



# “An Overview On The Effects Of Covid-19 On Indian Tourism And Hospitality Industry”.

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## **ABSTRACT:**

The purpose of the current paper is to review the tourism industry has been badly affected by the Corona virus epidemic. The lockdown has broken the back of the tourism industry across the country. This has created employment crisis in front of 38 million people associated with the industry. Crores of people in India are directly or indirectly connected to the tourism industry. Even before the lockdown, many airlines and travel companies had sent more than 35 percent of their employees on leave without salary. The World Travel and Tourism Council has said “The COVID19 epidemic is putting up to 50 million jobs in the global travel and tourism sector at risk, with travel likely to slump by a quarter this year, Asia being the most affected continent”. India draws millions of tourists every year as the ‘AtithiDevoBhava’ conviction that means Guest is God exemplifies India’s history of providing its hospitality services at its finest by accommodating the guests. That would be the reason why the industry contributed around 9% of the India’s GDP and provided 2.67 crore jobs. In the current situation where Covid-19 was announced as a pandemic by the World Health Organization, the Government of India announced a complete lockdown of the nation that had a strong impact on the economy, mainly the tourism and hospitality industry, which is unable to open even after the lockdown. ICC Director General Rajiv Singh said, "Due to the Corona Virus epidemic, bookings for the entire year have decreased by 18-20 per cent in 2020, while the average daily fare has come down by 12-14 per cent." The industry association has sought a series of reliefs from the central government, including extending the loan repayment proposal by the RBI by three months to six months and complete exemption in GST for one year for the tourism, travel and hospitality sectors. "The ICC has suggested creating a travel and tourism sustainability fund, which transfers direct benefits to prevent financial loss and employment cuts," the ICC said in a statement. The secondary data was used as a methodology to analyze and the data was a mixed approach of literature review and data from various tourism and hospitality websites. The presented review identified relevant papers using Google Scholar, Web of Science, and Science Direct databases. The included papers were classified concerning the following dimensions: the source of publication, hospitality industry domain, and methodology. The reviewed articles focused on different aspects of the hospitality industry, including hospitality workers’ issues, loss of jobs, revenue impact, the COVID-19 spreading patterns in the industry, market demand, prospects for recovery of the hospitality industry, safety and health, travel behavior, and preference of customers. The prime focus of the study was to review and investigate the people's reaction towards the pandemic situation and how it had affected the working as well as livelihood of people associated with Tourism and hospitality in India.

**KEYWORDS:** Covid-19, Lockdown, Tourism, Hospitality, Revival

**INTRODUCTION:**

COVID19 pandemic has severely impacted the tourism sector globally including India. The corona virus outbreak has paralyzed the tourism business, leaving travelers scrambling to return home and devastating economies that are largely dependent on tourism. The Novel Corona Virus (Covid-19) previously identified only as the Wuhan virus, expanded to nearer countries as south Korea, Japan, Italy, Iran and finally spreading its routes to India. Till mid of May the spread of the virus spans 185 countries. According to WTTC (World Travel & Tourism Council), India categorized as 3rd position among 185 countries in terms of travel & tourism's total contribution to GDP in 2018. India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum. By affecting millions of people and claiming over a million lives till in first six months of the year 2020, tourism is clearly one of the worst hit sectors of economy. According to research by the UN body, more than 90% of all worldwide destinations have introduced travel restrictions. COVID19 has impacted travel and tourism like no other event had done it before in the history. In Asia, 100% of destinations have adopted restrictions related to COVID19 since January, 2020 (1). In India, Indian Associations of Tour Operators (IATO) estimated the hotel, aviation and travel sector together may incur loss of about 85 billion due to travel restrictions. The World Travel and Tourism Council (WTTC) estimates the crisis to cost the tourism sector at least US \$22 billion, resulting in a loss of 50 million jobs. On account of COVID19, the Indian tourism and hospitality industry will face a job loss of around 38 million. According to the statistics published by Indian Chamber of Commerce (ICC), there has been seen a reduction in foreign tourists arrivals as well as in domestic tourists. A study by S Choudhury et al. (2020) explained that every year around 9.6 million foreign tourists visit India, which make it about 26000 per day; with no available substitute in lockdown and restrictions, unfortunately, it is the tourism sector which has to face the most severe consequences. The industry which contributes 9% to the GDP of India has to bear the loss of around 1.3 trillion in 2020, not only in the term of revenue but also in the form of employment as it accounts for around 52% of employment in the country and hence the potential job loss of around 38 million, which is 40% of total workforce (2).

