by the pandemic. As a result of the pandemic, several nations have adopted strict measures for its citizens including quarantines, entry bans and other restrictions. Apart from this, nations have restricted their citizens not only from travelling to foreign countries but also travelling within the home country. Also, the willingness of the people has reduced substantially on account of the pandemic which has led to the tourism sector of all the global economies being adversely hit. There has been a great decline in business travel for the purpose of attending international conferences which has now been very conveniently substituted by the use of online meeting platforms like Zoom, Skype and Google Meet. This research tries to address the pandemic's negative impact on the tourism industry and what measures can be adopted to revive the same.

**Keywords:-** Indian Tourism, International Tourism, Tourism, Travel And Tourism, Tourism Unemployment.

## I. INTRODUCTION

India is considered to be one of the nations that are the most electronically advanced with respect to the utilization of digital tools for the purpose of creating travel plans, travel booking, and delivering a great travel experience. In India, due to the growth of middle-class consumers and the increase in purchasing power of the people, the inbound and outbound tourism has received huge support prior to the occurrence of the pandemic. The tourism industry in India offers a diverse portfolio of niche tourism products like cruises, adventure, medical, wellness, sports, eco-tourism, film, rural and religious tourism.

The travel and tourism sector's total contribution to the GDP of India had been expected to increase from Rs 15.24 lakh crore in 2017 to Rs 32.05 lakh crore in 2028. The total revenue from this sector was targeted to reach US\$ 50 billion by 2022. In 2019, the tourism sector facilitated the creation of 4.2 crore jobs which was approximately 8.1 percent of the

total employment in India. By 2028, it was expected that the foreign tourist arrivals will reach 30.5 billion in India. Also, in 2019, India introduced the e-Visa facility to 169 countries of the globe as a measure to boost tourism.

The Indian Government permitted 100 percent Foreign Direct Investment through the automatic route in the hotel and tourism sector in an attempt to boost the sector. Also, for the categories of 2, 3 and 4-star hotels which are located around UNESCO World Heritage sites except for the cities of Delhi and Mumbai, a tax holiday was offered by the Indian Government. Between April 2000 and March 2020, a cumulative FDI inflow of US\$ 15.28 billion was received by the hotel and tourism industry. In 2019, India's foreign tourist arrivals stood at 10.89 million which led to a growth rate of 3.20 percent year on year whereas there was also an increase of 4.8 percent year on year to Rs 1,94,881 crore in the Foreign Exchange Earnings (FEEs) from tourism and a rise of 23.6 percent year on year to 2.9 million of the arrivals through e-Tourist Visa.

However, in India, after the imposition of lockdown in the month of March, with travel restrictions extending for over 80 countries and the suspension of international flights, there has been an enormous decline in the domestic travel as well as the foreign tourist arrivals. It has been estimated that the tourism sector of India will face losses worth Rs 1.25 trillion due to the close-down of several hotels and the flight operations being suspended. As India now has the third-highest number of Covid-19 cases in the world after the US and Brazil, global customers are distressed about their protection and safety with respect to travelling and will only consider those destinations that have minimum repercussion when exploring their travel options during the crisis of a pandemic.

## II. OBJECTIVES OF THE STUDY

1. To analyze the negative impact on the tourism sector due to the COVID-19 pandemic.
2. To assess the impact on unemployment in the tourism sector at the national as well as global level.
3. To find out the measures being adopted by the Indian Government to revive Indian tourism.
4. To provide suggestions and recommendations to give a boost to tourism and facilitate its recovery.

