



The Paradigm Shifts Of The Indian Tourism Industry Amidst The COVID-19 Pandemic

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Abstract

The travel and tourism industry is one of the largest service industries in the world. With the exception of SARS epidemic (2003) and economic slowdown (2009), the last two decades have seen steady growth if the industry. The global pandemic of the novel coronavirus (COVID-19) has severely affected the travel and tourism business and other ancillary businesses worldwide. The unprecedented situation created turmoil which pushed the industry into heavy losses. It took some time for the industry to come out from the shock and figure out the ways, initially, to survive and later to recover. This study focuses on the impact of COVID-19 on the Indian tourism industry. It also attempts to trace the changes in the industry during the crisis. The study attempts to analyse the impact on various sectors and aspects of the industry such as transportation, hospitality, and domestic tourism. The study also specifically discusses the impact on the MICE industry. The results and discussion of the paper are derived from the inputs provided by industry professionals through structured interviews and a critical review of relevant literature. The study revealed the impacts and the ways adopted by the industry to survive during these difficult times. This paper also attempts to explore the changes in tourist behavioural post-pandemic including their decision-making. The study has attempted to explore the revival strategies adapted from the industry's various stakeholders. These strategies are expected to go on to become new norms in the tourism business. Overall, the study outlines the initial impacts, challenges, recovery, and revival strategies of the tourism industry.

Keywords: COVID-19, Domestic tourism, Staycations, Tourist behaviour, Tourism Industry, Tourism revival.

Introduction

The tourism and hospitality industry witnessed steady growth after the setback of the economic slowdown of 2008. The average growth rate in international tourism was expected to achieve even higher in the upcoming decade. However, the year 2020 started with an unprecedented situation. Although the pandemic affected almost all industries, the tourism and hospitality industry was one of the worst affected sectors (Mohanty, Dhoundiyal, & Choudhury, 2020).

The global tourism industry has faced a challenging situation due to the COVID-19 outbreak. The regular movement of people was on hold. All stakeholders involved directly or indirectly in the travel and tourism industry, including the hospitality industry, struggled to survive the pandemic. The pandemic affected both the demand (i.e. tourists' perception of travel) and supply side (the travel industry crisis, travel restrictions etc.) (Matiza, 2022).

The impact of the pandemic can be seen clearly through the numbers. It affected international tourism resulting in a straight decline in the graph of international tourist arrivals from 70% to 90%. These figures were far worse than the impact of terror attacks in the USA in 2001 and SARS in 2003. The SARS reduced international arrivals by -2 million, whereas the Global Economic Crisis resulted in a tourist arrival reduction of -37 million. In comparison, the present pandemic has reduced international tourist arrivals by -1.1 billion, i.e. (-73%) in the year 2020 itself. It was also estimated that it accounted for the US \$ 2 trillion loss in global GDP and 100-120 million direct jobs at risk (UNWTO, 2020a).

