



A REVIEW OF COVID 19's EFFECT ON HOSPITALITY AND TOURISM SECTORS IN INDIA DURING PANDEMIC PERIOD

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ABSTRACT

The hospitality and tourism industry is considered as a backbone for growth of any economy, especially in developing countries like India. COVID-19 pandemic has impacted almost every industry in the world, however its adverse impact on the hospitality and tourism sector have been unseen or unheard before. In India, the hotels and hospitality sector has heavily declined in the first quarter of 2020 because COVID-19 has impacted various segments of this sector. The nationwide lockdown has closed hotel and travel sectors, which block all their earnings sources of the industries. To come out from this horrible situation, hotels and tourism sector of India has to frame new strategies in the near term and prepare for the future. From the various study, it has been noted that hospitality and tourism sector of India has affected significantly due to COVID-19. The industry has shown large-scale cancellations of travel bookings and hotel accommodations. A notable number of workers of the industries had lost their jobs due to this crisis. Economy of the country as well as individuals were affected adversely due to this pandemic. Present paper evaluates the impact of the COVID-19 (Corona virus disease-2019) pandemic in India's hospitality and tourism industries during COVID-19 outbreak period with comparison with normal situation.

Keywords : COVID -19, Hotel and Tourism Industries, Impact, Economy etc.

1. INTRODUCTION

The hospitality and tourism sector is recognized as a significant factor which contributing to the green economy through a more sustainable development agenda. The sector has been considered as primary and most dynamic in today's global economy. It had generated about 10.3 % of global GDP and provided 330 million jobs in 2019 directly and indirectly according to statistics of World Travel & Tourism Council, 2019. Such a large and positive impact on the global economy was experienced despite its survival from the crises and disasters at various times in the past.

COVID-19 pandemic has hit almost 150 countries over the world, affecting over 800,000 people and leaving several thousand dead and the count keeps going as it not totally wiped out. The pandemic of COVID-19 in India has impacted large number of businesses across the country. The outbreak of COVID-19 compelled imposition of lockdown and ban on various activities came as a blow to the hospitality industry. The tourism industry was the first one to face the adverse effect of COVID-19 because of which hotels and tourism industry also got affected. The lockdown across country shuttered almost all hotels and travel sectors; further hindering their earnings sources. The occupancy levels in hotels had been drastically hit resulting in some hotels had either shut their operations or run with limited facilities. There was a crucial fall seen in foreign and domestic travels across both the tourism and business traveler segments. All this affected gross operating profits and further reduced yields to hotel owners. In such pandemic situations the hotels would lower the prices to reduce the service perishability. Service sectors like tourism and hospitality have always been a important contributor for generating employment and also a huge source of foreign exchange earnings for the country. This sector not only employs workers in cities but also provides livelihood to people across social strata in rural areas. The tourism and the hospitality business were bound to feel the heat of the pandemic. The Indian hotels sector is now seeing significant demand and upcoming bookings.

2. OBJECTIVES OF THE STUDY

The main objective of this paper is

- To evaluate the impact of the COVID-19 pandemic on the hospitality and tourism industry in India during COVID-19 outbreak period.

3. IMPACT OF COVID 19 PANDEMIC ON INDIA'S HOSPITALITY AND TOURISM SECTOR

COVID-19 pandemic has adversely affected the hospitality and tourism sector in India. Following pandemic effect, the airline, hotel, and pilgrimage sectors are affected badly.

2.1 IMPACT OF COVID-19 PANDEMIC ON TOURISM INDUSTRY OF INDIA

Due to COVID-19 outbreak, the industry had seen a phase of international and domestic cancellations. There was depletion in the number of domestic travelers as people with business purpose or emerging essentials were only travelling. The Covid-19 outbreak had also started showing its effect on the domestic tourism sector and summer vacation bookings to leisure destinations like Rajasthan and the hills. Summer vacation is the peak time to travel in India. Considering that normally most domestic travelers book their flight tickets 2-3 weeks before the travel date, the travel companies witnessed a more than 30% drop in domestic travel compared with last year. Maximum impacted summer destinations were Leh, Guwahati, Coimbatore, Srinagar and Amritsar where more than 40% drop has been recorded. This was after airline fare dropped by 20% for domestic routes.

