

COVID-19 IMPACTS ON TOURISM IN INDIA

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Abstract: Tourism is among largest contributor to employment and GDP of the country. The industry has shown tremendous growth in the last few decades but at the same time the industry is highly susceptible to external factors like natural disaster, political instability, epidemic and foreign exchange etc. In the current scenario the world is facing threat from multiple front, the novel corona virus is causing a crippling effect to the Tourism industry world-wide and in India, disrupting economy and leading to human suffering. The travel industry and global economy buckling under uncertainty of the corona virus as sharp cutbacks is seen in service sector activities. The study intends to study the impact of COVID-19 on tourism industry of India. Definite points and commonalities were identified through content analysis and channelized in a structured format to access the impact of the deadly virus on tourism industry. The findings of the study reveal a great loss of revenue to tourism particularly in sectors like airlines, hotels, restaurants, travel agencies and tour operators. The International travel sector is suffering a high loss due to trip cancellation and visa restrictions. More over the high transmission rate of the virus is creating a mental fear in persons tending them to stay at home.

Keywords: Tourism, Coronavirus, COVID-19, Economy

Introduction

China reported to WHO the existence of a new virus during November 2019 and in just few months the virus named COVID – 19 is declared as pandemic seeing the rising number of cases and its havoc in countries like China (centered in Hubei), East Asia (centered in South Korea and Japan), Western Europe (centered in Italy), Middle east (centered in Iran) and the virus is approaching to other countries as well. Most affected countries accounted about 40 percent of global economy. The tourism sector is among the hardest hit by the outbreak of Corona virus disease (COVID-19) with impact on both travel supply and demand. As per World travel and tourism council (WTTC) estimate in Travel and tourism 50 million jobs globally are at risk. WTTC figures reveal the industry contributes 10% of GDP globally and 320 million jobs.

Corona viruses are a family of viruses that range from the common cold to more severe diseases such as MERS Corona virus which is Middle East respiratory syndrome cononavirus and SARS severe acute respiratory syndrome corona virus (WHO). The virus is significantly more transmissible than seasonal flu with reproduction number of 1.6 to 2.4 while the later reproduction number is estimated at 1.2 to 1.4 (Mckinsey & Company; 2020)

Mckinsey and Company partnered with Oxford economics suggested a fall in global GDP for 2020 from previous estimates of 2.5 to about 2.0 percent. The major factors are predicted fall in China GDP from 6 percent to 4.7 percent, 1 percent point drop in GDP of East Asia and 0.5 percent point drop in other larger economies of the world. As per the current scenario though China adopted rapid control and slowdown in the number of cases taking extraordinary public-health measures other countries will not be able to achieve the same rapid control as rising number of cases are seen in Latin America (Brazil), Africa (Algeria and Nigeria) and United States (California, Oregon and Washington). The hardest hit sectors are service sectors i.e. aviation, travel and tourism. Airlines worldwide are experiencing a steep fall in traffic especially in international sectors. 54 countries have reported Corona Virus cases as on 29th Feb 2020.

It is the worst hit to Indian tourism industry influencing all its geographical segments - inbound, outbound and domestic and almost all tourism verticals be it leisure, adventure, heritage, MICE, cruise, corporate and niche segments (Confederation of Indian Industry). Every element of the tourism supply chain from hotels, airlines and other modes of transports, travel agents and tour operators, destinations, restaurants have suffer a hit. The panic over Corona virus ripples worldwide; its outbreak is like a natural disaster hammering the stability of the world. Travel industry is the backbone of economies around the world as it brings necessary currency, creates jobs, pushes inward investment and stimulates other sector (WTTC).

	2019	Interim Economic outlook projections 2020	Difference from November Economic outlook	Interim Economic outlook projections 2021	Difference from November Economic outlook
World	2.9	2.4	-0.5	3.3	0.3
G20	3.1	2.7	-0.5	3.5	0.2
India	4.9	5.1	-1.1	5.6	-0.8

OECD Interim Economic Outlook Forecasts on Real GDP growth year on year percent change, 2 March 2020.

Study Objectives

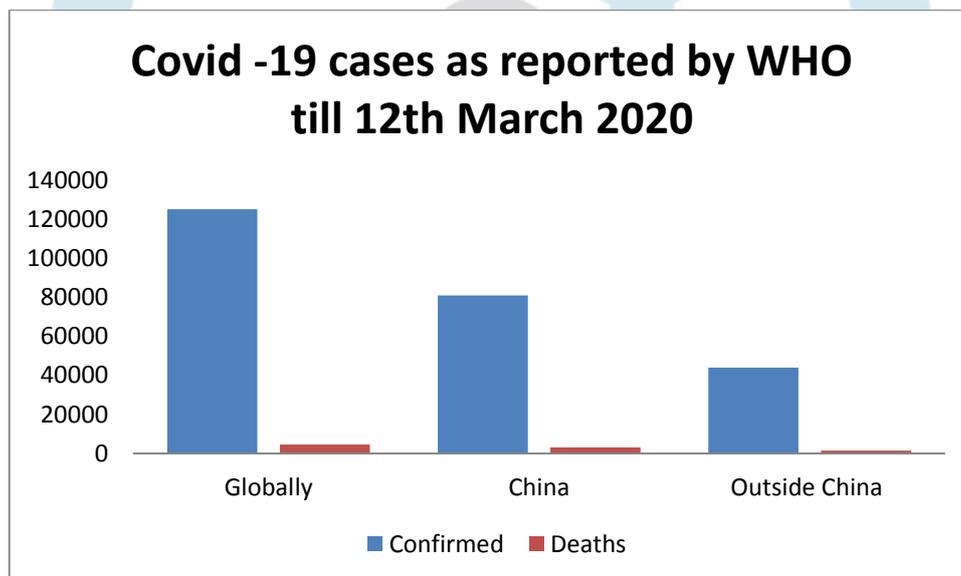
The paper has been designed as a conceptual study with a multifaceted review mechanism. One of the primary aims of this paper is to highlight the impact of COVID - 19 on the overall tourism industry of India and highlights measures undertaken in control the situation.