**OBJECTIVES:**

1. To find the impact of COVID-19 on people associated with tourism and hospitality industry in India.
2. To find out the way for revival from this pandemic situation.

**TOURISM IN INDIA:**

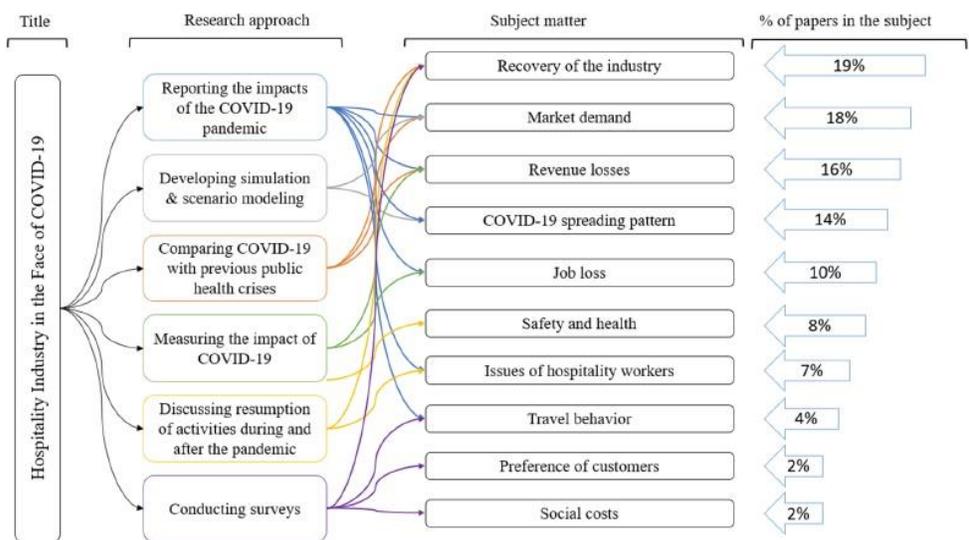
India is the birthplace of the four religions of the world namely Hinduism, Buddhism, Jainism and Sikhism. India having total 38 world heritage sites. India attracts tourist from all over the world. India's foreign tourist arrival is also increasing. (Ministry of Tourism-2019) In India 2017, 10.04 million foreign tourists arrived and in 2018, 10.56 million tourists arrived with 5.2 % increase.(IBEF-2019) Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15, 24,000 crore (US\$ 234.03 billion) in 2017 to Rs 32, 05,000 crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India stood at US\$ 28.6 billion in 2018 and is targeted to reach US\$ 50 billion by 2022. (Ministry of Tourism-2019) number of foreign tourist arrivals for medical purpose is also increasing. Data and fact provided in these studies clearly shows that India is ready to carry forward Indian tourism industry to the next level, which will accelerate the Indian tourism industry. Digital transformation in tourism industry, advancement in technology, better accessibility like E-VISA, Visa on arrival, hassle free VISA formalities, expressed check-in, are the most advanced concept emerged in this decade. Now the world tallest statue is also found in India, known as statue of liberty, inaugurated in 2018 and has emerged as the most favorite tourist spots of India. Indian tourism industry having diverse accommodation sector to accommodate the need of travelers including national and international luxurious hotel chains to home stay schemes and known for its hospitality worldwide. Meditation, yoga, adventure tourism are also one of the emerging trends under tourism industry as Indian Vedas contains many philosophies for yoga and meditation and foreigners across the world find India as suitable destination for yoga and meditation. India's north, east, west and south parts known for its diversity in terms of climatic conditions, flora & fauna, cultural values and lifestyles. At the end of 2019 India tourism industry was confidently continuing with its fast growth pace without any concern about any kind of threat to Indian tourism industry but now situation has been changed due to COVID-19 crisis in India and globally.