### III. RESEARCH METHODOLOGY

The data for the following research paper has been collected using secondary data sources such as online blogs, websites, articles and various other secondary sources to study the adverse impact on the tourism sector of the world as well as India due to the COVID-19 pandemic in order to better understand the topic *“Tourism Industry: The Worst Hit Due To Covid-19 Pandemic?”*

### IV. REVIEW OF LITERATURE

Claudia Cramer, Director Market Research, Statista GmbH, on 15th September, 2020 presented current data and news concerning the global tourism industry in which she outlined the growth experienced in the tourism industry since 1950 – from 25 million international tourists per year to 1.46 billion. She said that when looking at the contribution of the tourism industry to GDP in various countries, tourism has high relevance in the economies of each country – especially in the Asian markets – but also in many European countries – where tourism is a “great provider of economic health and growth. She added that on the other hand, with the Covid-19 pandemic, revenues for the global travel & tourism market is expected to witness a decline of 55% for this year, from a forecast figure of US\$767bn to US\$349bn which shows that the current situation really has a huge impact on the global tourism market. She explains that the decline is primarily due to travel warnings and travel bans, and international border closures. There is also an effect from the decline in household budgets and the overall economic situation, along with how different governments will subsidize these industries.

While some countries are more affected than others, trending travel destinations with the highest internal tourism revenues are the US, China, Germany and India. All countries are of course seeing a huge decline in 2020, but fast recovery is forecast for 2021, assuming that there will be no second total lockdown. Domestic tourism from 2019 to 2020 has – in many cases – seen an increase – due to travellers being restricted to their own countries.

At the second HT Tourism Conclave, the CEO of NITI Aayog, Amitabh Kant said that India is distinctively positioned to offer experiential tourism, which will attract tourism to India post the COVID-19 pandemic, considering the wealth of diverse culture, customs, traditions and sites of historical heritage in the nation. He predicted that the tourism sector will revive and prosper due to the yearning to discover and know diverse places, cultures and people which is why the effect on the tourism sector is short-lived. He also mentioned that tourism will progress using technology as a mechanism to create the impetus required in the sector which will also be the primary point of distinction and a driver of growth. The companies associated with the travel and tourism industry will have to transform their operations in line with the need of the hour to survive as people will be more reliant on electronic modes.

The Ministry of Tourism has estimated that in the financial year of 2020-2021, India can face losses with respect to tourism between Rs 72,000 crore and Rs 1.58 lakh crores. It has been predicted by The United Nations World Tourism Organization (UNWTO) that there will be a sharp decline in the overall spending in the tourism sector at the global level ranging from 910 US billion dollars to 1 US trillion dollars. However, Mr. Amitabh Kant is of the opinion that the impact of the COVID-19 pandemic is impermanent. He believes that COVID-19 and that the pandemic has only modified the progression of the industry and it is possible to revive the sector using a phased recovery. He also stated that added that the sector will require a little aid but will surely recover from the impact and mankind through its exploratory essence will vanquish the impact of COVID-19.

### V. TOURISM INDUSTRY: THE WORST HIT DUE TO COVID-19 PANDEMIC

#### ➤ *Impact on the International Tourism Sector*

The rapid spread of COVID-19 has brought business operations in the world to a grinding halt which has disturbed the conduct of normal economic activities. Many nations, in order to control the outspread of the COVID-19, have announced several travel restrictions. In a new report released by UN Secretary-General Antonio Guterres has quantified the destructive effect that the COVID-19 has on international tourism, warning that approximately 120 million jobs in the tourism sector are in danger with the economic damage possibly exceeding 1 trillion US dollars in 2020 alone. It is, therefore, essential to revive the tourism sector so that it can regain its position as a provider of decent jobs, stable incomes as well as for the protection of our cultural and natural heritage. The World Tourism Organization expects the international tourism receipts to decline approximately in the range of 910 US billion dollars to 1 US trillion dollars which has the potential to set the international tourism sector behind by 20 years.

Globally, the tourism sector is a crucial source of employment. The tourism industry is labour-intensive and a majority of the job positions are occupied by women which is substantially higher as compared to many other sectors. Apart from this, there is a significant amount of indirect employment in related sectors like construction and infrastructure development in addition to those supplying food and drink and souvenirs to tourists. Furthermore, several employees have direct contact with tourists in travel agencies, airlines, ships, hotels, restaurants, shopping centres and various tourist attractions.

