

Impact of Covid-19 on Tourism and Indian Economy

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ABSTRACT: The world is now facing from the disease of coronavirus known as Covid-19. The first of those cases coronavirus was reported in the Chinese city of Wuhan in December 2019. The Covid-19 pandemic epidemic is a historically unimaginable shock to the Indian economy. When Covid-19 hit the economy was still in a parlous condition. With the extended shutdown across the country, the global economic crisis and the resulting instability of the supply and demand chains will possibly face a sustained slowdown. Covid-19 is also affecting the tourism and GDP of India. Across several countries around the world, tourism is a pillar of the economy. Tourism is a wonderful source of employment and a source of foreign exchange, and also useful in generating revenue. The situation in our world is not so special and a significant proportion of tourism adds to this nation's GDP. However, the fact that tourism is the most affected sector in the world due to coronavirus at the beginning of 2020 is a significant worry for all stakeholders connected with the tourism industry. Covid-19 is increasingly spreading through continents on an unparalleled scale and has emerged as the world's greatest single life-threatening health issue in modern times. India is the world's 7th largest country and rich with numerous tourism resources and millions of tourists arrive each year, adding to the country's GDP. This paper focuses on the Covid-19 issue in the Indian economy and its impact on the tourism and hotel industry. The need for the hour, by studying its long-term impacts at the earliest, is to take early measures to address the current slowdown in the tourism industry.

Keywords: Covid-19, Economy, Tourism, GDP, foreign exchange, employment

INTRODUCTION: -

We are in the middle of a worldwide pandemic of COVID-19 that is causing two kinds of shock on countries: a Pressure on health and economic pressure. Given the very contagious nature of the disease, the ways to cover government acts such as social exclusion enforcement, home self-isolation, closure of institutions and public

buildings, travel limits and even the lockout of the whole region. These actions could potentially have dire consequences for economies worldwide. To bring things another way, efficient disease control requires that a country's economy cease its normal operation. This has sparked concerns of a deep and serious economies crisis. On 9 April, the head of the International monetary Fund, Kristalina Georgieva, said that the worst global economic impact since the Great Depression of the 1930s could have been in 2020 with more than 170 countries likely to experience negative GDP growth per capita due to a raging coronavirus pandemic. The coronavirus pandemic has also impact on the Indian tourism sector, due to this pandemic estimating a total loss of Rs. 5 lakh crore and 4-5 crore people loss their jobs. The coronavirus pandemic represents a huge and evolving challenge to the tourism sector. The coronavirus infection represents a huge and evolving challenge to the tourism sector. The travel and tourism sector has already been affected by the economy's slowdown of 2019, coupled with macro and geopolitical challenges. A pandemic emerged no earlier than Covid-19 to shut down the entire world. As the pandemic of the Covid-19 continues to expand globally, many companies are trying to delay hiring decisions for employees in the tourism sector and in several cases place fresh recruitment at complete freezer. According to Crisis Research, is likely to result in a permanent loss of 4 per cent of gross domestic product for India. In the other words, as time goes by, while the economic activity will not recover, estimated at 4 per cent of GDP.