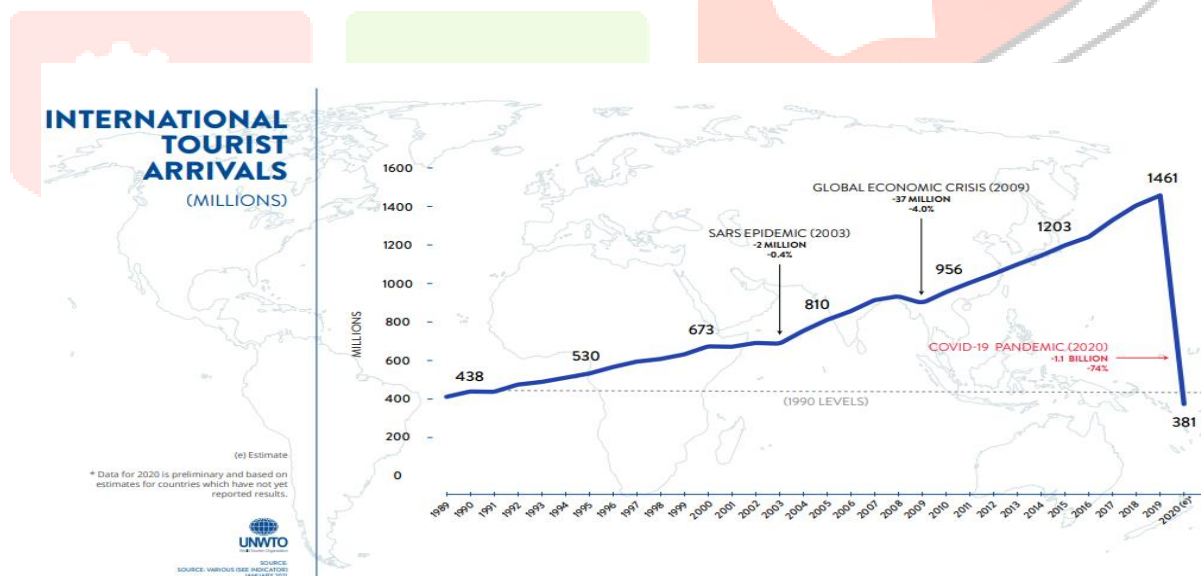


Fig.1: International Tourist Arrivals

Source: UNWTO (COVID-19 and Tourism)

<https://www.unwto.org/covid-19-and-tourism-2020>

The international tourism business experienced a marginal 4% growth in 2021; however, the international arrivals were still 72% below the pre-pandemic situation of 2019. From a region-wise look at the international arrival numbers from 2019 to 2020, it was reduced by -74% globally. European and American arrivals record an overall decline in arrivals of -70% and -69% as compared to 2019. African continent and the Middle East record a loss of -75% compared to pre-pandemic data of 2019. As many destinations remain closed for non-

essential travel, Asia and the Pacific experienced a massive loss of -84% in international arrival compared to 2019. The recovery phase remains slow and uneven worldwide due to varying travel restrictions, vaccination rates and travellers' wishes to travel (UNWTO, 2020b).



Fig.2: International Tourist Arrivals in World

Source: UNWTO (International Tourist Arrivals)

<https://www.unwto.org/covid-19-and-tourism-2020>

The research addresses some vital questions related to the impact of COVID-19 on the tourism business. It also addresses the methods tourism professionals adopt for survival during COVID-19, and Post COVID changes in the tourism business, changes in tourist behaviour, and work culture in the tourism industry. It is a qualitative analysis based on the responses of 10 tourism professionals who gave their expert opinion on their experience and observations of the industry during the ongoing global pandemic. Their answers act as an essential contribution to the study.

Research Question

- How would COVID-19 affect the Indian tourist industry?
- How the tourist behaviour affected by the COVID-19 pandemic?
- What strategies are being adopted by the industry for the revival?

Objectives

- To understand the impacts of COVID-19 on the Indian tourism Industry.
- To assess the effects of the pandemic on tourist behaviour.
- To access the way ahead for the tourism industry in India.

Scope of the Study

The study's goal is to extensively assess the impact of COVID-19 on the Indian tourist and hospitality sectors, as well as the industry's future recovery measures for surviving the pandemic. This study also examines how travellers' behaviour and location preferences changed following the pandemic.

Research Methodology

A survey (structured Interview) was conducted through telephonic communication. A sample of 15 industrial professionals was collected through a structured questionnaire. Secondary data were collected through the reports and publications of the Indian Government, WTTC, and UNWTO. Tools such as analytic induction and content analysis are used to study collected data. Researchers' observations were also included in the paper.