Therefore, international tourism is among the economic sectors that have been most impacted by COVID-19. Many workers may become unemployed or displaced due to the considerable shrink in the tourism sector. Even though displaced workers can shift to other industries within their nation, however, it may not be easy to find a job in the other industries as well because all the nations are battling economic downfall. Thus, the negative employment and wage effects are prominent in countries that are largely dependent on tourism.

### ➤ *Impact on the Indian Tourism Sector*

The Indian Association of Tour Operators (IATO) has estimated that the hotel, aviation and travel sector combined may face losses of approximately ₹85 billion on account of the imposition of travel restrictions on tourists thereby leading to cancellations on a massive scale. Forward bookings for various conferences and leisure travel bookings to foreign destinations have already been cancelled given that various travel restrictions have been imposed by the Indian government.

The Indian tourism sector provides employment to 8.75 crore people from the hospitality industry, tour operators, travel agents, homestay owners, drivers, guides, small traders, artisans and craftsmen among a host of other service providers which forms 12.75 percent of the total employed population in 2018-19. The tourism sector also has strong forward and backward linkages to other sectors such as agriculture, transport, handloom, and FMCG to name a few and the disruptions in the tourism sector will render many people unemployed even in the sectors that are linked to the tourism industry.

It can be said that the tourism sector of India may be proceeding for annihilation as there is a continuous upsurge in the COVID-19 cases. The international and inbound tourism has been restricted starting 22nd and 25th March, 2020 respectively on account of a nationwide lockdown. As of now, even though most of the domestic air travel routes are operational, experts believe that the nation may not see an improvement in the tourist arrivals as people are unwilling and adopting a cautious approach. By now, the considerable decline in the number of foreign tourist arrivals has influenced millions of employees in the tourism sector on account of which several businesses are facing a financial crisis.

It is essential to prepare a strategy involving the participation of the government as well as the industry stakeholders focusing on 3 phases to Survive with the intention of to saving businesses and jobs, to Revive by adopting a nimble and aggressive strategy for specific micro-markets and to Thrive by an adaptation to consumer preferences and tourism policies over the world.

Other measures that may be adopted are as follows :

- Governments could help the hospitality companies in managing the financial losses incurred by making use of empty rooms in hotels as backup options for extra bed capacity and paying a small fee to hotels.
- Incentives may be provided to tour operators to promote tourism both at the domestic and international levels.
- The hospitality sector may focus on improvising its business model based upon the changes introduced on account of COVID-19 rather than simply relying on government measures.
- The companies must focus on the safety and hygiene needs of the customers in order to provide reassurance.
- Higher focus on the use of cashless payment methods and contactless food deliveries is an effective strategy to win the trust of customers.

The world is facing the biggest pandemic of the century which will most certainly have an economic impact across all the sectors and on all the nations. In the words of Winston Churchill, “Never let a good crisis go to waste.” The main focus right now should be to enable the tourism sector to pull through these difficult times and help the industry survive these tough times and successfully outlive this global crisis. All individuals and organizations whether government or non-government must contribute collaboratively to this aim so as to secure a positive response from the consumers must post COVID-19 when the lockdown restrictions are eased.

## VI. RECOMMENDATIONS AND CONCLUSION

A significant role in creating a strong tourist economy is performed by the Central Government which can be seen through the adoption of a few measures undertaken by the Ministry of Tourism such as the Incredible India 2.0 campaign that focuses on niche tourism products comprising not only of wellness and adventure tourism but also an investment in the sector through schemes, such as PRASHAD and Swadesh Darshan, which have helped to boost the number of international and internal tourists in India.

The government has also given a push to the tourism sector by leveraging the e-visa capabilities and extending it to 169 countries thereby making it easier for individuals to visit India. In the future, inbound tourism will play a major role in the revival of the tourism industry. The Ministry of Tourism has set up a National Tourism Taskforce to enable the travel and tourism industry in its survival and revival in the economy. The government is also taking efforts to strengthen the support to the sector with the help of schemes such as the Jan Dhan Yojana and by relaxing the moratorium of loans.

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