ABOUT COVID-19

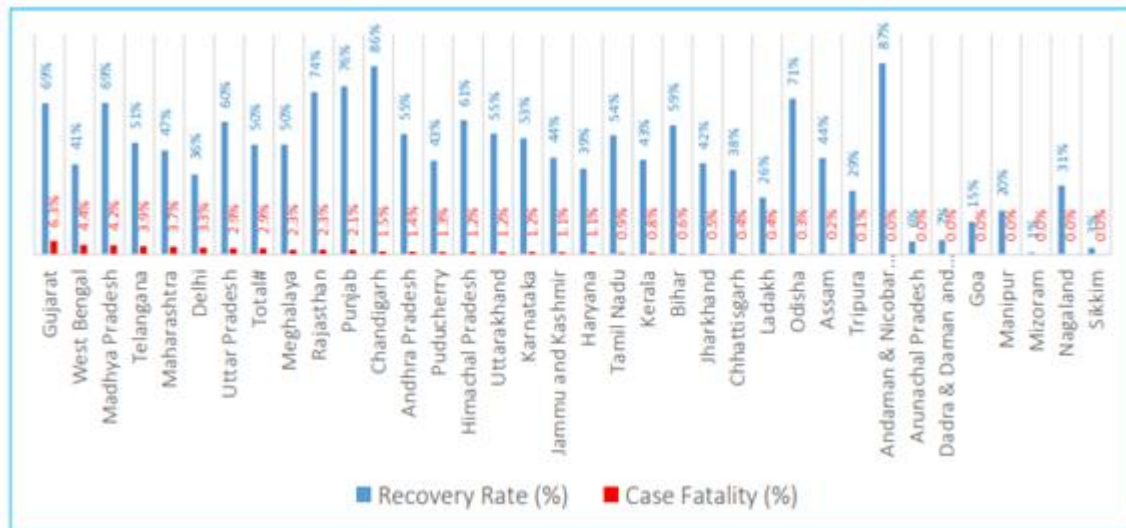
The first case of coronavirus was identified in the Chinese city of Wuhan in December 2019, which is recognized as china's main transport hub. On 11 march 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO), as the number of cases worldwide had risen 13- fold. We are in the midst of a global pandemic of Covid-19 that is inflicting two kinds of shocks on countries: a health shock and an economic shock. Given the existence of the extremely infectious epidemic, the approaches to

control the transmission include government measures such as the enforcement of social distancing, self-isolation at home, the closing of schools and public buildings, travel limits and even the quarantine of a country as a whole. Covid-19 influences the different individuals in various ways. Most people who become infected should experience mild to moderate disease and heal without hospitalization. Most common symptoms are fever, dry cough, tiredness, difficulty breathing or shortness of breath, chest pain or pressure. For average, it takes 5-6 days for someone to develop signs and become diagnosed with the infected, but it can last up to 14 days. The first case of the disease was registered by India on 30 Jan 2020. The cases have since risen slowly and sharply. At the time of writing of this paper (June 2nd week, 2020) India has recorded (3,21,646 total confirmed cases, 1,50,065 total Active cases, 1,62,345 total Recovered cases, and 9,206 total deaths). In comparison with other countries, particularly those in the developed world, which have been badly affected, such as the United States (21,15,994), Brazil (8,50,796), Russia (5,28,964), Spain (2,43,605) Italy (2,36,651) among others. Total confirmed cases globally is 7,67,887 and about 4,27,097 deaths according to WHO.

Source : MoHFW and ICMR (Updated on 14th June 2020, 08:00 AM)

INDIAN ECONOMY:

This crisis comes at a time when India's GDP growth was already slowing down, and unemployment was on the rise owing to poor economic performance over the last several years. The precarious situation the economy was in before this shock could hit will potentially aggravate the shock effect. This is particularly because the financial sector that is the economy's brain has not functioned properly and the space for macroeconomic policy to respond to such a crisis is severely limited. Previously, the Indian economy was undergoing mainly a decline in production, while interrupted. There are four networks by which the effect will be passed on to growth in production. These are: international trade triggered by global recession and degradation of global supply chains, degradation of domestic production and reduction in domestic demand. The economic shock will affect formal as well as informal industries. It may take the economy a long time to recover from this shock although the lockdown will be lifted by August 14, 2020. The recovery will depend to a large extent on the government's policy responses during the crisis period and on the Reserve Bank of India (RBI). The policy-makers have already announced an initial action round. Far more needs to be done to minimize the economic impact of the shock.



Instead, the IMF put India as the fastest growing economy in 2020 in its latest edition of the World Economy survey. In 2020, the world economy is expected to sharply contrast preprints by -3 percent, which is even greater than the 2008-09 financial crisis. In India, the effect on the economy's real or predictive sectors is worse than

that witnessed in crisis in 2008. The country now faces several challenges in terms of financial crisis, health crises, collapse in commodity prices and much more. Because of the demand-side shocks that arise due to uncertainties as well as lock-in on the market, the banking system has increased the liquidity surplus. There is a huge impact on the

financial shock that includes stock-market crash, liquidity crises as it started draining out of the global banking system market and various monetary policy changes. Owing to the massive fall in sales, dollar-denominated loans, the US dollar liquidity crunch has begun troubling the global economy. As for any of the companies that depend on foreign trading, there would be extreme pressure. Global economic production is declining and awaiting a huge recession in the economy as a whole. The global pandemic has hit the economy that questioned that target of making a USD 5-dollar trillion Indian economy by 2024 with 7 percent of GDP.

