

Impact of Covid-19 on Tourism and Hospitality Industry: Remedies for Recovery

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Abstract

The coronavirus (Covid-19) pandemic has devastated many business areas and tourism is one of them. After spread of coronavirus to various parts of the world, the governments of different countries started taking measures in hope of halting the virus. The measures such as lockdown resulted in movement restriction of people from one place to the other. Only people involved in essential services could move out and discharge their duties. Therefore, the travel, tourism and hospitality industry got most affected and their business almost shattered. Many people associated with the tourism and hospitality industry had to look for other work to earn their bread and butter. Gradually, the governments started unlocking and things started returning to normal as people moved out of their homes. But again another wave of rising corona cases is being felt across the nation and the central government has given authority to states to take appropriate measures to control the situation. Hence, the tourism and hospitality industry again fears slump in the business. This work tries to study the impact of covid-19 on tourism and hospitality industry and discuss what remedies can be tried to deal with these troubled and uncertain times.

Keywords: Travel, Tourism, Hospitality, Covid-19, Corona Virus

1. Introduction

The tourism and hospitality industry is a major contributor to India's growing service sector. This sector has tremendous growth potential due to India's rich cultural heritage, historical monuments, and natural beauty. It employs a large number of people and also serves as a source of foreign exchange. The industry's wheels are being pushed even faster by rising disposable income levels. If we look at few recent developments with regards to this industry, they are as follows:

According to the World Travel and Tourism Council, India ranked 10th out of 185 countries in terms of total contribution to GDP. In 2019, travel and tourism contributed 6.8% of the total economy's GDP which amounts to Rs. 13,68,100 crore (US\$ 194.30 billion).

Foreign tourist arrivals (FTAs) in India reached 10.89 million in 2019, a rise of 3.20 percent year on year. Tourism-related FEEs rose 4.8 percent year on year to Rs. 1,94,881 crore (US\$ 29.96 billion) in 2019. e-Tourist Visa arrivals rose by 23.6 percent year over year to 2.9 million in 2019.

International hotel chains are expanding their presence in India, and by 2022, they will account for roughly 50% share of the country's tourism and hospitality market.

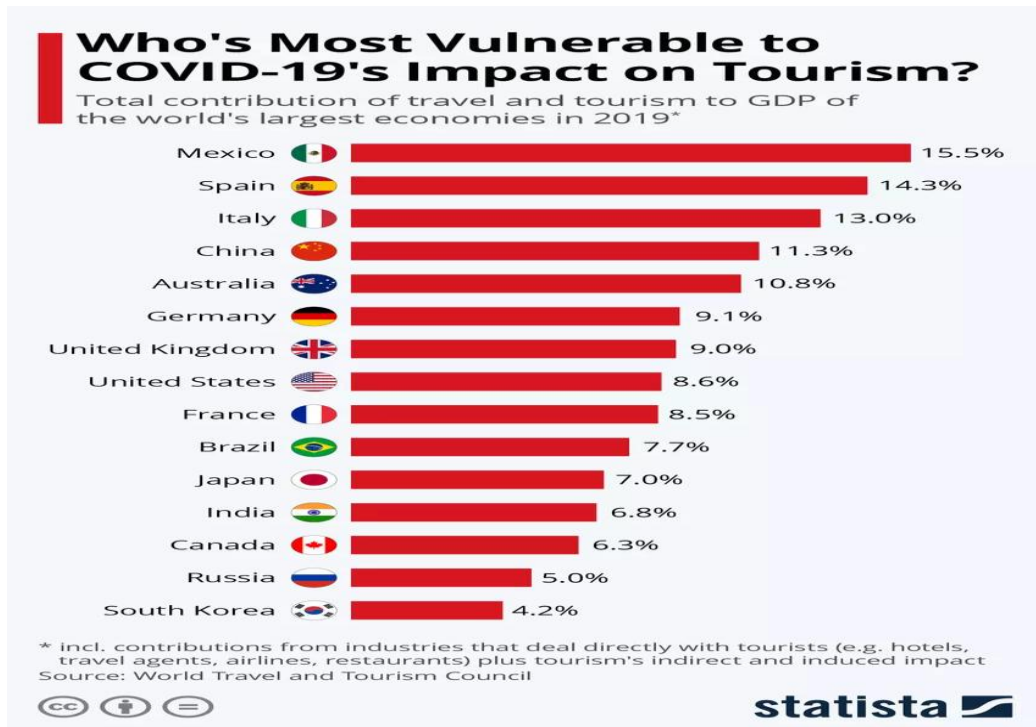
With an inflow of US\$ 45.7 billion in 2018, India ranked third globally in terms of travel and tourism investment, accounting for 5.9% of total investment in the country.

