



Impact of Covid-19 on the Indian tourism industry

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ABSTRACT

This Research paper shows the impact of COVID-19 pandemic on the tourism industry of India. To what extent the tourism industry got affected, the losses it faced due to the pandemic and a comparison with the statistics of the tourism industry with the last two years. Along with that this research paper also forms a relation between the COVID-19 pandemic and the Indian tourism industry. This research paper mainly focuses on two important aspects of the Indian tourism industry, foreign tourist arrivals & Foreign exchange earnings, which are both equally important to the economy of the country as a whole.

Keywords: Indian Tourism Industry, Foreign Tourist Arrivals, Foreign Exchange Earnings, Covid-19 Impact

1. INTRODUCTION

In its broadest sense, the tourism industry is the total of all businesses that directly provide goods or services to facilitate business, pleasure and leisure activities away from the home environment. The motivation behind taking this topic is that due to the outbreak of COVID-19, the industry which got affected the most is the tourism industry as the travel to each and every place on the planet came to a standstill due to the pandemic. As per statistics, in past 5-6 years, the travel and tourism industry has created nearly 12 million jobs in the country generating useful earning source to the citizens. Keeping in mind the mounting scope of the said industry, the estimated employment exposure in this sector is 37 million by 2020. Current developments related to tourism are that since there are decline in some cases around the world, these places are restarting their tourism industry and are opening their borders to travellers. As far as India is concerned, domestic travel is rolling on half the pace as it used to and international travel has also started. Flights to UAE, USA and UK resumed. The purpose of the assignment is to research about the void which was left in the tourism industry due to COVID-19.

2. LITERATURE REVIEW

(Amutha, 2011) The international tourist arrivals were 880 million and the corresponding international tourism receipts was US\$ 852 million in 2009. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4 per cent annual growth rate.

(Stainton, 2020) Tourism brings with it huge economic potential for a destination that wishes to develop their tourism industry. Employment, currency exchange, imports and taxes are just a few of the ways that tourism can bring money into a destination.

(Karthika, 2017) The Paper examines the impact of India's economic growth on tourism, Contributors to economic growth, Role of Tourism industry in India's GDP, Foreign versus Domestic Tourists. The paper also explores that there has been a tremendous growth in tourism in India because of the policies of the government and support from all levels.

(Kumar, 2014) The Ministry of tourism is looking for new ways to encourage tourism in India. It is very much essential for a visitor to enjoy the stay and this is enhanced by facilities like road transport, guides and good hotels. Many hotels have multi cuisine to accommodate the choices of foreigners who generally kind the Indian food very spicy.

(Ohlan, 2017) The results of newly developed Bayer and Hanck combined test indicate that tourism, economic growth and financial development are cointegrated. It is shown that the inbound tourism spurs economic growth in India both in long-run and short-run.

(Jaswal, 2014) The Tourism Industry supported 39.5 million jobs, 7.7% of its total employment. The sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023.

(Mallapur, 2020) “The Indian tourism and hospitality industry is staring at a potential job loss of around 38 million, which is 70% of the total workforce,” due to Covid-19, a report by KPMG, a financial services and business advisory firm, said on April 1. (Hundt, 2006) Foreign lenders agree with and encourage providing capital for tourism development

3. RESEARCH GAP

There are lot of reports talking of individual aspects of tourism industry but no relevant data was found which suggested the change in pace of the industry as a whole during the pandemic. So, the research gap would be to understand and analyze how the tourism industry got affected.

4. OBJECTIVE

Analyzing the performance of Tourism Industry in India during COVID-19 pandemic.

5. METHODOLOGY

The purpose of this study is to show the impact of COVID-19 pandemic on the tourism industry of the country from its onset to the initiation of the lockdown. For the purpose of analysis in order to show the impact, two independent variables are taken which will show that how due to the pandemic the tourism industry came to an abrupt halt.