BEFORE COVID-19

Until COVID-19 For quite some time at the end of 2019 all the main economic indicators were on a downward trend. If this slide is not tested India that sooner than late fall into recession. Finance minister Nirmala Sitharaman made a dramatic remark on November 27, at Rajya Sabha. If you look at the economy from a discerning eye, you know that inflation might have plummeted but it's not even a recession, it won't ever be a recession. Two days later, the national statistical office (NSO) published estimates of GDP for Q2 FY20 indicating a sixth consecutive decrease in quarterly GDP growth from 8.1% in Q4 FY18 to 4.5% in Q2 FY20. According to pronabsen, economist and statistician who oversaw the completion of the 2011-12 GDP sequence as chairman of the National Statistical Commission (NSC), world recession initiatives in India do not have their own criteria or requirements for defining and announcing recession. The globally accepted definition of recession comes from the U.S. National Bureau of economic Research (NBER), which states that "a recession is a significant decline in economic activity spread across the economy over a period of more than a few months, normally shows in real GDP, industrial production, employment, real income, retail and wholesale sales." Now the United Kingdom and the European Union embrace the concept of: two or more successive quarters (a three-month period) of contraction in national GDP is the generally agreed concept of a recession in the UK.

DURING COVID-19

Ramkishan Rajan and Sasidaran Gopalan (2020) in their study entitled "Covid-19: another blow to Indian's economy" reported that the corona virus' immediate economic and currency impacts were on India's capital markets as well as the

rupee, which in March reached a new low vis-à-vis the US dollar due to global risk-off sentiment. It can be grasped from the figure below. Keeping in mind that the continuous downward trends in bilateral USD/ INR exchange rates from early 2018 to 2019. It has improved and fluctuated since the beginning of 2019, during the end of 2019 and the beginning of 2020, due to COVID-19 these fluctuations are incapable of rising from a sudden fall. A relentless deterioration of the rupee is likely to exacerbate their hardships to replay their commitments for companies laden with dollar-denominated debts. Beyond the financial shocks, India must urgently find a way to cushion the demand-side shocks that potentially result from lockdowns and other on-going containment measures.

AFTER COVID-19

The central government asks the general public to raise the budget for COVID-19 recovery programs. The BJP government will also take measures to obtain the due from the entrepreneurs who received financial assistance from the Indian Commercial Banks (1.7 Crores lakhs) on recovery. The budget will increase the GST and service stamp duty tax collections. The central government would raise the excise tax on train fare and petroleum to cover the losses during COVID-19. India's government will ask the World Bank to get financial assistance for their weak 2020-21 and 2021-22-year financial budgets. The RBI must make full benefit funds available to the central government for the accrued rests. Economic decline can be restored during 2021-22 the authors defined those areas of service rendered to the general public by the state and central government with a simple adjustment to receive service benefits. First, the motorcycle stands are everywhere in the world, it is under the protection of the local body provided under the politically controlled auctions. The government can operate the Motor Cycle Stands under its administrative control; it is a stable and steady source of continuous revenue generation with government employees. It will create jobs opportunities. Second, all temple entry fees (including Church, Mosque, Hindu and the like) and income (34:33:33 per cent share to temple, central and state government respectively) to be collected by the government. Devotees should give no amount to the persons in the temple. All are to be done through a digital mode of payment and receipts. Third, 50 per cent of toll accounted for into the state and central government income. The RBI

should notice this identified suggestion to enhance the revenue of the government.