Conceptual framework

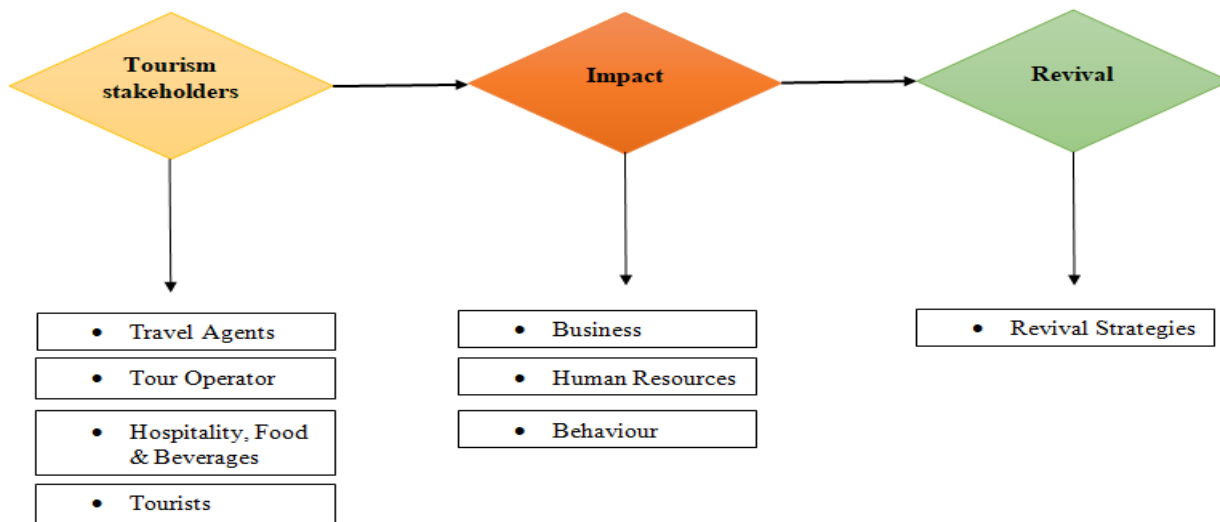


Fig.3: Research Framework
Source: Researcher's Compilation

Findings and Discussions

COVID-19 adversely affected everything related to the tourism industry, either directly or indirectly. Since it started spreading in India, it led to the total cancellation of bookings, and there was a condition of Zero revenue generation. All existing bookings got cancelled, and it became impossible to refund the amount to customers. Several changes in the demands and preferences of the tourists, as well as from the service provider side, will occur. Some of these changes will be temporary, and few will remain in practice for a long time.

The discussions and interviews with the industry professionals revealed various impacts the industry had due to the pandemic. The findings derived from the analysis of data were presented in six sections. It is followed by the various revival strategies adopted by these sections of the industry.

Impact on Employment: The travel and tourism business is one of the major service industries in the world, accounting for one in every four new employment created globally before the pandemic.

The statistical data by WTTC indicates a reduction of 36.3% from US\$ 191.3 billion in 2019 to US\$ 121.9 billion in 2020 (WTTC, 2020 & 2021). The business activities were severely hit as the events of launches, promotions and manufacturing were postponed indefinitely during the last fiscal. The livelihoods of daily earners, including tour guides, rickshaw pullers, and photographers, were among the worst affected.

According to the economic impact reports of WTTC, i.e., 10.6% of all jobs (334 million) and 10.4% of the global GDP (US\$ 9.2 trillion) have been lost. In the case of the hospitality sector, the COVID-19 pandemic has resulted in a loss of US\$ 4.5 trillion. There was a sharp decline from 10.4% to 5.5%. Small and medium-sized firms (SMEs) constitute almost 80% of all worldwide businesses in the industry. Several new start-ups collapsed entirely, leading to mental health issues among many tourism professionals. Many organizations asked their staff to take indefinite leave without pay.