**HOSPITALITY:**

The hospitality and travel industry have perhaps been most hard-hit, with hourly workers facing potential devastating hardships. Marriott International with approximately 174,000 employees is poised to place tens of thousands of workers on furlough. Hilton Worldwide has also notified lenders on 5th March 2020 borrowing a precautionary \$1.75 billion under a revolving loan to preserve money and to maintain flexibility “in light of uncertainty in the global markets”.

Hotel industry revenue per available room in the United States fell 11.6% for the week ending 7th March 2020, whilst in China occupancy rates fell 89% by the end of January 2020. Other United States hotel companies are seeking approximately \$150 billion in direct aid for employees due to an unprecedented fall in demand, along with an estimated \$1.5 billion loss since mid-February. MGM Resorts International have also announced a temporary suspension in operation at its Las Vegas properties, with casino operations closing on 16th March, followed by hotel operations. Since 1st March 2020, hotel occupancy in Germany decreased by over 36%. Italian cities including Rome have been inadvertently affected with a current occupancy rate of 6%, whilst London remains the most stable with an occupancy rate of approximately 47%. Overall, the COVID-19 crises have led to international distortions for the hospitality industry, and significant slumps for the European hotel market.

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**SCE**

Research aspects of the hospitality industry among included papers.

In the beginning of 2020 Indian tourism industry was all set to accelerate its pace towards development. India was unaware about the impact of biological disaster called Corona virus disease (COVID-19) threat originated from central China’s Hubei province in Wuhan city in the month of December 2019 and continues to adversely affect more than 150 countries and claimed more than 50,000 lives globally so far.(WHO INDIA-2020) In the context of India on 30th January 2020, a laboratory confirmed case of COVID-19 was reported in Kerala. Kerala state is one of the favorable state among foreigner tourist, which is also known as ‘God’s own country’. Since January 2020 COVID-19 has spread in almost all the states & Union territory of India and claimed more than 20 lives and approx 1000 confirmed cases of COVID19 so far. Day one started with one case and the latest trend is increasing day after day by more than 10000 cases. The total cases in the country is 366946 with cumulative deaths of 12237 as on 18th June 2020.This make India gradually climb up the ladder to position 2 in the global table of Covid-19 affected countries.

**COVID – 19 State wise Status upto 30<sup>th</sup> April 2020 in India**

State / UTs	Confirmed	Active	Recovered	Deceased
Maharashtra	10498	8266	1773	459
Gujarat	4395	3568	613	214
Delhi	3515	2362	1094	59
Madhya Pradesh	2719	2100	482	137
Rajasthan	2584	1690	836	58
Tamil Nadu	2323	1038	1258	27
Uttar Pradesh	2281	1685	555	41
Andhra Pradesh	1463	1027	403	33
Telengana	1039	572	441	26
West Bengal	795	623	139	33
Jammu and Kashmir	614	390	216	8
Karnataka	576	319	235	22
Kerala	497	110	383	4
Bihar	426	342	82	2
Punjab	357	248	90	19
Haryana	313	101	209	3
Odisha	143	101	41	1
Jharkhand	111	88	20	3
Uttarakhand	57	21	36	0
Chandigarh	56	39	17	0
Assam	42	12	29	1
Himachal Pradesh	40	11	28	1
Chhattisgarh	38	4	34	0
Andaman and Nicobar	33	17	16	0
Ladakh	22	6	16	0
Meghalaya	12	11	0	1
Puducherry	8	3	5	0
Goa	7	0	7	0
Manipur	2	0	2	0
Tripura	2	0	2	0
Arunachal Pradesh	1	0	1	0
Mizoram	1	1	0	0

