

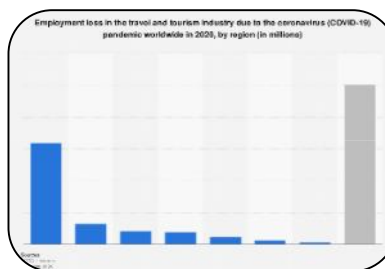


IMPACT OF COVID-19 ON TOURISM SECTOR IN INDIA

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ABSTRACT

The recent coronavirus (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 (WHO, 2020). The severity of the pandemic may be assessed based on the figures of the past epidemics such as SARS, Spanish Flu, etc. Tourism and hospitality businesses are profoundly affected by COVID-19 that has been declared as pandemic on 12th March 2020 (WHO, 2020). Due to the COVID-19 pandemic, the travel and tourism industry's employment loss is predicted to be 100.08 Million worldwide. The pandemic has not only affected economically but as well as politically and socially. As the number of infected cases rising throughout the nation, and with the implementation of certain measures and campaigns like social distancing, community lockdowns, work from home, stay at home, self- or mandatory-quarantine, curbs on crowding, etc., pressure is created for halting the tourism industry/business. This change in the current system has led to the beginning of the recession and depression, seeking a transformational change in society. This paper focuses on the impact of Covid-19 on tourism industry in India.



KEYWORDS: Covid-19, Foreign Tourist Arrival (FTA), GDP, GST, Tourism Industry.

INTRODUCTION

The most dynamic sector is the tourism industry that benefits many other sectors like lodging, catering, transportation, retail, entertainment, etc. contributing to economic growth and recovery globally. It has been reported that tourism growth has outperformed the world GDP growth record from the past consecutively from the year 2011–2017 (WTTC, 2018). Furthermore, it has been estimated that there is a drop of international tourists of about 78%, causing a loss in export revenue of US\$ 1.2 trillion and representing the largest decline in the tourism job cuts, which is about seven times the impact of the 9/11 incident (UNWTO, 2020). Additionally, the drop in the tourists' demand has led to severe financial problems.

India is one of the developing nations known for its uniqueness in its tradition, culture and unparalleled hospitality. It is a major destination for many international tourists, creating several employment opportunities and generating enormous taxes. Typology of the Indian tourism industry are as follows:

The tourism industry is has emerged as one of the fastest-growing industries in the world and economically important for rapid growth for India. There are various types of tourism branches in Incredible India, The Ministry of Tourism has identified 10 niche products for development, promotion, to attract tourists with specific interest and India as a 365 Days tourist destination.

1. Cruise Tourism

Cruises are one of the most dynamic and fastest-growing components of the leisure industry in India. Cruises tourism is the new marketable product for India to explore the beautiful coastline, undisturbed idyllic islands, and virgin forests.

The coastline and inland waterways of India has the potential to develop cruise or boathouse tourism. The 8 tourist Cruise circuits in India will include Ocean Cruise, River Cruise, and Lake Cruise.

2. Adventure Tourism

Adventure tourism includes mountaineering, trekking, hand gliding, paragliding, bungee jumping, and white water river rafting. The Ministry of Tourism has identified a list of places in India for thrilling and extreme adventure sports, mostly in Gulmarg, Jammu & Kashmir, Rishikesh Uttarakhand, Goa, and Maharashtra.

3. Medical Tourism

Medical Tourism or medical travel is used for the procedures of complex specialized surgeries of the human parts such as joint replacement cardiac surgery, dental surgery, and cosmetic surgeries.

4. Wellness Tourism

Wellness Tourism includes travel for a less stressful lifestyle, promoting a healthier, and finding balance in one's life. Ayurveda, Yoga, meditation, Panchakarma, Rejuvenation Therapy are among the most ancient systems of medical treatment in India and the best way to promote Wellness Tourism.

5. Golf Tourism

India has several golf courses of international standards and as the sports tourism in India is gaining interest, Ministry of Tourism is creating a comprehensive and coordinated framework for promoting golf tourism in India.

6. Polo Tourism

The game of Polo is originated in India and still preserved and practiced in Kolkata Polo Club, the oldest Polo club in the world. Polo can be listed as Heritage Sports of India.

7. Eco-Tourism

Eco-Tourism also is known as ecological tourism is responsible for travel to fragile, pristine and usually protected areas. It will include regulated tourism in protected areas of the country.

8. Film Tourism

In an endeavor to establish India as a filming destination, the Ministry of Tourism will promote the Cinema of India as a sub-brand of Incredible India. International Film Festivals like IFFI Goa, European Film Market, Cannes Film festival will be held in India in the future.

9. Sustainable Tourism

Sustainable Tourism includes approval and classification of hotels to the expected standards for different classes of tourists. This system will rate hotels from one star to five star and Heritage and Classic etc.

10. Meetings Incentives Conferences Exhibitions (MICE)

Conventions and Conferences are segments of the tourism industry. In order to promote India more effectively as a convention destination for the travel industry, the Ministry of Tourism set up the India Convention Promotion Bureau.

Intermittent closed borders owing to lockdowns across nations is here to stay for quite some time, thus bringing overseas travels to a standstill for at least some more months. Thus, domestic travel

is the more logical arena to focus on now. A significant decrease in business travels, which is being replaced by increasing number of Zoom or Microsoft Team meetings. Group travels and leisure travels have almost stopped owing to the fear of being infected and spreading the infection, especially affecting the very young (school field trips), and the older travellers' group travels.

The hospitality industry, like every other sector in the Indian economy, was liable to pay multiple taxes (VAT, luxury tax, and service tax) under the previous VAT regime. A hotel where the room tariff exceeded Rs.1,000, was liable for service tax at 15%.