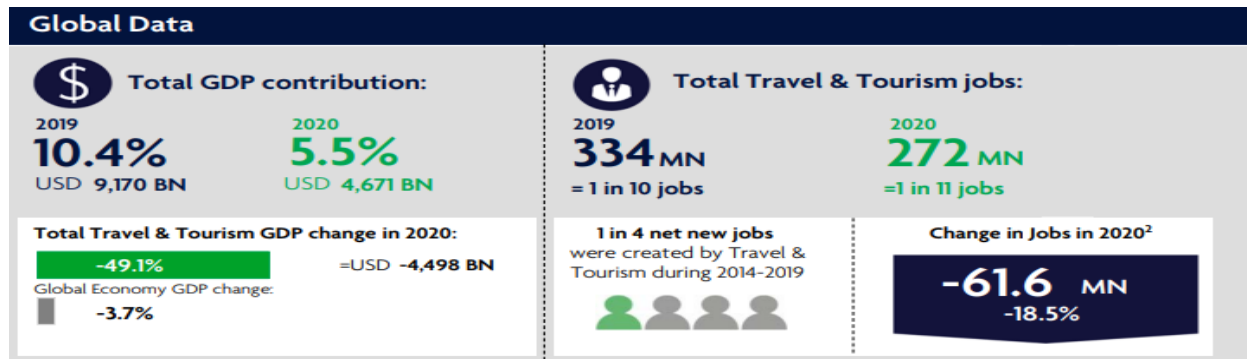


Fig.4: Contribution of Tourism to Global GDP

Source: WTTC (Economic Impact)

<https://wttc.org/Research/Economic-Impact>

The impact on hotels, event management companies, service providers, catering companies, infrastructure companies, the technical supply chain, and the millions employed in this industry is vast.

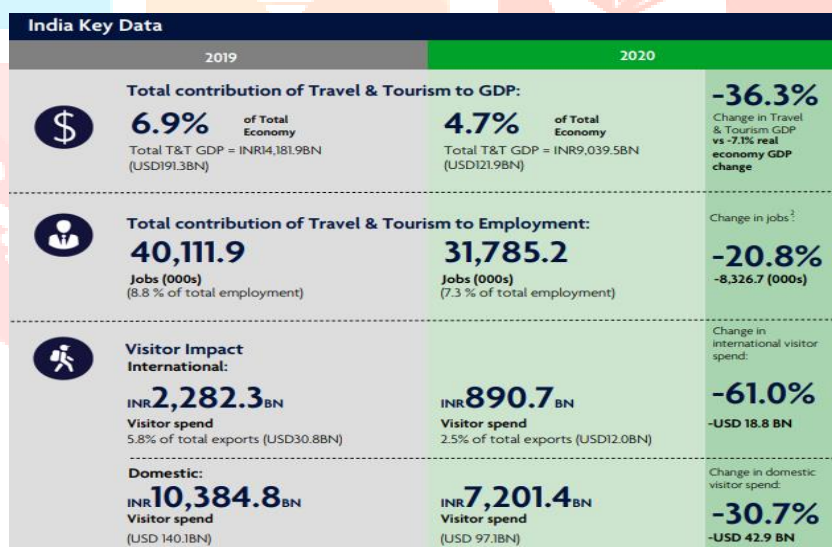


Fig.5: Contribution of Tourism on Indian Employment

Source: WTTC (Economic Impact)

<https://wttc.org/Research/Economic-Impact>

The most evident and immediate impact was a reduction in the workforce at tourism organisations. One of the industry professionals says most freshers who joined the organisation just before the pandemic were terminated or sent on indefinite leave without pay. Experienced people are preferred over the freshers, but the pay scales are much lower than before. There was a cut in the pay scale. In many organisations, employees' salaries were stopped for a few months because of the zero-revenue generation during the pandemic.

Transportation: The Indian passenger transport industry came to a standstill due to COVID-19 and the subsequent lockdown and travel restrictions. For the first time, Indian Railways had to cancel all passengers' rail services throughout the country. Other means of transport such as airlines, buses, and taxis were also stopped at the initial stage of the lockdown, resulting in complete restrictions on any movement of passengers.

As per the reports published by the Directorate General of Civil Aviation (DGCA), domestic airlines reported a sharp decline in the initial lockdown period. The physical distance and 50% occupancy rules affected the airline business. According to the International Airlines Organization (IATA), the COVID-19 pandemic would impact more than 2.9 billion jobs in India's aviation and related industries.

