



## Can Indian tourism industry sustain the COVID-19 Crisis?

Aparna Saraf

Associate Professor & Head, Department of Commerce & Mgt. Science, Maulana Azad College of Arts, Science & Commerce, Dr. Rafiq Zakaria Campus-I, Aurangabad, M.S, India

### Abstract

The global outbreak of COVID-19 has brought the world to a standstill. Almost every sector is badly hit by this pandemic. The tourism industry is one of the major sectors that has been the worst affected. The latest data from the World Tourism Organization (UNWTO) indicates that COVID-19 pandemic has caused a 22% fall in international tourist arrivals during the first quarter of 2020. It also states that the global tourism industry has had 67 million fewer international tourists up to March which means a loss of US\$80 billion in exports. At present it is difficult to predict if these huge figures of loss are the peak level of losses or just the tip of the iceberg.

The Indian tourism industry too has grown in leaps and bounds since independence. In 2018, travel & tourism contributed 9.2% in India's GDP and generated 26.7 million jobs in that year. This industry not only employs workers in cities but also provides an earning base for the rural population. The tourism sector accounts for 12.75% of employment in India. Over 87 million people were employed in the travel sector in 2018-19 in India, according to the Ministry of Tourism (MOT) annual report for 2019-20. However, the COVID-19 pandemic has had a cataclysmic impact on the Indian tourism industry, affecting both the footprints and monetary receipts. Almost two months post the lock-down, the industry is hovered with the threat of unemployment. stares at the threat of unemployment hovering.

The tourism industry has supported millions of livelihoods by offering variety of employment opportunities. It needs to be noted that Small and medium sized enterprises make up around 80% of the tourism sector (data released by World Tourism Organisation). This segment of the tourism industry is expected to be particularly impacted by COVID-19 pandemic.

Over the years, the sector has consistently proven its resilience and its ability not only to bounce back as a sector but to lead the wider economic and social recovery. The tourism industry has faced such crises even in the past. May it be the SARS (2003), economic crisis of 2009, the industry did overcome the tides of depression. However this is by far the worst crisis that international tourism has faced since records began (1950).

This paper attempts to understand the deepening impact of COVID-19 pandemic on Indian tourism and come up with viable solutions for making the dream of Travel Tomorrow a reality. Based on it's unique economic nature and social acceptance by large, tourism industry is expected to jump back to it's original shape and size. It's just to see the time that it will need for doing so.

**Keywords:** COVID-19, Tourism, international, tourist

### 1. Introduction

The global outbreak of COVID-19 has brought the world to a standstill. Almost every sector is badly hit by this pandemic. The tourism industry is one of the major sectors that has been the worst affected. The latest data from the World Tourism Organization (UNWTO) indicates that COVID-19 pandemic has caused a 22% fall in international tourist arrivals during the first quarter of 2020. It also states that the global tourism industry has had 67 million fewer international tourists up to March which means a loss of US\$80 billion in exports. At present it is difficult to predict if these huge figures of loss are the peak level of losses or just the tip of the iceberg.

The Indian tourism industry too has grown in leaps and bounds since independence. In 2018, travel & tourism contributed 9.2% in India's GDP and generated 26.7 million jobs in that year. The tourism sector accounts for 12.75% of employment in India. Over 87 million people were employed in the travel sector in 2018-19 in India, according to the Ministry of Tourism (MOT) annual report for 2019-20. However, the COVID-19 pandemic has had a cataclysmic impact on the Indian tourism industry, affecting

both the footprints and monetary receipts. Almost two months post the lock-down, the industry has the threat of unemployment hovering over it.

### 2. Pre-COVID Scenario

The global tourism industry has grown as the key growth driver of world economy. The travel & tourism industry have been the best partners for governments to generate employment. UNWTO World Tourism Barometer, 2019 brought to light the fact that 2019 was the tenth consecutive year of growth in international tourists arrival. Further the annual research conducted by WTTC's in association with Oxford Economics highlights that the Travel & Tourism sector had 3.5% growth in 2019, outpacing the global economy growth of 2.5% for the ninth consecutive year. This clearly indicates the extravagant growth of tourism sector over and above the global economic growth rate.

The tourism industry also holds to it's credit huge employment opportunities. Over the past five years, one in four new jobs were created by the sector. As per the report generated by World Travel & Tourism Council for the year

2019 the tourism sector contributed almost 10.3% of global GDP. During 2019, 330 million jobs were created by the tourism sector. Almost 1 in 10 jobs around the world was offered by the tourism sector.