COVID-19 IMPACT ON TOURISM SECTOR IN INDIA

The paper focuses on the issue of COVID-19 in India and its impact on the tourism and hotel industry, the paper has some significance as the tourism and hotel industries have been greatly affected by the global crisis of COVID-19. The coronavirus pandemic has marked a debilitating impact on India's tourism sector with the industry estimating a total loss of Rs 5 lakh crore and job cuts for 4-5 crore individuals. Coronavirus COVID-19 outbreak poses a major and growing threat to the tourism sector. The 2019 economic downturn had already hit the travel and tourism sector, along with global uncertainties and geopolitical issues. No sooner had there been a COVID-19 pandemic to shut down the whole world. As the pandemic of the Covid-19 (novel coronavirus) continues to grow globally, several companies are delaying hiring decisions for employees in the tourism sector and in many cases putting fresh recruitment at complete freeze. Indian tourism and hospitality industries have experienced a possible job loss of about 3.8 crore, around 70 percent of the total workforce due to the effects of the Covid-19. Tourism is a great source of income and a means of foreign exchange, and always helpful. The scenario in our country is not very different and a large proportion of Tourism contributes to this country's GDP. However, the fact that tourism is the most affected sector in the world due to corona virus disease (COVID-19) at the beginning of 2020 is a significant concern for all stakeholders connected with the tourism industry. India is the 7th largest country in the world and annually arrives rich with numerous tourism resources and millions of visitors, which contributes to the country's GDP. The need for the hour, by analysing its long-term impacts at the earliest, is to take early steps to overcome the current slowdown in tourism industry.

COVID-19 IMPACT ON JOBS IN TOURISM INDUSTRY: FACTS AND FIGURES

The coronavirus pandemic could leave more than 38 million people unemployed, according to the World Travel and Tourism Council India Initiative (WTTCCII) and the Federation of Indian Tourism and Hospitality Associations (FAITH). The extended national lockdown could lead to bankruptcies and the collapse of multiple travel companies, not just mass unemployment. The current scenario is harmful, as

airlines have had to shut down operations, particularly in the aviation sector. Below are some of the covid-19 facts and figures which affect jobs and opportunities.

- According to a recent Reuters survey, Garish Oberoi, treasurer of the Federation of Indian Tourism and Hospitality Associations, pegs job losses in the tourism and hospitality sector alone to about 38 million.
- According to the Federation of Indian Tourism and Hospitality Associations (FAITH), a large percentage of India's total tourism market, estimated at \$28 billion plus in forex and above Rs 2 lakh crore in domestic tourism production, would be at economic risk through the year. Therefore, the direct tourism industry has more than Rs 5 lakh crore and almost doubles that of the total economic sector activity is at risk.
- According to the Confederation of Indian Industry, branded hotel groups are expected to lose as much as Rs 1.10 lakh crore, online travel agencies Rs 4.312 crore, tour operators (inbound and domestic) Rs 25,000 crore, adventure tour operators Rs almost 19,000 crore and cruise tourism Rs 419 Crore.
- The hotel business the loss is more than 2 crore vocations and the current year's salary mishap could be 60-70%. The movement business is gasping for oxygen and we request that the organization give the business brief pectoral assistance, says CII Chairman Dipak Haskar..
- With travel restrictions in place and fear of spreading the pandemic, 1.01 million international tourists arrived in India in February 2020 compared to 1.08 million in February 2019, even reporting a decline of 6.6 percent year-on-year.
- The Centre for Asia Pacific Aviation India (CAPA India) has reported that India's aviation industry will incur losses of up to \$600 million in Q4FY20, excluding Air India. If the government fails to intervene, the study warned many Indian carriers will have to shut down operations by May or June due to lack of liquidity.
- Hotel stocks such as Indian Hotels have lost 50% of their market value while Chalet Hotels, EIH and Lemon Tree Hotels have shed 47%, 61% and 67% respectively.

COVID-19: IMPLICATIONS ON THE WORKFORCE

The tourism industry 's workforce is undoubtedly experiencing some challenging situations with this crisis impacting the economy

around the country. Almost every sector has had a negative impact on the economic meltdown, unemployment and liquidity crunch, but the travel and tourism industries appear to be the most affected. Hence, hotels and companies will not hit the sales targets, causing employers to slash their workforce. Due to the pandemic, the World Travel & Tourism Council has predicted that 38 million tourism jobs will be eliminated. In addition to the structured market, the tourism industry also provides employment for small families, bread and breakfasts and independent hotel operators and their services have taken a major hit. Industry associations have voiced concern about falling businesses and have said that if the impact of the pandemic is not addressed immediately, it could stretch for years and the regeneration of jobs in the tourism sector will become almost impossible. The effect of the mortal epidemic is already being observed as job losses and layoffs in the sector have begun. Several tourism, aviation and hospitality organizations have written for interim relief to the Government.