Indian railways cancelled all its passenger services during the first lockdown to control the spread of COVID-19 cases in the country, which means that the entire daily 13,500 passengers, mails, express trains, and all forms of local and metro trains were on halt. The Indian Railways lost Rs. 6,500 crores in ticket sales revenue (during the first two phases of the lockdown alone). Although the goods and cargo trains were fully operational. Indian Railways operated almost 9000 trains during the lockdown period and played a vital role in transporting oxygen and other medical supplies during the pandemic.

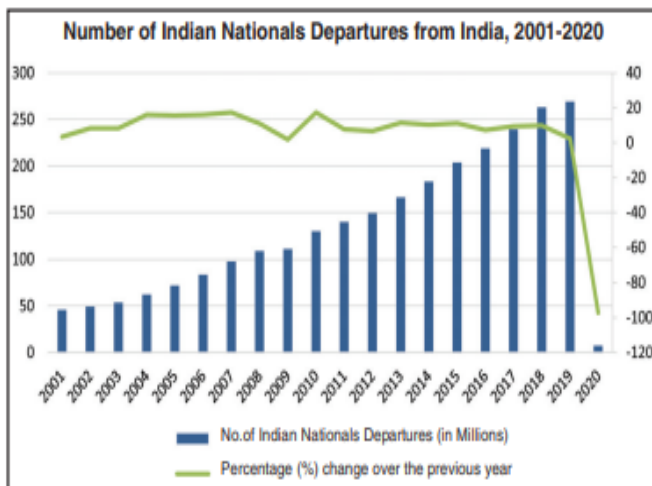
As metros trains were not operating, bus services were vital in transporting essential service workers. As per the joint reports of the International Association of Public Transport and the World Bank, only 67% of the bus operators were operational for medical and emergency services as per the request of the Government. Bus operators saw a 90% reduction in ridership in Delhi and Mumbai because of the new physical distancing norm of 50% occupancy. In other states, 81% of the bus operators had no ridership. The concerns regarding sanitisation compelled the tourists to opt for private transportation over public transport services.

Hospitality: The hospitality industry is highly capital-intensive and involves high fixed charges in day-to-day operations. Before the pandemic, the hotel industry witnessed 65% to 70% or 100% occupancy rates, but it decreased to a minimum once the pandemic started accelerating (Kumar, 2020).

According to research by the Federation of Hotel and Restaurant Association of India (FHRAI), the Indian hotel sector lost 1.3 trillion in income in the fiscal year 2020-21 as a result of the COVID-19 epidemic. According to data published by the National Statistics Office (NSO) on August 31, 2020, India's hotel industry was one of the worst affected, decreasing by 47% between the months of April and June 2020. The hotel industry had a 77% reduction in occupancy in May 2020 compared to the previous year.

MICE: In India, the MICE tourism industry was steadily growing with a rate of 15-20% annually in terms of Inbound MICE travellers. The pre-pandemic effect of COVID-19 started showing its impact in December 2019, wherein the MICE travellers were uncertain about their international travel. Many corporate companies intensely observed the pandemic scenario abroad before confirming the tour operators for their business travel. In some cases, the cancellations happened even after confirmations in light of the increase in COVID-19 cases.

Group departures and massive crowd gatherings for mega events were completely prohibited. Trade shows and major conferences were cancelled. The pandemic's adverse effect on the events and experimental industries is projected to integrate initiatives. Product launches of Indian and worldwide businesses, promotions and activations, business conferences, business travel MICE, exhibitions, and trade fairs have been postponed indefinitely. According to figures issued by the Government of India's Department of Tourism, overseas departures fell by -72.9% in 2020 compared to 2019.