**EFFECTS OF COVID-19 ON DIFFERENT SECTOR OF TOURISM:****a. IMPACT ON EMPLOYMENT AND WORK ENVIRONMENT:**

The pandemic is characterized by an almost unprecedented increase in unemployment, disguised somewhat by government support measures in some countries. For this reason, the labour market is modelled assuming fixed wages for unskilled workers with all the adjustment occurring in the quantity of labour employed. For skilled workers, it is assumed that the adjustment occurs in wage rates, the standard closure. Further, there is a net loss to the economy due to unemployed labour and capital. Due to the dramatic contraction in the tourism industry, many workers may become unemployed. The industry supported 87.5 million jobs, 12.75% of total employment in 2018-19. Due to the impact of the pandemic on the global economy, the WTTC is estimating losses of up to USD 2.7 trillion with up to 100 million jobs at risk. The travel and tourism industry in India is looking at up to 40 million job losses (both direct and indirect) and about USD 17 billion in revenue loss in the next one year.

**b.IMPACT ON FOOD SERVICE SECTOR :**

As India's government had agreed to lockout and social isolation during the pandemic, restaurant sector was impaired. It is the mid-level restaurants that are the most affected in this pandemic and these are the ones that need to take the initiative to overcome the situation. The usual business practices to be avoided and efforts to be taken to develop sustainable and modern food systems.

**c. IMPACT ON ECONOMY:**

In a situation where tourism contributes to the country's GDP, it's faced decline due to the pandemic. Tour operators and travel agencies would face a financial crunch as tourists visit India. Tourism revenue of the country has been reduced drastically. Both aspects of tourism were impacted by the stoppage of the tourist traffic to take control of the transmission of Corona Virus. Foreign tourist arrivals (FTA) last month dropped 9.3 per cent month-on-month and 7 per cent year-on-year, according to government data. In February 2020, there were 10.15 lakh FTAs, against 10.87 lakh in February 2019 and 11.18 lakh in January 2020. The number of visitors who visited the Statue of Unity in Gujarat dropped by over 38 per cent from January to February, and the revenue collected fell approximately ₹5 crore. The Archaeological Survey of India (ASI) has 3,691 sites registered with it, of which 38 are world heritage sites. As per information provided by the ASI, the total revenue from ticketed monuments was ₹247.89 crore in FY18, ₹302.34 in FY19 and ₹277.78 crore in FY20 (April-January). According to Vasant Kumar Swarnkar, Superintending Archaeologist of ASI, Agra Circle, at the Taj, the monthly tickets sold did not fall drastically between January and February. "On an average, we sell over 22,000 tickets to foreigners. In March, on a daily basis, we weren't able to sell more than 16,000 tickets," he said. Last Wednesday, authorities had directed the shutdown of the Taj, among other sites. "Two days prior to the shutdown, we were barely able to sell 8,000 tickets on a daily basis," said Swarnkar. On Tuesday, the Centre imposed a 21-day nationwide lockdown, which means all the sites will remain closed.