6. OBSERVATIONS

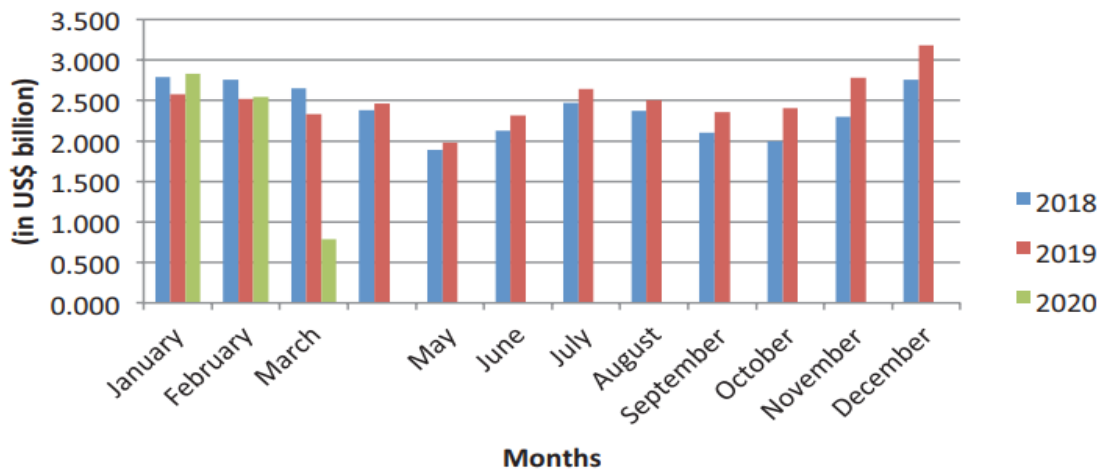
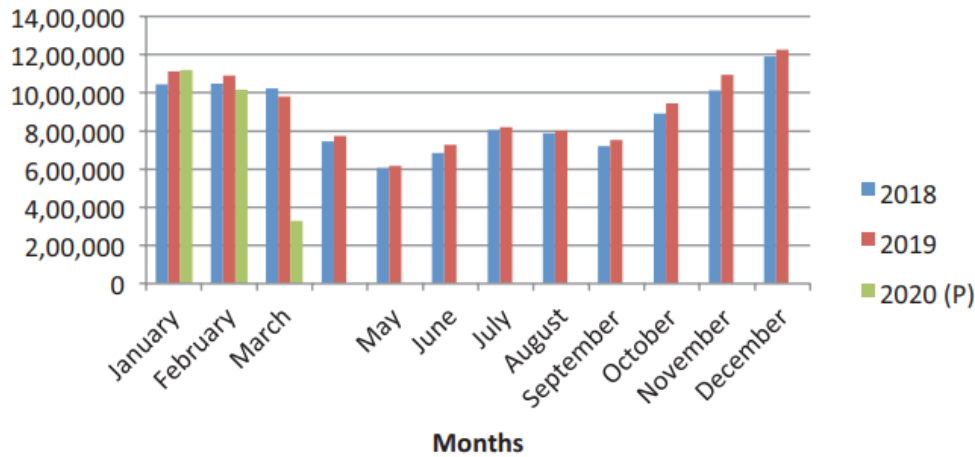
Month-wise Foreign Tourist Arrivals in India- Jan 2018, Feb 2018, March 2018; Jan 2019, Feb 2019, March 2019 & Jan 2020, Feb 2020, March 2020-

Month	Foreign Tourist Arrivals (FTAs) in India				
	2018	2019	2020 (P)	Percentage(%) Change	
				2019/18	2020/19
January	10,45,027	11,11,040	11,18,150	6.3	0.6
February	10,49,259	10,90,516	10,15,632	3.9	-6.9
March	10,21,539	9,78,236	3,28,462	-4.2	-66.4
April	7,45,033	7,74,651	0	4	-100.0
May	6,06,513	6,15,136	0	1.4	-100.0
June	6,83,935	7,26,446	0	6.2	-100.0
July	8,06,493	8,18,125		1.4	
August	7,85,993	8,00,837		1.9	
September	7,19,894	7,51,513		4.4	
October	8,90,223	9,45,017		6.2	
November	10,12,569	10,92,440		7.9	
December	11,91,498	12,26,398		2.9	
Total (Jan-June)	51,51,306	52,96,025	24,62,244	2.8 @	-53.5@
Total (Jan-Dec)	1,05,57,976	1,09,30,355		3.5	