Number of Indian Nationals' Departures (INDs) from India, 2001-2020

Year	No. of Indian Nationals' Departures (in Millions)	Percentage (%) change over the previous year
2001	4.56	3.4
2002	4.94	8.2
2003	5.35	8.3
2004	6.21	16.1
2005	7.18	15.6
2006	8.34	16.1
2007	9.78	17.3
2008	10.87	11.1
2009	11.07	1.8
2010	12.99	17.4
2011	13.99	7.7
2012	14.92	6.7
2013	16.63	11.4
2014	18.33	10.3
2015	20.38	11.1
2016	21.87	7.3
2017	23.94	9.5
2018	26.30	9.8
2019	26.92	2.4
2020	7.29	-72.9

Fig.6: Indian International Departures
Source: Bureau of Immigration Govt. of India
<https://tourism.gov.in/tourismstatistics>

There was a drastic change in work culture. Employees worked from home, and all conferences and meetings were shifted to virtual mode. Many professionals did not buy leads; instead, they worked based on reference. Those who visited the office adhered to strict COVID-19 precautions and operated every other day.

COVID-19 travel restrictions and protocols have prevented MICE tourists from exploring destinations as they did before. (E.g., Four PCR tests while travelling in Thailand). Also, the industry is working only on high-end destinations which were safe to travel to and have less COVID-19 effect. The group tour segments are expected to take time to come back into the flow even after the pandemic.

Domestic Tourism: is one of the sectors that partially benefited from the COVID-19 situation. As the international borders were closed, the tourists had no option but to explore opportunities in the country. Domestic tourism was promoted on a larger scale by most tourism organisations and governments. Indians explored domestic destinations like never before. Tour operators and travel companies realised the significance of domestic tourism during COVID-19. The pandemic also induced tourists to search the destinations which were not crowded and would offer tranquillity amidst the chaos and misery created by the pandemic. Due to several safety measures, people will be very conscious about their destinations. Tourists covered many unexplored destinations. With the demand for niche tourism like nature-based tourism, cultural tours, rural tourism and agri-tourism steadily growing, travel agencies were ready to take advantage of new and emerging

opportunities. The Indian government as well as private companies are offering novel religious and cultural packages such as the "Buddhist Circuit" and Ramayana paths.

Tourist Behavior: The pandemic impacted tourist decision-making and behaviour in various ways. It was natural for tourists to perceive travel as a risk. Avoiding mass tourism destinations and opting for places with less possibility of virus infection was the apparent preference of the tourists. The pandemic also spread awareness about the importance of hygiene and sanitisation. It has increased the importance of travel insurance among travellers. The difference in experience due to the new normal is the foremost thing affecting the travel business because before the pandemic, it was hassle-free; one could go to the airport, check in and fly.

The tourism professionals noted that many tourists were willing to pay extra for a hygienic and safe stay instead of a less expensive holiday and upgraded to 4 or 5 stars. However, the reduction in disposable income after the pandemic has reduced the tour's budget and overall spending for many regular tourists. Tourists were expected to avoid planning their tour before two to three months of departure; instead, they would opt for instant booking depending on the immediate situation of COVID-19 and restrictions at the destinations. People are giving preference to more road trips and travelling to nearby destinations in their vehicles. Increase in weekend tourism, micro-holidays came into the picture. The casualties that happened during COVID-19 might result in tourists giving more emphasis on spending quality time with their friends and family. Slow-paced and Experiential tourism concepts are expected to get more popular.

Following the pandemic, health and safety were the top priority among tourists. Tourists hesitated to travel with elderly and senior citizens because of the fear of transmission of infection. A similar concern arises while travelling with kids as they are not yet vaccinated. Although, this is not expected to hamper the education tourism sector for more than a year.

Revival Strategies

Along with all the negative impacts, the pandemic has also provided an opportunity for tourism professionals to reassess and rethink their traditional business practices. The study revealed that tourism professionals focused on many customer-oriented and self-building courses during the pandemic. Tourism professionals participated in webinars and E-Travel courses to gain knowledge and enhance their skills. Ministry of Tourism, Government of India, also launched the "Dekho Apna Desh" campaign that promotes domestic tourism. For the advancement of the Indian Hospitality Industry Government of India also established the System for Assessment, Awareness and Training for Hospitality Industry (SAATHI). The Event and Entertainment Management Association (EEMA) has requested the Government to cover the cost of salaries of daily wagers, SOPs for the industry, tax refunds, and loan facilities for the MSME sector and workers affected by the COVID-19 pandemic. (M Gajjar & J Parmar, 2020). The government has announced initiatives like relaxation in tax norms and financial support in the form of loans the recovery at the early stage of the industry's revival process.

