

## **Impact of Covid-19 on Indian Tourism Sector**

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### **ABSTRACT**

The novel corona virus (COVID-19), which is one of its kinds of humanitarian disasters, has affected people and business worldwide, triggering a global economic crisis. In this aspect tourism sector is not being left behind. The pandemic has affected on Foreign Exchange Earnings, Regional Development, Job opportunities and so on. As there has been a substantial decline on the arrivals of overseas tourist in India in 2020.

This paper aims at to analyses impact of COVID-19 on Indian tourism sector. The purpose of this paper work is to examine the extent to which an epidemic of 2020 such as Covid-19 can affect the global tourism industry and perform estimates of the destruction to world tourism. The statistical data from the renowned and trustworthy data sources have been collected to realize the effect of the Corona Virus on the world Tourism industry. China where the epidemic started, but also India, where fresh cases are continuously being reported, both is no longer tourist destinations, till May 14 2020. Potential tourists tend to reschedule or stop their plans for a terminus that is plagued by a pandemic. Because of pandemics, tourists cancel their travels avoiding suspicious places and individuals. Such categories of pandemics disturb straight industries such as tourism and retail service sector. In 2019, a total of 29, 28,303 tourist arrived on e-Tourist Visa. The economic consequences of this outbreak will be serious and they will cause harms not only to the tourist destinations with an important concentration of cases but also at a world-wide level. A comparable case was the outbreak of SARS in 2002. Tourism is presently one of the greatest pretentious segments and the World Tourism Organization has studied its 2020 forecast for international arrivals and receipts, though it highlights that such predictions are likely to be further revised. The United Nations dedicated agency for tourism assumes that international tourist arrivals will be downcast by 20% to 30% in 2020 when compared with 2019 figures.

**KEYWORDS-** Corona Virus, Covid-19, Tourism Industry in India, Employment opportunity.

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### **I. INTRODUCTION**

The novel corona virus (COVID-19) has triggered a concern worldwide in early January 2020 and by the end of March 2020. The outbreak has infected several people globally. Tourism and hospital industry are profoundly affected by COVID-19 that has been declared as Pandemic on 12<sup>th</sup> March 2020 by WHO. Due to the COVID-19 pandemic, the travel and tourism industry's employment loss is predicted to be 100.089 Million worldwide. The Pandemic has not only affected economically but as well as politically, socially and ethically. As the number of infected cases rising throughout the nation and with the implementation of certain measures and campaign likes social distancing, community lockdown, work from home, stay at home, self or mandatory quarantine, curb on crowding etc pressure is created for halting the tourism industry. This change in the current system has led to the beginning of the recession and depression seeking a transformational change in the society.

According to Lie et al. (2019) the most dynamic sector is the tourism industry that benefits many other sectors like lodging, catering, and transportation, retail, entertainment etc contributing to the economic growth. 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) previous 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.

### **TOURISM IN INDIA**

The Indian tourism and hospitality industry have occurred as one of the crucial drivers of development among the services sector in India. Tourism in India has noteworthy potential seeing the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread crossways the country.

Tourism is also a potentially great employment generator besides being a significant source of foreign exchange for the country. In 2019, FEEs were US\$ 29.96 billion registering a growth of 4.8 % year-on-year and reached US\$ 5.40 billion during January-February 2020.

### **MARKET SIZE**

India is the most digitally advanced traveller nation in terms of digital tools being used for planning, booking and experiencing a journey, India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. Throughout 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.2 % year-on-year. During January-February 2020, Foreign Tourist Arrivals (FTAs) were 21, 33,782. In 2019, a total of 29, 28,303 tourist arrived one-Tourist Visa registering a growth of 23.6 per cent. As of 2019, 4.2 crore jobs were created in the tourism sector in India which was 8.1 % of total employment in the country. The number is predicting to rise by 2% annum to 52.3 million jobs by 2028. International hotel chains are increasing their presence in the country, as it will account for around 47 % share in the Tourism & Hospitality sector of India by 2020 & 50% by 2022.

