

# IMPACT OF COVID-19 ON INTERNATIONAL TOURISM IN INDIA

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## Abstract

The pandemic has created a global emergency, the Covid-19 has led to the loss of many lives and livelihood. It is one of the worst kind of humanitarian disasters people have ever noticed. It has affected all kind of business all around the world. The travel and tourism industry is one of the worst effected industries across the globe as well as in the Indian Subcontinent. The tourism industry in recent years is proven to be a significant sector contributing to the growth of an Indian economy. According to the study conducted by World Travel and Tourism Council (WTTC), tourism contributes \$194 billion which is 6.8% of India's GDP in 2019 and generated around 87.5 million jobs which is approximately 12.75% of total employment. But the outbreak of the pandemic has largely effected the Indian tourism industry especially the International tourism. India is one of the developing countries known for its rich culture and tradition which attract millions of foreigners every year to the country. Earlier India is to receive 11 million international tourists every year but past 2 years it has been drastically decreased due to the pandemic. Tourism is the major source of foreign exchange earnings to the country and it also generates lot of revenue and employment in both public and private sectors, in fact it is the largest employment provider in the service sector but this all has come to a stagnant situation in this time of pandemic. To conclude, the aim of this paper is to understand the impact of Covid-19 on international tourism in India and its inverse effects on employment and revenue generation in the country and the paper also tries to find solutions to boost the international tourism in India with all safety measures.

**Key words:** Covid-19, International Tourism, Employment. Revenue Generation.

## INTRODUCTION

Globalization has made tourism a popular global leisure activity. The World Tourism Organization defines Tourism as "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours, business and other purposes". The tourism industry, as a major part of the service sector, has turn into a significant source of income for many regions and even for entire countries. Tourism brings huge amount of income into a local economy in the form of payment for goods and services needed by tourists. Tourism also create opportunities for employment in the service sector of the economy connected with tourism. This sector constantly offers the opportunities for economies to grow and people to earn income, while tourism spending is associated with improvements in well-being for consumers of tourism services. Being a labour- intensive sector, tourism creates employment, while fostering skill development and local entrepreneurship. Its connectivity and mobility features play a key role in regional integration and economic inclusion. It supports environmental protection, defenders the diverse cultural heritage and strengthens peace in the world. Directly or indirectly tourism contributes to all of the Sustainable Development Goals.

## SIGNIFICANCE OF THE INTERNATIONAL TOURISM SECTOR IN INDIA'S ECONOMY

Tourism industry is a generator for jobs, income, tax collections and foreign exchange reserves. Employment has been the greatest advantage generated by tourism, direct employment by tourism industry is generated by hotel and motel industry, catering industry, transport industry, travel agency etc. The transport industry is vast covering the road, sea air and river routes. The indirect employment is generated by the supporting industries in the tourism sector. These are the retail shops like the souvenirs, antiques and gifts. The employment potential generated by the banks and financial institutions, hair dressers, tailors, laundries etc. are also playing an important role in generating the employment opportunities.

Tourism is one of the world's major economic sectors. It is the third-largest export category and in 2019 accounted for 7% of global trade. In 2018, tourism contributed 9.2% in India's GDP and generated 26.7 million jobs in that year. The sector not only employs workers in urban but also provide an earning base for the rural population. The tourism sector accounts for 12.75% of employment in India, 5.56% of it is direct and 7.19% is indirect.

Over 87 million people were employed in the travel sector in 2018-19 in India, according to the Ministry of Tourism (MOT) annual report for 2019-20. It is estimated that in India, branded and organized hotels annual revenues is Rs. 38,000 crores (\$5 billion). The restaurant industry in India, has an annual turnover of approx. Rs. 4 lakh crore (\$53 billion). This industry provides direct employment to more than 7 million people. India's air transport industry employs over 4,00,000 people directly and 9,40,000 are employed in related supply chains. Tourism has the ability to earn foreign exchange and about it has been appropriately observed, "Tourism is the only export trade that earns large foreign exchange without depleting national resources and without actually exporting any material goods." The foreign exchange earned by tourism has direct effect on the gross domestic product of the country through the multiplier effect. Foreign exchange is in demand by all the countries to maintain the balance of payments of their economies. Many countries in order to maintain higher balance of payments have liberalised their rules and regulations to allow the free flow of tourist traffic. The following table shows the foreign exchange earnings from Tourism from India.