Research Methodology

The data in the study was compiled and organized through desk based review approach based on academic records of organizations like UNWTO, CII, WHO, media reports, and newspapers. Content analysis was exercised to outline the different critical views associated with the concepts. Definite points and commonalities were identified and channelized in a structured format during the process to build constructive arguments for the paper and concluding remarks were provided by the author backed by the reviews done.

Discussion

As corona virus has spread from its origin in China to Europe, North America, Japan and Korea the impact is getting worse with rising number of cases each day. China's output contractions are felt around the globe, indicating the important role China has in global supply chains, travel and commodity market. Similar effects are been seen in other economies though in smaller scale (OCED) Amid the spread of the Covid -19, American airlines cut international flights by staggering 75%, Countries are insisting their people to stay at home, Ski giant Vail resorts closes its 37 resorts in 15 states and 3 countries to safeguard its guest and employees. The cases of Coronaviurs have doubled in 24 days reaching 153,523 around the world while in India the cases got doubled 5 days reaching 107 in total (Roser et.al; 2020). Demands are arising for bailout packages in travel sector amid losses due to the presence of Corona virus.



Major Impacts of Covid-19 on Tourism Industry

India is an all favorite destination among both domestic and international tourist. Indian receives heavy tourist traffic during the months of April – July and October to December but due to the recently declared pandemic virus the country is seeing a downfall in tourism. The outbound tourism has received a major hit as the people fear to travel abroad even a downfall trend is seen in domestic tourism too. The inbound tourists are suspected as the carrier of virus and are being tested at the airport to prevent the spread of the virus. The hotels are also being sanitized to be a safer place for tourist. Corona viruses are circulating in animals and some of these corona viruses have the capability of transmitting between animals and humans which is called spillover event. The virus has turned to be pandemic affecting the economy worldwide. As per Confederation of Indian Industry (CII) this is the worst ever to hit the tourism industry.

CII assessment report values the risk from tourism segment to be in multiples of tens of thousands of crores. With India cancelling all visas and suspended visa free travel facility for OCI card holders till 15th April the impact will be worse. There is also a rise in cancellation from NRI segment from developed market. The declaration of corona virus as pandemic and with confirmed cases in the country will further affect the Industry. With advice to refrain for unnecessary travel and cancellation of visa to foreigner will further influence the situation. Even the forward bookings for the inbound seasons of October2020-March 2021 which should have started picking are all muted. The travel agency's is facing with highly reduced forward bookings and advanced cancellation for the upcoming holiday season especially in international travel, On the other side it could lead to a boost on domestic travel as recently the government in the 'Paryatan parv' has decided to reward travellers visiting 15 domestic tourist spots in a year by 2022

by sponsoring their travel expenses as an incentive in coming days if we are able to protect our country from the hold of the deadly virus.

According to the Travel agents association of India (TAAI) due to corona virus outbreak the industry is witnessing about 70-80 percent cancellation in bookings. Make my trip an online travel firm reported slow down in outbound travel bookings for the coming season and spike in cancellation. Booking holdings reported a decline of 5-10 percent in room night booked, a decline of 10-15 percent in gross travel bookings and a fall of 3-7 percent revenue during its first quarter. Intrepid Travel a leading travel company for the safety and wellbeing of travellers and staff has suspended all its tours departing between 16th March 2020 to 30th April 2020. Trip actions the corporate travel management travel company reported 18 percent decline in bookings month after month. In order to support and comfort travellers the tour operators along with airlines partner are offering full refund to the travellers in impacted regions. Unless the progression of virus ends the entire value for the remaining season is at risk.

As per the CII report almost 28 million plus Indians are estimated to have travelled outside in 2019 and there were almost 1.8 billion domestic tourist footfalls. The holiday season of Indians those travelling within the country and outside is heavy in April-July, October and December "The December holiday season of 2019 took an estimated hit of almost 40-50 per cent, the holiday season of April to July 2020 is likely to take a humongous hit which could be as high as 80-100 per cent, unless there is positive news of the progression of virus decreasing," the CII assessment report said. The combination of closed gathering places like malls, visa's restrictions, nature of virus, government advisory to avoid unnecessary international travel are hampering the tourism sector.