The Indian tourism industry has been a vibrant segment of our economy. In recent years the tourism industry is augmented with varied dimensions as in religious tourism, medical tourism, spiritual tourism. In 2018, travel & tourism contributed 9.2% in India's GDP and generated 26.7 million jobs in that year. This industry not only employs workers in cities but also provides an earning base for the rural population. The tourism sector accounts for 12.75% of employment in India, 5.56% of it is direct and 7.19% is indirect. Over 87 million people were employed in the travel

sector in 2018-19 in India, according to the Ministry of Tourism (MOT) annual report for 2019-20. It is estimated that in India, branded and organised hotels annual revenue is ₹38,000 crore (\$5 billion). The restaurant industry in India, has an annual turnover of approx ₹4 lakh crore (\$53 billion). This industry provides direct employment to more than 7 million people. India's air transport industry employs over 400,000 people directly and 940,000 are employed in related supply chains. Such huge has been the size of tourism industry.

The tourism industry can be studied in two categories viz. the Foreign tourists and the domestic travellers. The trend in foreign tourists worldwide as well as in India can be understood from the table given below:

**Table 1: International Tourist Arrivals in World & India, 2000-2018**

Year	World		India		Percentage Share of India	Rank of India
	Number (in million)	% Change	Number (in million)	% Change		
2000	683.3	7.8	2.65	6.7	0.39	50 <sup>th</sup>
2001	683.4	0.0	2.54	-4.2	0.37	51 <sup>st</sup>
2002	703.2	2.9	2.38	-6.3	0.34	54 <sup>th</sup>
2003	691.0	-1.7	2.73	14.7	0.40	51 <sup>st</sup>
2004	762.0	10.3	3.46	26.7	0.45	44 <sup>th</sup>
2005	803.4	5.4	3.92	13.3	0.49	43 <sup>rd</sup>
2006	846.6	5.3	4.45	13.5	0.53	44 <sup>th</sup>
2007	894.0	5.7	5.08	14.2	0.57	41 <sup>st</sup>
2008	917.0	2.6	5.28	3.9	0.58	41 <sup>st</sup>
2009	883.0	-3.7	5.17	-2.1	0.59	41 <sup>st</sup>
2010	948.0	7.4	5.78	11.8	0.61	42 <sup>nd</sup>
2011	994.0	4.9	6.31	9.2	0.63	38 <sup>th</sup>
2012	1039.0	4.5	6.58	4.3	0.63	41 <sup>st</sup>
2013	1087.0	4.6	6.97	5.9	0.64	41 <sup>st</sup>
2014	1137.0	4.6	13.11	\$	1.15	24 <sup>th</sup>
2015	1196.0	5.2	13.76	5.0	1.15	24 <sup>th</sup>
2016	1241.0	3.8	15.03	9.2	1.21	26 <sup>th</sup>
2017	1329.0	7.1	16.81	11.8	1.26	22 <sup>nd</sup>
2018	1401.0	5.4	17.42	3.6	1.24	22 <sup>nd</sup>

**Source:** UN World Tourism Organisation & Bureau of Immigration, India

From the figures given in table above it can be understood that the world tourism industry has witnessed a steep rise in international tourist arrivals from approx. 683 mn. in 2000 To 1401 mn. in 2018. The Indian Tourism industry has witnessed a rise in FTAs from 2.65 mn in year 2000 to 17.42 mn. In 2018 which is more than 500% change. The table also highlights the change in FTAs post global economic crisis of 2007-08. It is found that the FTAs in India saw a decline in 2009 by 2.1%. Further it can be

observed that for the year 2018 the FTAs in India increased by only 3.6% as against a rise of 11.8% for the preceding year 2017. This can be due to the initiation of effects of another global recession. It can be gathered from the table above that in the world ranking India jumped from 50<sup>th</sup> position in year 2000 to 22<sup>nd</sup> position in 2018.

The table no.2 given below summarizes the international tourism receipts and India's share during the period 2000-2018.

**Table 2: International Tourism Receipts and India's Share and Rank, (2000-2018)**

Year	World Tourism Receipts				Percentage Share of India in world	India's Rank in world
	Receipts (US\$ billion)	Growth Rate	FEE in India (US\$ billion)	Growth Rate		
2000	475.3	3.7	3.46	15.0	0.73	36 <sup>th</sup>
2001	463.8	-2.4	3.20	-7.6	0.69	36 <sup>th</sup>
2002	481.9	3.9	3.10	-3.0	0.64	37 <sup>th</sup>
2003	529.3	9.8	4.46	43.8	0.84	37 <sup>th</sup>
2004	633.2	19.6	6.17	38.2	0.97	26 <sup>th</sup>
2005	679.6	7.3	7.49	21.4	1.10	22 <sup>nd</sup>
2006	744.0	9.5	8.63	15.2	1.16	22 <sup>nd</sup>
2007	857.0	15.2	10.73	24.3	1.25	22 <sup>nd</sup>
2008	939.0	9.6	11.83	10.3	1.26	22 <sup>nd</sup>
2009	853.0	-9.2	11.14	-5.8	1.31	20 <sup>th</sup>
2010	931.0	9.1	14.49	30.1	1.56	17 <sup>th</sup>
2011	1042.0	11.9	17.70	22.2	1.70	18 <sup>th</sup>