### **SCENARIO OF COVID-19**

The first case of Covid-19 in India was reported on 30 January 2020 originating from China. After the World War Second, the outbreak of Covid-19 has had a detrimental effect on global healthcare and economy systems with a ripple effect on every aspect of human life as we know it. In other words we can say that the Covid-19 global pandemic has led to one of the largest global crises since the Second World War. World Health Organization (WHO) declared the Covid-19 outbreak as a global disaster. According to worldometer data till May 14 2020 Corona virus Cases were 4,452,820 and total deaths were 298,740 reported (Figure 1). In a response to 'flatten the curve', governments of every single nations have enforced border shutdowns, travel restrictions and quarantine in their countries which constitute the world's largest economies, sparking fears of an impending economic crisis and recession. The primary object of present study is to understand and elucidate the outcome of Covid-19 on the tourism industries. Due to Covid 19 huge number of cancellation of travel plans by both foreign and local tourists, there has been a drop in both inbound and outbound tourism of about 67% and 52% respectively since January to February as compared to the similar dated previous year (Figure 2). Asia Pacific inbound arrivals are expected to decline 42% in 2020, with a loss of 148 million visitors compared to 2019. Domestic city visitor arrivals are forecast to decline 28% in 2020, a loss of 331 million visitors. On average, domestic tourism accounts for almost 80% of entire visitor arrivals to cities in Asia Pacific, which will help facilitate the recovery of city tourism as restrictions are likely to be lifted for domestic travel earlier than for international travel. Not only in Asia, the European Union (EU) has acted quickly to help the sector, for instance, by offering financial support to businesses, among them numerous small and medium sized enterprises. Considering the evolving nature of the situation, it is too early to estimate the full impact of Covid-19 on global tourism.

### **OBJECTIVES OF THE STUDY**

The Indian and world tourism industry is seen to be entering into a great crisis which is also establishing a stock market crash in all the segments. India's and world's tourism industry is most affected as the visitors are not allowed to visit any county. The hotels, airlines as well as the cruise operations were stationary. This is leading to the development of impact on the India's GDP as the virus was not stopped from spreading. The Covid-19 is raising a global health alarm which is establishing the healthcare instability as well as impacting the economic breakdown of the activities. The objective of this work is to measure the impact of the occurrence of corona virus on the tourism industry in India and globally.

## **II. MATERIALS AND METHOD**

This research work has adopted a secondary research methodology and thus the steps to perform secondary research have been strictly followed. The first step of secondary research is to develop a research question on which the investigation study will be developed. Here, the research question is - "what are the effects of emerging corona virus in the tourism industry in India and Globe". The second step of this research methodology is to detect the secondary data set. Subsequently, the 3rd step is evaluation of the secondary data set and the 4th step is to prepare and evaluate the secondary data to conclude. For conducting secondary research mainly the researchers perform literature reviews which include textbook reviews, encyclopedia, and journal article reviews. Besides this, news articles and web pages are also considered for the secondary data for the research study. For the undertaken research on the impact of the corona virus on the Indian tourism industry various published academic journals, government documents, historical records as well as statistical databases are reviewed that support in gathering the required data for the study.

## **HOSPITALITY, TOURISM AND AVIATION**

The hospitality and travel industry have possibly been most hard-hit, with hourly workers facing impending 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 income 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 has 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%. Inclusive, the Covid-19 crises has led to international distortions for the hospitality industry and significant slumps for the European hotel.

### **1. The EU tourism industry**

The EU tourism industry, which employs nearly 13 million individuals, is projected to be losing around €1 billion in revenue each month as a result of the outbreak of Covid-19. In several otherwise popular tourist destinations, hotels have been deserted and restaurants, bars, tourist attractions, theme parks and museums shut. Trade fairs, congresses and cultural events have been cancelled or postponed. Sporting events, such as the Euro 2020 football championship and the Olympic Games, have been postponed until 2021. Ski resorts have ended the winter season early. Major cruise companies have halted operations; cruise ships have been stranded at sea, as more and more ports have temporarily refused them entry. Many countries have reintroduced border controls or banned certain travellers from entering their territory, leaving them struggling to return home. The situation is particularly difficult in several EU countries that are key tourist destinations, such as Italy (Figure 3), Spain and France. According to estimates by the Italian Tourism Federation, Assoturismo, Italy stands to lose around 60 % of its tourists this year.

### **2. United Nations**

As per the World Tourism Organization (UNWTO), millions of jobs in the global tourism industry could be lost due to the Covid-19 pandemic, which has impacted travel like no other event in history and caused 96 per cent of all worldwide destinations to introduce restrictions in response to the outbreak. Over recent years, as the United Nations specialized agency for tourism, UNWTO has been regularly monitoring travel facilitation and observing a continuous trend towards more openness. "According to some researches for the new report, as of April 6, 96% of all worldwide destinations has introduced travel restrictions in response to the pandemic. Around 90 destinations have completely or partially closed their borders to tourists, while a further 44 are closed to certain tourists depending on country of origin," it said.