Travel industry is seeing major cancellation for the coming season and airline and cruise lines are shutting down too. With the airlines sector free fall there seen reduce in connectivity on less lucrative routes. Even if the demands for travel speedup there may not be enough supply to satisfy companies profit after the steep fall in business. After the decades of explosive growth the crisis can lead to two-year downturn for travel (Sheivachman; 2020). Indian association of Tour Operators (IATO) estimated the loss to Tourism Industry amounts to Rs 15,000 crore in foreign exchange and many job losses (Madhukalya; 2020).

Steps taken to prevent the progression of virus and reviving the economic slow down

Protecting and supporting the employees: The MNCs are already advising employees to opt for work from home and stifling unnecessary travel. Providing them simple and clear guidelines consistent with WHO to deal with COVID – 19 will help.

Movement restrictions: Movement restrictions especially international travel to avoid progression of the disease as the virus reports high transmission rate. Though the steps will lead to economic slowdown for short term but will lead to control of the human tragedy and in long run will lead to the revival of the economy. Slowing the case growth and lower disease fatality ratio will lead to demand recovery.

Avoiding mass crowd: Avoiding places with mass crowd can help to prevent the spread of the virus as it is reported to have higher transmission rate than flu. Protection against unnecessary unprotected contact with live animals, consuming only thoroughly cooked meat can also help to prevent the spread of virus. Though no specific drugs and vaccine for coronaviruses is yet invented but its symptoms can be treated.

Government initiatives: The Indian government is proactive to fight against the deadly virus. Major steps taken by the government includes thermal screening at airports of international passengers arriving in India, Visa restrictions for all countries to prevent the spread of virus. Government has also realized advisory to avoid public gathering in places like malls, schools have been closed until 31st March, MNC's are also encouraging its employees to work from home. Moreover quarantine and treatment facilities across the country are established to treat the patients and break the chain of Transmission. India has proposed SAARC nations to jointly fight the Pandemic and contributed 10 million dollars towards COVID-19 emergency fund and is also putting a team of specialized doctors for SAARC nations. Our country is leading in the fight against COVID-19 in the South Asian region offering humanitarian and medical assistance to its neighbors. Despite of sharing border with China the country reported only 562 cases as on 25th March 2020. Government has also launched helpline number for queries on coronavirus through with information can be readily obtained. Prime Minister Narendra Modi announced that from 25th March 2020 till 15 April 2020 entire country has been lock down with only essential services available like medicines, food etc. to combat the spread of deadly virus. More over government to set up COVID-19 economic response task force to work on package to deal with the coronavirus crisis.

Suggestions

Measure to ensure effective and well resourced public health can prevent infection and contagion. Well targeted economic policies by government are required to support workers, health care systems and protect solvent companies from experiencing significantly income disruptions due to COVID-19. Delay in government decisions can cause wide range of job loss and incurable damage. It is important to protect income of businesses and vulnerable social groups during the present condition so unnecessary panic can be reduced. Additional fiscal support for health services is required to ensure adequate testing and staffing facilities, mitigation measures and to access research support. Virus related health cost should be covered under insurance schemes. Targeted and temporary fiscal measures along with expanding spending on health services can be implemented to support businesses in sectors particularly exposed to a sharp downturn in travel and tourism. If the condition eases then supportive macroeconomic policies can help restore confidence and facilitate recovery of demand. Coordinated multi-lateral actions to support low income economies, to ensure effective health measures can help in restoring the situation in long run. WTTC proposed the following measures to help

recover fund and help survival of those engaged in Travel and Tourism. First, Financial help should be given to those facing severe economic difficulties and to protect the income of workers; Second, As a stimulus to prevent the collapse of small and medium sized businesses and global travel and tourism companies interest free loan should be provided; thirdly WTTC suggested to waive off government taxes, dues and financial demands on tourism sector at least for next 12 months.

Conclusion

Tourism is highly affected by conditions of public health emergency but it prioritizes people and communities safety at first hand. Global growth could be lowered by ½ percent point this year than predicted in November 2019 by Economic Outlook. UNWTO extended its support to WHO and is working to provide tourism specific advices and guidance as it is committed to put people well-being first (UNWTO). If the adverse effect of virus faded as assumed, than the well-targeted policy actions in most exposed economies could lead the global economies to recover to 3¼ per cent in 2021 (OECD). On the other side if the corona virus spread widely throughout the Asia pacific region, Europe and North America it could lead to drop in global growth by 1½ per cent in 2020 (OECD). It's still early to quantify on the overall impact of the COVID-19 on Tourism industry. Though we appreciate the proactive steps taken by the government to deal with the enemy of the humanity as saving one's life more important than travelling to exotic places but at the same time we have to take steps to revive the tourism sector which is major job creator and contributor of the economy. Supporting clients to postpone travel instead of cancelling their travel can help in early revival of industry. Encouraging tourist to undertake domestic travel can also help to reduce the revenue loss to the sector once we are able to control the spread of deadly virus.

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