An abatement of 40% was allowed on the tariff value, thus bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between 12% to 14.5%) and luxury tax, would apply on top of this.

However, for restaurants, there was 60% abatement which meant that the service tax was charged at an effective rate of 6% on the F&B bills, apart from VAT (12% to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), were taxed with an abatement of 30%.

The cascading effect of the VAT regime where the end consumer paid a tax on tax, increased the end cost. Hoteliers and hospitality businesses did not get any input tax credit on the taxes they paid, as central taxes like service tax, could not be set off against state taxes (VAT) and vice-versa.

Post-Lockdown Tourism

The COVID 19 pandemic has changed the way we live. Now that the restrictions at the state border have been elevated tourism may witness some growth. Many companies have allowed their staff to work from home, others are providing a change of place in the form of working from homestays. Many big tourism and hospitality brands such as Airbnb, OYO, Vista are jumping in with the promise of homestays as an alternative universe during the pandemic. As the homestays are becoming popular workstations during the pandemic, the usual guidelines including strict sanitization and face cover are being followed for homestays as well. The hotels are also making sure that the safety of the guests is certain. At almost every hotel measure such as sanitizations, use of personal protective equipment by the staff in both F&B and housekeeping department. Social distancing has become a new normal for the present generation. The restaurants are also making sure of the safety measures such as keyless entry, online check-in, and check-out, contact-less valet for parking to ensure minimum contact with people from the time they visit, and till the time they leave the place. The airlines and the aviation business are also implementing safety guidelines for the traveler's safety. The airlines and aviation businesses in India are greatly advanced when it comes to infrastructural development and automation. The airports are practicing smart security resolutions, computerized traveler screening systems, automated tray retrieval systems, and RFID tagged trays at the checkpoint screening to reduce wait time for people and increased passenger experience at security checkpoints. AI technology is also increasingly coming into use to provide a connected and enhanced digital experience to air travelers. The government of India has come up with new initiatives called DigiYatra Platform which is an industry-led initiative coordinated by the Ministry of Civil Aviation and is in line with Prime Minister Narendra Modi's Digital India's vision. Digi Yatra enables passengers to process entry and exits based on facial recognition systems at various checkpoints, security check-ins, and boarding, etc. Digi Yatra will ease travel and identity checks at multiple points for air travelers. The Indian railways have done improvements like hands-free amenities, copper-coated handrails, and latch plasma air purification, and titanium dioxide coating for minimizing containment.

Revival Strategies

While discussing the revival strategies that can be adopted by the hoteliers, Sumeet Mehta (hotel valuations and finance specialist and the CEO of Paradigm Advisors) said that "Hospitality and Leisure Sector have faced the brunt of COVID-19 Lockdown with Summer Holiday Season totally washed out due to nationwide lockdown. Recovery in the sector is now visible as people have started stepping out and travelling. Hoteliers will have to focus on innovative marketing communications to created confidence in potential travellers that their properties are safe. Increased focus is required on

cleanliness and sanitisation of properties to create confidence and evince interest. Premium properties that focused largely on MICE and corporate bookings will have to shift focus on individual travellers. Hoteliers will have to come up with attractive schemes and offers to pull guests and increase occupancy levels. Increased usage of technology and reduction in human interface to ensure safety along with a unique experience will ensure domestic travellers will be enticed to travel, thereby reviving hospitality and leisure sector.”

Impact of Covid-19 on Tourism The rapid blowout of the corona virus pandemic froze domestic as well as international activities. Countries around the world continued to impose restrictions on travel as apart to hold the spread of the virus. The tourism industry around the world is getting jammed, but it is more severe in the countries which receive a large number of religious and pilgrimage tourism. India is one of them. The travel and tourism companies in India are dealing with the miserable journey of canceled bookings from travelers which have led to a "complete paralysis" in the market. The situation was worse between the period February 2020-to-late March 2020. With the impose on travel bans internationally, the airlines and railways came to a standstill as the crisis has hit its nerve centers. Indian association of tour operators has estimated that the hotel, aviation, and travel sector collectively may acquire a loss of about ₹85 billion due to the restrictions imposed on travel and tourism. However, domestic transport was started early with some regulations, the aviation sector had to wait for a long time to resume its operations. During the lockdown period, India had canceled travel to over 80 countries, due to which the international flights were being suspended. The domestic flights were operational with regulations. The Indian domestic travelers and FTAs witnessed a significant decline in 2020. India's foreign tourists (FTA) arrival stood at 10.9 million and the foreign exchange earnings stood at Rs 210,971 crore during 2019. The states which accounted for most of it were Maharashtra, Tamil Nadu, Uttar Pradesh, and Delhi for about 60% of FTAs. Along with this, the cancellation of various events, functions, and festivities caused a great job loss to many organizers and companies.

The 5 key aspects that will drive success in the years to come will be as follows:

1. Safety
2. Health
3. Hygiene
4. Quality
5. Value for money

CONCLUSION

The pandemic affects all the sectors of the economy. Tourism is worse affected because it is driven by the psychology of people who are very sensitive to safety and security aspects. It will be difficult for the travel and tourism companies to attract tourists during the pandemic as their safety is of paramount importance. Travel and tourism companies will have to recuperate the trust and confidence of people in the recovery period to travel again after the pandemic. Unlike the other sectors, the tourism sector relies heavily on trust and thus will take a longer time to return to routine in the recovery period because tourists need to ensure that the situation is safe and secure before they step out to travel again. What can help companies to regain the trust of travelers is to ensure disinfecting major tourist destinations, including hotels and restaurants, to regain people's trust that tourist destinations and accommodations are all safe from Covid-19. The future of the tourism sector will depend on how rapid virus transmission is and how it is contained.

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