### **3. Asia**

Vietnam received approximately 1.45 million Chinese visitors in the first quarter of 2019, dropping by 644,000 in January of 2020. It is estimated that Vietnam's tourist sector will suffer a \$5 billion loss should the Covid-19 pandemic extend into the second quarter of 2020. Moreover, the Philippines are projecting a 0.3-0.7% slowdown in the country's full year GDP. HVS India and South Asia, a global consulting firm for hospitality, has released a report, Covid-19: Impact on the Indian Hotels Sector, that takes account of how the virus has affected the travel and tourism industry, and what can be done to restore it. IBEF has predicted new form of tourism in 2020 with few special add-on concepts but due to Covid-19 all is messed up. Figure 3 is showing some Advancement in Tourism.

Currently, inbound tourism has come to a halt with India under lockdown, the imposition of Section 144, suspension of visas and global advisories against travel. As of now, there are barely any bookings being made for the future, and the current ones all stand cancelled. In this scenario, the report alludes; there is limited scope for quick revival, but for a slow and steady growth instead. There is little chance of an influx of foreign tourists, and most bookings for October- March—done in the summer—have dwindled. With deteriorating numbers since February, the report predicts that the latter half of 2020 will be the worst hit. The key to reviving such a market after the virus is contained; of course it would be an increase in domestic travel. Airlines and hotels, with aid from the government, will have to come up with quick and efficient strategies to deliver quality to their returning customers. Figure is 4 showing share of India in World and Asian Tourist industries for last 5 years and Figure 5 is showing Tourist visited India's airports for last year's 2019.

## **AVIATION**

Aviation is amongst the worst affected sector amidst the Covid-19 crisis that has taken the scale of a Pandemic. According to the International Air Transport Association, airlines globally can lose in passenger revenues of up to US\$ 113 billion due to this crisis. Airfares have also come under pressure due to nearly 30% drop in booking. Domestic traffic growth is also gradually being affected with domestic travellers postponing or cancelling their travel plans. Some companies have reported more than 30% drop in domestic travel

On this summer 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. According to the data available with the Ministry of Civil Aviation, nearly 585 international flights have been cancelled to-and-from India between February 1 and March 6 because of the outbreak of corona virus. Cash reserves of airline companies are running low and many are almost at the brink of bankruptcy. Moreover, the crisis could lead to loss of many jobs. Already, some airlines have asked many of their staff/ employees to go on leave without pay. The airline industry needs an urgent bailout from the Government. Figure 6 showing loss of Tourists in India in 2020 compared to last 5 years.

### **Impact of Corona virus Pandemic on Tourism & Hospitality Sector in India**

1. As per the report travel and tourism alone account for 9.2% of India's GDP (in 2018). The tourism division produced 26.7 million employments in year of 2018. The cascading effect of the coronavirus has been found to cripple the Indian tourism and hospitality industry at a surprising pace. According to Ministry of Civil Aviation, India is witnessing a 25% to 30% drop in inbound international visitors to the country in the backdrop of novel coronavirus suspicions.
2. The newly published figures by Ministry of Tourism, Government of India has also corroborated the similar concern as the Foreign Tourist Arrivals (FTA) has been found to be downcast by about 67% yearly in the January to March quarter, while local tourists notched a much lower figure by about 40%. FTA in February, 2020 has dropped by 9.3% month-on month and 7% 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 situation is getting uglier as India has announced suspension of all tourist visas till April 15 in a bid to contain the spread of the virus.
3. The Covid-19 outbreaks has also started showing its impact on the domestic tourism sector and summer bookings to leisure destinations like Rajasthan and the hills. Summer travel is the peak travel period in India. Considering that most domestic travellers book their flight tickets 2-3 weeks before the travel date, the travel companies saw a more than 30% drop in domestic travel this summer compared with last year. Maximum impacted summer destinations are Leh, Guwahati, Coimbatore, Srinagar and Amritsar where more than 40% drop has been recorded. This is after airline fare drop by 20% for domestic routes.
4. There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements were only travelling. 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). If the scenario fails to change by May, which is when domestic travel is at its peak because of the summer vacations, employment may then become a concern
5. Due to Corona virus outbreak, the industry has seen a flurry of international and domestic cancellations. There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements are only travelling. The corona virus scare has abruptly cut short the charter tourism season in Goa midway with visas for international travellers getting suspended from March 13 midnight onwards. Now, empty charters will arrive to take back the tourists to their destinations in the days to come. During the last tourist season, 250 chartered flights had arrived from different countries, including Russia and the UK. The collapse of travel firm Thomas Cook in the UK last year had severely affected chartered flights to Goa.
6. 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.