**d. IMPACT ON HOSPITALITY INDUSTRY:**

The hospitality sector in totality is also bearing the brunt of reduced travel. Hospitality companies have seen a 50% drop in bookings within India between March 2 and 9. People are postponing booking plans in large numbers. According to Edelweiss Securities, both occupancies and tariffs would be impacted in March 2020 and the April-June 2020 quarter. While domestic tourism might see an improvement on limited outbound travel, the recent cases in India would limit that opportunity as well. Some popular domestic routes had seen a 20-25% decrease in last-minute airfares. Airlines are also refraining from increasing prices for the summer season in order to pre-empt weakening of demand on the domestic side. The cascading effect of the corona virus (Covid-19) pandemic will cost the Indian hospitality industry losses to the tune of ₹620 crore. The hotel chain and standalone hotel segment is staring at losses over ₹130-155 crore, whereas the alternate accommodation segment is likely to make losses of over ₹420-470 crore. Layoffs of 'casual staff' or 'contracted staff' are probably going, a research suggested. Hotelivate, a hospitality consultancy firm has in a report said that the Indian hospitality industry is likely to be hit really hard. The report suggested that domestic hotel companies that follow the fiscal year regime, this amounts to a weak Financial Year 2020 and a weaker Financial Year 2021. "March has borne the brunt of many large-scale cancellations across the corporate, MICE and leisure segments. Notably, the extent of this lost business has primarily been seen across the top eight markets. Various Tier Two and Tier Three hotel markets in India continue to witness a small erosion in business for now, and occupancies in at least the first half of March were only partially lower despite the spread of the virus in some states", it added.

Business Line had reported that the overall business and summer holiday bookings are likely to be impacted by 25 per cent on a year-on-year basis, according to industry estimates. The Indian standalone and chain hotel segment has over 1.4 lakh rooms which accounts for only 5 per cent in the hotel industry segment. According to the report, the overall loss of total revenue for the around 140,000 branded/organised hotel rooms across the country will be anywhere between ₹130-155 crore. "This amounts to 27 per cent to 32 per cent erosion in the overall revenue as compared to last year." Over 95 per cent of the Indian hospitality industry is dominated by Bed & Baths (B&Bs), Guest Houses, "it is our estimate that there is likely to be an additional loss of anywhere between ₹420-470 crore in total revenue across the alternate accommodation industry." It has often been stated that the larger tourism industry in India contributes to about 10 per cent of the GDP (approximately US\$275 billion). It may not be an overstatement to assert that almost all of this revenue may dwindle to a painfully negligible amount if COVID-19 does not come to a halt this year.

**GOVERNMENT POLICIES:**

1. 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. Business fraternity thinks that this amount is largely insufficient and Government should consider to increase the relief package to at least Rs. 2.5 Lakh crore to ride over the Covid-19 crisis.
2. Most of the tourism companies afflicted by Corona virus Pandemic are now anxiously looking for interim relief to pay EMIs, installments, taxes, and salaries to employees for at least six (6) months. The Reserve Bank of India (RBI) already announced that all banks and NBFCs had been permitted to allow a moratorium of 3 months on repayment of term loans outstanding on March 1, 2020. The loan EMI payments will restart only once the moratorium time period of 3 months expires. Given the severity of damage, ICC thinks that Government should extend the time period to six (6) months.
3. ICC also suggests six (6) to nine (9) months' moratorium on all principal and interest payments on loans and overdrafts, besides deferment of advance tax payments.
4. ICC would like to recommend a complete GST holiday for tourism, travel and hospitality industry for the next 12 months till the time the recovery happens.
5. We will also recommend for interest reduction or subvention on term loans and working capital loans for Travel and Tourism industry
6. ICC also strongly recommend for removal of fees for any upcoming licenses, permits renewal, excise exemption (for liquor mainly) for the hospitality and travel industry across the country.
7. We will also urge the Ministry to provide funds from the MGNREGA scheme to support the salaries of employees in the industry.

**WAY FORWARD:****1. PANDEMIC IS GLOBAL, BUT ITS RESPONSE IS LOCAL:**

In the growing inter connected world, our movement is quite high and fast, and that possibly enhanced the spread of the virus globally very quickly, making it a global pandemic. However, different country showed differences in approaches in responses. Thus, although the medical treatment is universal, we need to keep in mind that the healthy emergency response measures are not universal. It is a combination of country's regulation, governance mechanism, link to science-based decision making, local governance as well as community behavior. Thus, learning from each other's experience is very important.

**2. USE OF TECHNOLOGY:**

In the advanced stage of technological intervention, a pandemic response is not just a medical response anymore. It needs to link different types of technologies in an appropriate way. COVID-19 response in East Asia showed extensive use of emerging technologies linked to medical technologies.