Between April 2000 and September 2020, the hotel and tourism sector earned a total of US\$ 15.57 billion in FDI.

2. Covid-19 in India and impact on tourism and hospitality industry

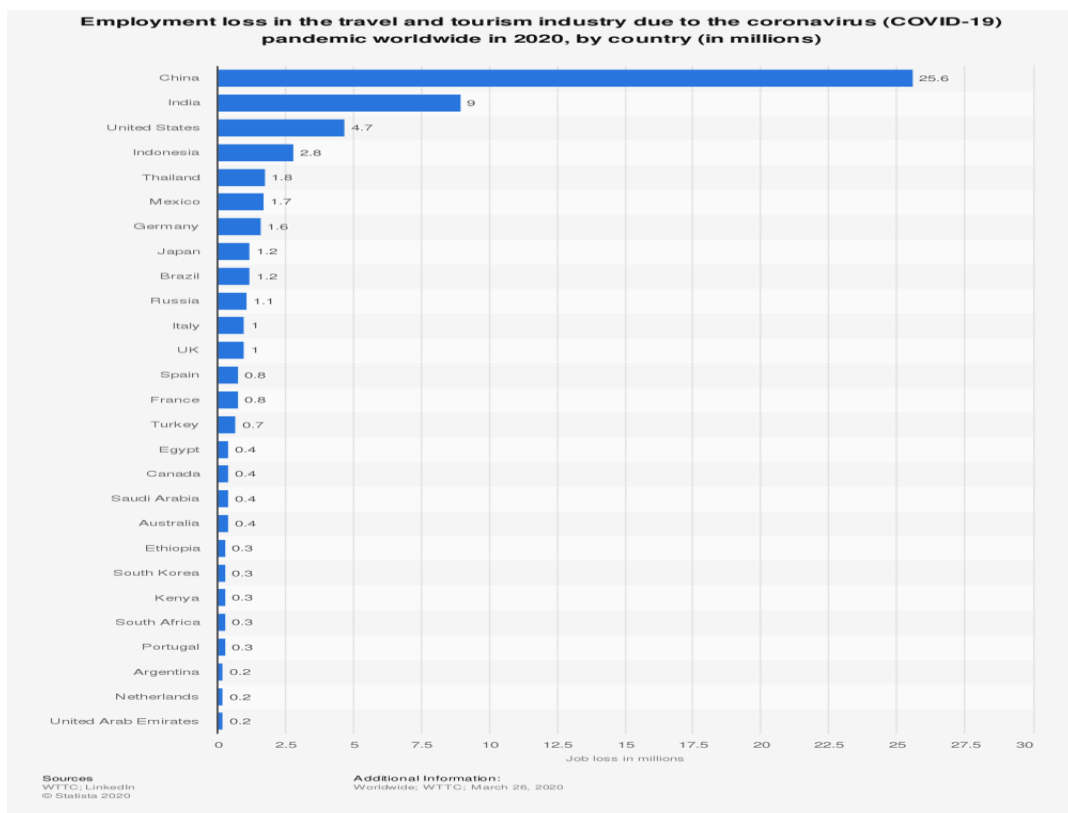
The 2019 novel coronavirus (2019-nCoV) or the severe acute respiratory syndrome corona virus 2 (SARS-CoV-2) as it is now called, rapidly spread from its origin in Wuhan City of Hubei Province of China to the rest of the world. Till now, 12,49,26,109 corona virus cases have been reported worldwide. The death toll so far is 27,48,727 and 10,09,25,360 people have recovered. In India, 1,17,34,058 cases have been reported as of today. The death toll is reported to be 1,60,477 and 1,12,05,160 people have recovered.

The central and state governments have taken a number of measures to stop the virus's spread. The general public is updated on what to do and what not to do through a variety of media. Several points are stressed, including not going out unless absolutely necessary, constantly washing hands with soap, wearing a mask, maintaining social distance, and so on. The Covid-19 has led to uproar in tourism and hospitality industry. Yet another wave of rising coronavirus cases may do further damage to the industry.



Source: Statista

Above is the chart of total contribution of travel and tourism to GDP of the world's largest economies in 2019. This industry includes hotels, restaurants, travel agents, airlines and other direct or indirect players. Mexico being at the top is the country having 15.5% contribution to GDP from travel and tourism and makes it most vulnerable among others. South Korea is at the bottom and is having 4.2% contribution. India is also having 6.8% contribution from travel and tourism sector and is significant.