2012	1117.0	7.2	17.97	1.5	1.61	16 <sup>th</sup>
2013	1198.0	7.3	18.39	2.4	1.54	16 <sup>th</sup>
2014	1252.0	4.5	19.70	7.1	1.57	15 <sup>th</sup>
2015	1222.0	-2.5	21.01	6.7	1.72	15 <sup>th</sup>
2016	1247.0	2.0	22.92	9.1	1.84	13 <sup>th</sup>
2017	1344.0	7.2	27.31	19.1	2.03	13 <sup>th</sup>
2018	1448.0	7.2	28.58	4.7	1.97	13 <sup>th</sup>

Source: UN World Tourism Organisation & Bureau of Immigration, India

The figures given above indicate that at global level the international tourism receipts have been rising steadily year on year except for 2001, 2009 and 2015 where a decline was recorded. In case of Indian tourism, the receipts rose steadily except for year 2001 and 2009 where decline was recorded. Further it can be observed that in year 2000 India ranked at 36<sup>th</sup> position in the world which it could improve by reaching 13<sup>th</sup> position in year 2016 and maintaining through to 2018.

As per the Annual report of Ministry of Tourism (2019-20) the Foreign Exchange Earnings (FEEs) during the period Jan 2019 – Dec 2019 were Rs.2,10,981 crores (Provisional estimates) with a growth of 8.3% over same period of previous year. The Foreign Tourist Arrivals (FTAs) during 2019 were 10.89 million (Provisional) with a growth of 3.2% over same period of the previous year. During 2019, a total of 2.93 million foreign tourists arrived on e-Tourist Visa registering a growth of 23.6%.

As per the report of 3rd Tourism Satellite Account for India (TSAI) prepared in 2018 for the reference year 2015-16(using new base year, 2011-12 figures of CSO) and subsequent estimation using them for the years, viz 2013-14 and 2014-15, the estimates of contribution of tourism to GDP is as given below:

Table 3: Contribution of Tourism in GDP of India (2013-2017)

Particulars	2013-14	2014-15	2015-16	2016-17
Share in GDP (in %)	5.68	5.81	5.10	5.06
Direct (in %)	3.06	3.14	2.65	2.63
Indirect (in %)	2.62	2.67	2.45	2.43

Source: Annual Report (2019-20), MOT

TSA also provides the direct and indirect contribution of tourism in the employment of the country. According to 3rd TSA, the estimates of employment generated in the economy due to tourism during the year 2013- 14, 2014-15, 2015-16,2016-17 and 2017-18 is provided in the following table:

Table 4: Contribution of Tourism in Employment generation in India (2013-2019)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Share in Employment (in%)	11.37	12.25	12.38	12.2	12.13	12.75
Direct (in %)	4.96	5.34	5.4	5.32	5.29	5.56
Indirect (in %)	6.41	6.91	6.98	6.88	6.84	7.19
Employment (million)	67.21	69.75	72.26	75.34	80.63	87.50

Source: Annual Report (2019-20), MOT

Thus, it can be very well understood from the above given data figures that the tourism industry has emerged as one of the major fuel engines of Indian economy as well as employment market. In view of the pace of growth of the industry it was expected that the same trend would be followed for year 2020 as well. However, the year 2020

dawned with something unusual in store not just for India but for entire world. Starting from Wuhan in China, the COVID-19 spread it's wings across the globe. In matter of a couple of months the virus got the world economies on the threshold of collapse. Hence it becomes more relevant to understand the seismic impact of COVID-19 on the tourism industry which was on a growth ride since a decade.

### 3. COVID-19 & Tourism Industry

According to the executive summary published by UNWTO in May 2020, COVID-19 has had an unprecedented blow to the tourism sector. The COVID-19 pandemic has drastically brought down the international tourist arrivals in the first quarter of 2020 to a fraction of what they were a year ago. The available statistics points to a double-digit decrease of 22% in Q1 2020, with arrivals in March down by 57%. This indicates a loss of 67 million international arrivals and about USD 80 billion in receipts. Further, the current scenarios point to declines of 58% to 78% in international tourist arrivals for the year, depending on the extent of uncertainties in recovery of the sector.

The WTTC (World Travel and Tourism Council) predicts potential jobs impact of COVID-19 to the global Travel & Tourism Sector. The council predicts a startling impact on employment opportunities delivered by this sector. A deep effect will be felt on both white and blue-collar jobs and up to 50 million jobs are at risk globally, representing a reduction in jobs of 12 to 14per cent.