#### Foreign Exchange earnings from Tourism in India (2010-2019)

Year	Earnings (US\$ million)	% change	Earnings (₹ crores)
2010	14,193	27.5	66,172
2011	16,564	16.7	83,036
2012	17,737	7.1	95,607
2013	18,445	4.0	107,563
2014	20,236	9.7	120,367
2015	21,071	4.1	134,844
2016	22,923	9.1	154,146
2017	27,310	19.1	177,874
2018	28,586	4.7	194,881
2019	30,058	5.1	211,661

#### IMPACT OF COVID-19 ON INTERNATIONAL TOURISM IN INDIA

The extent of COVID-19 in India has started in January 2020. On March 24, the Government of India ordered a 21- day nationwide lockdown to cut the chain of spread of COVID-19. As a consequence of the COVID-19 epidemic, the world is facing an unmatched global health, social and economic emergency. The travel and tourism is among the most affected sectors with airplanes on the ground, hotels closed and travel restrictions put in place in virtually all countries around the world. The COVID-19 crisis had significant adverse effects on international tourism. It has impacted the tourism industry due to the resulting travel restrictions as well as declined demand among travelers. The United Nations World Tourism Organization estimated that global international tourist arrivals might decrease by 58% to 78% in 2020, leading to a potential loss of US\$9-1.2 trillion in international tourism receipts. The United Nations Conference on Trade and Development released a report in June 2021 stating that the global economy could lose over US\$4 trillion as a result of the pandemic.

The Indian tourism and hospitality industry is expecting a potential job loss of around 38 million due to pandemic. In the mid of March 2020 itself, the hotel industry faced a drop of more than 65% in occupancy levels compared to the same period in 2019. With international and domestic travel on halt, demand for the turbine fuel has substantially weakened. Indian Association of Tour Operator (IAOT) estimates the hotel, aviation and travel sector together may suffer loss of about Rs. 85 billion due to travel restrictions imposed on foreign tourists. Impact of Covid-19 leads to both white and blue collar jobs. The restaurant industry in India is faced almost zero revenue in the immediate term, and a drop of 50% in the months to come. Almost 30 percent of hotel and restaurant industry revenue has impacted. And there is a threat of job loss of nearly 15% in the hotel and restaurant industry since they have not seen on immediate surge in demand.

From 2000 until 2019, the foreign exchange earnings from tourism had grown steadily. In 2019, the exchange earnings reached a new height of nearly 30 billion U.S. dollars. As of March 2020, foreign exchange earnings from tourism industry across India amounted to over 6 billion

U.S. dollars. This had been stable numbers for the first quarter of a year. Due to the coronavirus (COVID-19) pandemic and a lockdown imposed, the numbers did not rise in the course of the year.

#### MEASURES TO BOOST INTERNATIONAL TOURISM IN INDIA

The Covid-19 pandemic has created deep imprint on the structure of the travel and tourism industry. Collapsing consumer demand, low cash reserves and a lack of access to flexible lines of credit leads to many smaller travel and tourism operators to close. Promising news on Vaccines has encouraged the hopes for retrieval but challenges continue with the sector. Supporting the millions of livelihoods that rely on the tourism sector affected months of inactivity, and creating a sustainable and accountable travel experience which is safe

for host communities, workers and travelers are key to accelerating recovery.

The tourism policy makers are responding in different ways by implementing a variety of measures to mitigate the socio-economic impacts of Covid-19 and to reassure the recovery of tourism. Domestic Tourism can be the impeccable driver in achieving an effective recovery by focusing on the new normal which includes reviewed standards and operating models, meets the new traveler needs and requirements and ensures the sector's business continuity and sustainable growth. Governments and industry are focusing their efforts on Lifting travel restrictions and working with businesses to access liquidity supports, apply new health protocols for safe travel, and help to diversify their markets. Restoring traveller confidence and stimulating demand with new safe and clean labels for the sector, information apps for visitors and domestic tourism promotion campaigns. Preparing wide-ranging tourism recovery plans, to rebuild destinations, encourage innovation and investment, and rethink the tourism sector.

## CONCLUSION

Tourism industry is one of the significant contributors to Indian economy it has many socio- economic importance. Tourism provide livelihood to many people in both formal and informal sectors through creating employment, generating revenues in the form of foreign reserves. The Government of India is taking proactive measures to help the industry to navigate the COVID- led challenges. The government needs to take right action in right time in all possible ways to promote tourism by attracting and building confidence among foreigners to visit and explore the rich heritage and uniqueness of the Indian subcontinent. The fact, "pandemic is not over yet" cannot be ignored so the only weapon we have today to fight against virus is vaccination. The government should boost vaccination drives and build a safe atmosphere for tourists. The future of tourism industry depends on the actions taken by the government today, hence the government should take decisions swiftly and decisively to rebuild the tourism industry. The pandemic is an opportunity to reshape the tourism in the future.

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