**3. RISK ASSESSMENT:**

In a quick analysis has pointed out the need of converging the health response, emergency response and disaster risk reduction in the viewpoint of the Sendai Framework. They analyzed and concluded that current mechanisms and strategies for disaster resilience, as outlined in the SFDRR, can enhance responses to epidemics or global pandemics such as COVID-19. Some of the recommendations are as follow: recommendations concern knowledge and science provision in understanding disaster and health-related emergency risks, the extension of disaster risk governance to manage both disaster risks and potential health-emergencies, particularly for humanitarian coordination aspects; and the strengthening of community-level preparedness and response. A proper risk assessment is required taking into consideration of health risk, exposures, behaviors and policy framework.

**4. USE OF SOCIAL MEDIA AND SENSITIZATION ON FAKE NEWS:**

In different countries, with different level of social media penetration, the importance of distinction of proper news and fake news becomes more relevant. Importance of negative consequences of fake news is well understood in longer run, not only to fight this pandemic, but also for the longer-term recovery process.

## **5. ECONOMIC IMPLICATIONS:**

The global economic impacts of the pandemic are yet to be understood, but there is a unanimous agreement of a global recession due to the pandemic. However, in different countries, sectorial impacts are already prominent, especially in tourism and hospitality sectors. MSMEs (Micro, small and medium enterprises) are possibly the hardest hit in all the countries need special economic revitalization package.

## **6. SOCIO-PSYCHOLOGICAL IMPACTS AND LIFESTYLE CHANGES:**

Country wide or partial local down in cities have initiated a different work culture in East Asian countries, as well as in most of the other countries. Tele-work is becoming popular, online meetings, online classes in the universities are getting common, online education for school children becoming obvious. Thus, there has been a life-style change in many countries and communities, which may have relatively longer socio-psychological and behavioral implications.

## **CONCLUSION:**

Corona virus has posed a threat to India and its economy. Due break the chain of spreading virus lockdown was imposed all over the nation which means an emergency protocol that presents people movement<sup>6</sup>. All sectors of the business have faced a financial crunch. Amidst Covid-19, the tourism and hospitality industry have been facing immense loss due to no foreign arrivals, no air travel, less demand and booking of hotel rooms. The meetings, weddings, conferences and other events were cancelled and added up to the loss of revenue. During lockdown hotels in Bengaluru have namely, Hilton, Accor and Sheraton delivered food from their restaurants through Swiggy and Zomato in a way to balance the loss of revenue. Meanwhile laundry services were provided by hotels like Novotel and Sheraton Grand in Bengaluru. Though the corona cases kept rising, the ease on lockdown was enabled in order to save the economy keeping in mind the safety of the citizens. The lockdown ease was done gradually and it also focused on tourism and hospitality services and food service sectors. The study recommends live kitchens, frequent sanitization, standard operating procedures from social distancing to cashless transactions, protective gears for food handlers, etc. in food service sectors. Likewise, to focus on sustainable tourism especially in religious, MICE and adventure tourism. The crisis has proved the weakness of the industry which emphasis future research to create frameworks which would help to overcome the economic situation during a pandemic. In addition, majority of the businesses are not able to meet their day to day finances, they have exhausted their savings, and some of the businesses have taken loan to fulfill the requirements. Also some of the businesses are not able to pay the salaries to their employees and hence philosophy of spiritual tourism imbibing spiritual combine effort would help survive and grow together. To handle this situation and for the upliftment of tourism industry government should come forward, without government intervention it would be difficult to overcome the present situation and financial crunch. Government must give certain relaxation on taxes imposed on tourism industry, or to provide certain soft loans with minimum interest rates and must issue additional funds for the betterment of tourism industry in the near future. One thing made very clear by this crisis is the fragile nature of tourism business, and therefore the need to have contingencies for even unpredictable events as this crisis has shaken the entire tourism industry globally.

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