The Indian tourism industry too is hit hard with the COVID-19 pandemic. The immediate impact is witnessed in all branches of tourism- inbound, outbound and domestic. A steep decline is expected across all verticals- leisure, adventure, heritage, MICE (Meetings, Incentives, Conferences & Exhibitions), cruise and corporate. According to Hazra G. 'Tourism is very sensitive to economic, environmental, and socio-political events affecting tourists' willingness to travel. In the absence of insurance cover and social security, the poor can be particularly vulnerable to sudden downswings in demand. However, tourism demand often bounces back quickly when circumstances change.' This clearly indicates the challenge for sustenance that could be faced by the tourism industry in the wake of this pandemic.

The impact on the inbound and outbound passengers is expected to be most severe in the next couple of quarters. India's total foreign tourist arrivals (FTA) stood at 10.9 million and the foreign exchange earnings (FEE) stood at Rs 210,971 crore during 2019, with Maharashtra, Tamil Nadu, Uttar Pradesh and Delhi accounting for about 60 per cent of foreign tourist arrivals (FTAs) (MOT). However, now with travel restrictions in India for over 80 countries and most of the flights of major airlines being suspended, along with the lockdown till March 31, 2020, the Indian domestic as well as foreign travel and tourism industry is expected to witness a sharp negative impact in 2020.

A study by CARE Ratings estimates a 40% decline in revenue over year 2019. The report assumes the impact of the pandemic on tourism at about 50 per cent during January and February 2020, while it may be higher at 70 per cent in March alone, following the suspension of international flights. The report also states that during April-June, the Indian tourism industry is expected to book a revenue loss of Rs 69,400 crore, denoting a year-on-year (y-o-y) loss of 30 per cent.

#### 4. Green Shoots of Recovery

The pandemic has devastated the tourism industry across the globe. The unprecedented fall in the receipts of the Indian tourism sector calls for support from the government. It was expected to have a financial stimulus from the Indian government. However, the tourism industry had a setback as it did not receive any promising stimulus from the ministry of finance, Government of India. In wake of this all, it is necessary that the tourism sector recuperates on its own. Though there cannot be a common solution for all, it becomes necessary to understand the changes in tourism preferences. Following are suggestions for recovery of the Indian tourism sector:

- Re-building confidence & faith among the tourists both domestic and foreign. Infact trust is the new currency in the world of tourism.
- Safety & Hygiene need to be made the top priority by the service providers in travel industry.
- Strengthening of domestic tourism is the need of the hour. This can be done by developing, promoting and marketing local tourism places at large.
- Promote social distancing by providing customized experiences to the tourists and travelers.
- Agro-tourism can be looked upon as the new mantra for the sustainability of tourism in India.
- Cultural tourism should be promoted by advertising and marketing the local fests, cultures and celebrations. Designing tourism experiences around such celebrations.
- Responsible tourism is also the need of the hour. The tourists should be assured about the fair practices adopted by the agencies.
- A Sustainability Fund need be constituted by Ministry of Tourism in collaboration with registered tour and travel operators, hoteliers and all stakeholders of this industry to mitigate the effects of any such disasters occurring in future.
- Giving away with competition, the stakeholders must Co-operate & Collaborate with each other to make Travel Tomorrow a possible reality.

#### 5. Equipping India

The Indian Tourism industry can come out of the shackles of COVID-19 pandemic and recover in a phased manner provided it is duly equipped with the following:

- Domestic tourism can grow only with effective development of physical infrastructure of the nation. Developing strong connectivity networks among remote locations can help in building tourism spots in India.
- Digitalisation of various processes is inevitable in the post-pandemic era. This calls for re-skilling of existing workforce to fit into the requirements.
- Educational institutions need to adapt to these changes

and provide for required skills among the students.

- Adopt environment friendly practices to save and protect the natural beauty across the nation.
- Standard Operating Procedures (SOPs) need be designed by apex bodies in tourism sector based on guidelines issued by UNWTO.
- Additionally, sanitization, fumigation should be a regular feature for tourist places and allied segments.

#### 6. Conclusion

The Indian tourism industry though is worst hit by the pandemic has got a pool of opportunities lying ahead. Indian tourism may witness change in its course, size and nature. It needs to be embraced with optimism. Alternatives should be traced and a lot of experimenting can be done in tourism. Trust and Faith are the new normal of tourism in the post-COVID era. Anything and everything should be done to build this trust and faith within the tourists and travellers. This can bring back the lost glory of the tourism industry in India. Nevertheless, the government, apex institutions and associations of tourism industry and all stakeholders need to join hands together to make India most reliable tourist destination for both Indian and foreign tourists.

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