Source: Statista

There is another interesting chart showing loss of employment in the travel and tourism industry due to the covid-19 pandemic worldwide in 2020. After China, India comes at the second place where 9 million people lost their jobs in the travel and tourism industry due to worldwide pandemic. Thus coronavirus has severely impacted this sector and put the sector at the cross-roads. It requires

rethinking of the business plan, strategy, approach among many other changes and essentially needs to build the resilient system to deal with the current situation and be ready for the times to come.

3. Possible Remedies

Government Actions

Some of the major initiatives planned by the Government of India to boost the tourism and hospitality sector of India are as follows:

- On November 4, 2020, the Union Minister of State (I/C) for Tourism & Culture, Mr. Prahlad Singh Patel inaugurated the “Tourist Facilitation Centre” facility constructed under the project “Development of Guruvayur, Kerala” (under the PRASHAD Scheme of the Ministry of Tourism).
- The Ministry of Tourism’s ‘DekhoApnaDesh’ webinar series titled ‘12 Months of Adventure Travel’ on November 28, 2020, is likely to promote India as an adventure tourism destination.
- In October 2020, Prime Minister Mr. Narendra Modi inaugurated four new tourist attractions in Gujarat namely, Arogya Van, Ekta Mall, Children's Nutrition Park and Sardar Patel Zoological Park/ Jungle Safari, near the Statue of Unity at Kevadiya in Narmada district.
- The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in October 2020. The initiative will effectively implement guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, B&Bs and other units.
- Ministry of Tourism launched Audio Guide facility App called Audio Odigos for 12 sites in India (including iconic sites).
- Statue of Sardar Vallabhbhai Patel, also known as ‘Statue of Unity’, was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 metre. It is expected to boost the tourism sector in the country and put it on the world tourism map.
- Under Budget 2020-21, the Government of India has allotted Rs. 1,200 crore (US\$ 171.70 million) for development of tourist circuits under Swadesh Darshan for eight Northeast states.
- Under Budget 2020-21, the Government of India has allotted Rs. 207.55 crore (US\$ 29.70 million) for development of tourist circuits under PRASHAD scheme.

Managing cash flow efficiently

The cash flow need to be managed by way of reduction in operating costs, temporarily reducing business capacity in view of very low demand for revival of the business. Once the things return to pre-covid-19 situation one can again scale-up the operations.

Implementation and Promotion of Covid-19 safe operations

The industry itself needs to come out with development and implementation of health and safety protocols, setting new standards keeping in view the pandemic situation, providing training to the employees so as to keep covid-19 away and gain the trust of the tourists, providing information to the visitors on the precautions to be taken to guard themselves from getting infected, running marketing and promotional campaigns having mention of safe business operations.

Adapting business model and service offering

Many people avoid, if they can, to eat in the restaurant because fear of getting infected. This situation can be dealt with by starting takeaway facilities. Providing flexible booking options can also add to the relief to the travellers as their plans may change in these uncertain times. Adjusting tariffs can also attract the tourists. Operating hours can be changed to match with the convenience of the customers. Offering digital availability and experiences can also bring business from the people who completely avoid unnecessary movement unless important. Tailoring products and packages to suite to the needs of the customers can help increase options to choose from.

Adjusting operations to cater to new markets

Those who are dealing in only international tours can also try serving in domestic tours to open new avenue for business. Thus by changing business model and if needed by restructuring new markets may be explored in search of business opportunities.

Supporting the pandemic response effort

Transforming temporarily in a way that existing capacity may be used for the people who are fighting

coronavirus. The hospitals may want accommodation for their doctors who do not want to go home during covid-19 ward duty. The hospitals may not have sufficient space and want to shift their non-critical patients to hotel.

4. Conclusion

The corona virus has wreaked havoc everywhere in the world. Almost every country is facing economic and social crisis and India is no exception. The stringent measures like lockdown led to standstill situation in industries like tour, travel and hospitality. Many people suffered job loss and had to search for alternatives to survive and keep life going. After gradual decline in covid-19 cases, Indian government started unlocking process phase by phase, easing some restrictions each time. But still many people are afraid and avoid going out unless it is necessary. The tourism and hospitality industry started its operations but when it will reach pre-covid-19 position that time will tell. There is another wave of rising covid-19 cases being experienced currently. In times of this level of uncertainty the industry has to build a system resilient enough to fight the present situation. The government has taken many initiatives to promote domestic tourism but the industry should also take some steps as proficiently managing the cash flow, introducing and running covid-19 safe operations, adapting to the change and adjust the business model, try to cater to new markets and supporting the fight against the coronavirus. Every evil has an end and this coronavirus will also end but till then breathing should continue.

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