### **Short-Term Measure**

The short-term measures chart out immediate actions required to be taken to pull out the sector from financial quicksand. To some extent, these measures are meant to rescue the sector from bankruptcy and used primarily for the purpose of initial damage control

Maximum 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.

1. 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.
2. 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.
3. 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
4. Amid growing signs of trouble, ICC solicits RBI to take steps to ease the working capital crunch faced by the tourism industry in the wake of corona virus outbreak. In this regard, ICC suggests the apex bank to facilitate faster clearance of banking credit related to Travel & Hospitality sector. TFCI also has a special role to play in this regard.
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. We will also urge the Ministry to provide funds from the MGNREGA scheme to support the salaries of employees in the industry.

### **LONG TERM MEASURES**

Long term measures are something which heal the sector from within and build an inherent resilience to combat any future crisis of this sort and build the ability to recover in shortest possible time.

1. After the impacts of Corona virus pandemic subside, the primary aim of all the stakeholders of the country would be to bring back the confidence of the tourists to visit India. In fact, in the long run, the country will have a competitive edge in this respect, since it has been least affected by the pandemic compared to other countries afflicted by Corona virus. The Government and private stakeholders should very subtly publicize this newly acquired credibility for promoting our tourism sector. Government should allocate sufficient funds for organising Road shows and other promotional activities in prospective markets.
2. Government of India should tie up with 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 his/her country to get visa. This Certificate needs to be made mandatory to block any cross-border transfer of infectious diseases, like Coronavirus. Tourists visiting foreign countries will have to produce the 'Fitness Certificate' at the time of immigration formalities
3. The Government should focus highly on all type of safety and security measures for the tourists visiting various places of the country. Since global tourism fraternity will take some time to get settled after the aftermath of this pandemic, the sector per se should now focus more on domestic travellers. People would now feel more comfortable to travel within the country rather than going abroad. Alternative tourist spots should be developed and marketed properly within the country.
4. Since East and North Eastern States are comparatively in better position in terms of spread of Corona virus, both Central and State Government of this region should emphasize on promoting and developing tourism attractions of this region. There are lot of unexplored tourism options in North Eastern States. North Bengal is also having huge tourism potentials. Government should chalk out special plans to promote tourism in these areas

### III. CONCLUSION AND DISCUSSION

With fears of a new recession and financial collapse, times like these call for resilient and strong leadership in healthcare, business, government and wider society. This research paper has examined the greater impact that is being created by the virus on tourism. Instant relief measures need to be implemented and adjusted for those that may fall through the cracks. Intermediate and longer term planning is needed for how the economy is rebalanced and re-energised following this crisis. A broad socioeconomic development plan including sector by sector plans and an ecosystem that encourages entrepreneurship so that those with robust and sustainable business models can be allowed to flourish. It is prudent that governments and financial institutions constantly re-assess and reevaluate the state of play and ensure that the 'whatever it takes' promise is truly delivered.

This research work has also showcased the ultimate damage it created on the economy of the country and the globe too at the same time. It is being thought that the impact will continue for some more time and that is of much more concern in recent times. The travelling agencies are seen to be impacted by Covid-19 as the lockdown situation is established by the governments for prohibiting the spread of Covid-19. The Corona virus as also enabled the tourism industry to face the huge threat as well as the economic slowdown is seen. Due to this reason it is seen to be establishing an impact on the tourism industry. Though the measurements were undertaken, but they are seen to be not fruitful for prohibiting the spreading of corona virus. The impact is also seen on the sales as well as the current achievements. Different foreigners are still in the stuck down position as of Covid-19. Due to this reason, the group of hotels and the other tourism activities are not gaining the opportunity to fully stop the services. Due to this reason, there lies a chance of spreading of virus more and more across the world.

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