It was essential for all the players in the industry to plan the way to survive and recover from losses. Some organisations started venturing into other allied sectors, wherever there was a possibility of earning profits and keeping the organisation running. Tourism organisations have always offered an internship to students. Earlier, organisations used to provide some stipend to interns, whereas now, many organisations charge money from the students to offer internships. Some of these organisations designed 'online' internship programs. These 'online' internships were an efficient way for the students to learn the practical nitty-gritty of the industry directly from the practitioners. This 'online' internship appears to be a profitable side-business for tourism organisations, which might be continued.

The hospitality industry came up with different revenue-generating opportunities. Various accommodation services started offering quarantine packages. These packages were targeted at the travellers who had to be quarantined as per the government norms. The concept of 'staycations' also came into existence during this pandemic for travellers who wished to work remotely from exotic destinations instead of their homes (Folinas & Metaxas, 2020).

Domestic tourism has surged during the COVID-19 pandemic. During the pandemic, since many countries had closed their borders for an indefinite period, the stakeholders realised the importance and potential of domestic tourism in the country. It was observed that tourists feel safer while travelling to domestic destinations than travelling to any international locations (Sharma, Thomas, & Paul, 2021).

India has a large domestic tourism market which continues to manage the tourism sector by increasing the number of destinations to visit. Domestic travellers preferred unexplored and less crowded destinations. People started going for adventure tourism to get a more personalised experience of their travel. Niche tourism products like special interest tourism (SIT), cultural tourism, eco-tourism, and heritage walks became more popular and showed a way to revive from the pandemic.

Significant changes in the MICE operations have been observed during the COVID – 19. As per the discussions with Indian MICE operators, the events and meetings are being conducted on virtual platforms online instead of offline mode. For revenue maximisation, now sales people in the industry were doing operations, and operation executives started going for sales. More focus is being given to FITs to generate revenue. The MICE industry which involves a larger volume of group travel movement and gathering for live events, was severely affected, but slowly it is getting revived by taking majors like:

- Organising virtual meetings and conferences
- Small Group departures (e.g., a single group of 100 Pax to be divided into five groups of 20-20 Pax) to ensure the safety of travellers and follow the social distancing norms.

Conclusion

Tourism is a significant contributor to the Indian Economy. The tourism industry has always been an essential source of foreign exchange earnings and is a significant contributor to employment in the country. As a result, its rebirth is strongly tied to the country's economic existence. All tourism verticals are interrelated with each other. The whole tourism chain – hotels, restaurants, tour operators, travel agents, entertainment venues, air, land and sea transport has been affected. If one vertical is affected, it leads to effects on all verticals such as the COVID-19 crisis has a severe impact on MICE as many events have been cancelled or postponed, and it also leads to a financial crunch in the airline industry.

Travel agencies and tour operators may experience financial difficulties when the number of tourists visiting India declines. International tourist arrivals have also decreased, lowering foreign exchange revenues. The revenue generated by the hospitality business was negatively impacted. As a result, the whole tourist value chain has been impacted, including hotels, travel agents, tour operators, destinations, restaurants, entertainment venues, and air, land, and sea transportation.

COVID-19 changed the mindset of people; earlier tour operators were running behind quantity. There was massive competition among each other. People were not focusing on creating a different kind of flavour. Tour operators are expected to focus on creating a unique quality product by taking the help of advanced technologies. The interactions with industry professionals suggest that tourism professionals adopted many economic survival strategies during the COVID-19 period, i.e., leaving their core business and following the ongoing demand. These survival strategies evolved into revival strategies and in future, some may transform into regular business.

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