Month-wise estimates of Foreign Exchange Earnings (FEEs) in US\$ billion from Tourism in India- Jan 2018, Feb 2018, March 2018; Jan 2019, Feb 2019, March 2019 & Jan 2020, Feb 2020, March 2020-

Month	Foreign Exchange Earnings (in US\$ billion)			Percentage (%) change	
	2018 # ²	2019 # ²	2020 # ¹	2019/18	2020/19
January	2.791	2.575	2.83	-7.7%	9.9%
February	2.76	2.521	2.544	-8.7%	0.9%
March	2.648	2.331	0.785	-12.0%	-66.3%
April	2.379	2.466		3.7%	
May	1.889	1.983		5.0%	
June	2.125	2.316		9.0%	
July	2.468	2.646		7.2%	
August	2.37	2.504		5.7%	
September	2.101	2.359		12.3%	
October	1.998	2.401		20.2%	
November	2.302	2.777		20.6%	
December	2.755	3.179		15.4%	
Total (Jan-Mar)	8.199	7.427	6.159	-9.4%	-17.1@
Total (Jan-Dec)	28.586	30.058		5.10%	

7. INTERPRETATION



- FTAs in January 2020 were Rs. 11,18,150 as compared to Rs. 11,03,380 in January 2019 registering a growth of 1.3%, while FTAs in February 2020 were Rs. 10,15,632 as compared to Rs. 10,87,694 in February 2019 registering a growth of -6.6% and • FTAs in March 2020 were Rs. 3,28,462 as compared to Rs. 9,78,236 in March 2019 registering a growth of -66.4%.
- FTAs during the period January-February 2020 were Rs. 21, 33,782 as compared to Rs. 21, 91,074 in January-February 2019 registering a growth of 2.6. FTAs during the period January-March 2020 were Rs. 24, 62,244 as compared to Rs. 31, 79, 792 in January-March 2019 registering a growth of -22.6%.
- FEEs during the month of January 2020 were Rs. 20,282 crore as compared to Rs. 18,079 crore in January 2019 while FEEs during the month of February 2020 were Rs. 18,281 crore as compared to Rs. 17,912 crore in February 2019 and FEEs during the month of March 2020 were Rs. 5,833 crore as compared to Rs. 16,214 crore in March 2019.
- FEEs during the period January- February 2020 were Rs. 38,563 crore as compared to Rs. 35,991 crore in January- February 2019 and FEEs during the period January- March 2020 were Rs. 44,203 crore as compared to Rs. 52,378 crore in January-March 2019.
- FEEs in US\$ terms during the month of January 2020 were US\$ 2.844 billion as compared to FEEs of US\$ 2.557 billion during the month of January 2019. FEEs in US\$ terms during the month of February 2020 were US\$ 2.557 billion as compared to FEEs of US\$ 2.515 billion during the month of February 2019. FEEs in US\$ terms during the month of March 2020 were US\$ 0.785 billion as compared to FEEs of US\$ 2.331 billion during the month of March 2019.

8. FINDINGS

After analysing the tables and graphs above, it can be easily deduced that due to the COVID-19 pandemic the tourism industry suffered a great loss in terms of foreign tourist arrivals and foreign exchange earnings. Looking at the graphs and tables, it is quite clear that as compared to the previous years, during the start of the year, the Indian tourism industry was doing great but as soon as the virus started to spread the growth rate went towards the negative side, which in turn hit the tourism industry hard.

9. CONCLUSION

The tourism industry was hit hard by the COVID-19 pandemic and is still struggling to come back to its normal state. The decline in the number of foreign tourists and the decline in the revenue generated through foreign exchange earnings affected the industry to such a level that the growth rate of the industry went towards the negative side. But on the other hand, this was the analysis of how tourism industry got affected during the COVID-19 pandemic but as the country is going back to normalcy and the restrictions are slowly lifted away, there is an increment of the growth rate towards the positive side, which is for now is slow

because of the fact that complete relaxations are not given to the tourism industry. The tourism industry is slowly getting back on track with the opening of a certain travel regimes which is good, because slowly and steadily will the tourism industry will go back towards the positive growth rate.

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