NEED FOR POLICY INTERVENTION

There is an urgent need to take immediate action not only to control the spread of the virus but also to tackle the main areas of pain of the employment affected by covid-19 in the tourism sector. The Indian Tourism & Hospitality Associations Federation (FAITH), the industry's umbrella body, has written a letter to Prime Minister Narendra Modi, seeking his intervention to tide the crisis in terms of financial relief for the tourism industry. Here are some of the demands that FAITH puts forward:

- FAITH urged a twelve-month moratorium on principle EMIs and interest payments on loans and working capital from financial institutions (both banking and non-bank), double working capital limits and free interest and collateral terms to prevent all tourism businesses from bankrupting.
- For all statutory duties, including GST, advance tax payments, PF, ESIC, customs duties at the central government level or at any state government level, excise duties, levies, royalties, power and water charges, bank guarantees and security deposits, and deferment of all renewals in the tourism, transport, hospitality and aviation sectors, it has sought a twelve-month deferment.
- FAITH also urged the government to set up a twelve-month support fund on MNREGA 's lines to support basic salaries with direct transfer to the affected tourism staff.

- FAITH said the government would grant Indian companies a weighted exemption of 200 % for twelve months on expenditures to hold exhibits, conferences and reward trips in India. This will be a big shot in the arm and help reinvigorate the industry.

With the increase in the number of positive cases of coronavirus the economy appears to be going "long-term lockdown." Several tourism, aviation and hospitality organizations have written for interim relief to the Government. However, as the country is still looking at a liquidity crisis, it seems unlikely that the industry will be able to get some government assistance in the near term.

COVID-19: IMPACT ON THE INDIAN HOTELS SECTOR

According to JLL India, the outbreak of COVID-19 adversely affected hotel occupancy levels across 11 major cities, resulting in a decline of up to 29 % in revenue per room available (RevPAR) this year. While the occupancy level dropped by 5-17 % points, the RevPAR dropped by 13-29 % across 11 cities – Ahmedabad, Bengaluru, Chennai, Delhi, Goa, Gurugram, Hyderabad, Jaipur, Mumbai, Pune, and Kolkata.

- In Q1 2020, the impact of COVID-19 seriously affected the domestic hotel and hospitality sector, property consultant JLL India said in a report. Both the occupancy level and RevPAR went down individually in all the 11 cities according to the results. The occupancy rates dropped most at 16.9 % points in Delhi during January-March 2020 compared to the duration of the year-ago, followed by Jaipur at 16.4 % points. The occupancy rates in hotels across Mumbai, Bengaluru and Gurugram was down 15.2 % points each.
- Hotels in Kolkata saw their occupancy level drop by 13.5 % points. Hyderabad saw 12.1 % points fall, 11.8 % points in Pune, 10 % points in Goa, 9.7 % points in Chennai and 5.1 % points in Ahmedabad.
- The maximum fall was seen in RevPAR at 28.5 % in Bengaluru, followed by 20.3 % in Delhi, 20.3 % in Mumbai, 19.8 % in Kolkata, 19.6 % in Jaipur, 19.5 % in Gurugram, 15.3 % in Goa, 14.8 % in Chennai, 13.6 % in Hyderabad, 13.4 % in Pune and 13.2 % in Ahmedabad.
- Mumbai remains the leader of RevPAR in absolute terms, following a 20 % decline in RevPAR in Q1 2020 compared to Q1 2019, the study said. The hotel industry's high performance in 2019 was followed by a promising start in January 2020 but the

situation has changed completely over the past two months, he said.

CONCLUSION: It is concluded that the India economy had been affected by the COVID-19 tragedy. India, and most of the world's countries are in recession. Indian economy is a mixed type of capitalist economies with socialist ones. Now, it has an economic position on a safer side. Thanks to the recent economic recessions the risk of a downtrends is extremely likely. India's state governments take in-charge to defeat disease spreading. The social distancing and quarantine of people and departmental efforts such as police, health, telecommunications, and other service-oriented departments are helping to overcome the stringent situations. The recommendations above are very useful to revamp the entire culture and economic transition of the region. This article will give scope for further research into India's business and economic recession. The writers have asked the government to increase the national income by kindly reviewing the recommendations of the present report.

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