Table 1. Change in number of Tourists in India (2019 Vs 2020)

| Country | % change in Passenger Demand | Demand Impact Volume | Revenue Impact (USD) in Million | Potential Job Impact |
|---------|------------------------------|----------------------|---------------------------------|----------------------|
| India | -49% | -93,270,000 | -11,610 | -3,06,000 |

Source : Money Control (2020) edited some by author

From above table we could see the heavy decline in passenger demand and in revenue from 2019 to 2020. The sector also witnessed of decline in potential job opportunity.

As per the data available with the Ministry of Civil Aviation, nearly 585 international flights have been cancelled to and from India between February 1 to March 6 because of the outbreak of corona virus. Compared to last year, Airfare in the popular domestic routes had been reduced by 20-25% and airfares were remained subdued for summer season as well. Cash reserves of airline companies were running low and more were almost at the edge of bankruptcy.

According to Ministry of Civil Aviation, India had observed a 25% to 30% fall in inbound international visitors to the country in the set of novel corona virus endorse.

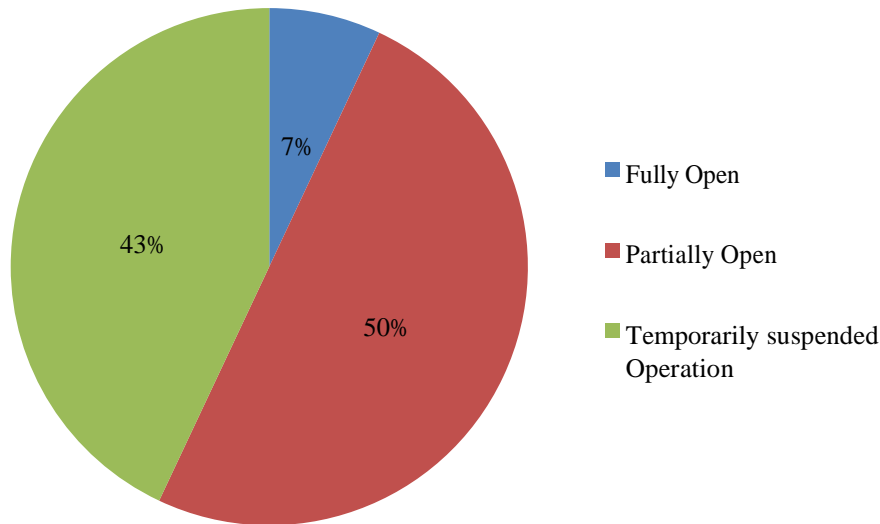
3.1 IMPACT OF COVID-19 PANDEMIC ON HOTEL INDUSTRY OF INDIA

Covid-19 is a dark swan event which had influenced almost every industry worldwide but it had been remained unknown or unheard for a very short period of time on the Travel & Hospitality market. The virus has affected the world and India is no outlier. We had witnessed a steady rise in the number of active cases every day. The common consensus supported by medical experts was that isolation and lockdown are the first steps to slow this virus spread.

While the lock-down took place for the public interests, it had a disastrous impact on economic development in the country and recession could well be inevitable in the next few quarters. The effect on the hospitality sector in India was drastic, with the cancelation of flights and trains across the country, hotel bookings were canceled and this had a immense effect on travel agencies, taxi operators, crafts showrooms, etc. The country's hotels were practically closed with effectively zero income for months or so as they had to deal with fixed costs.

India had started feeling the adverse effects of the global COVID-19 turmoil towards the end of February 2020, which had worsened in the beginning of March 2020. The first week of March, India had reported a severe decline in hotel occupancy status and some establishments had turned into quarantine centers for suspected patients. The 70-day government-enforced lockdown crippled the hospitality industry. Luxury hotels, semiluxury hotels, guesthouses, home-stays etc. were adversely affected since the breakthrough of the pandemic. Several small and medium scale restaurants and cafes had been shut and large hotel chains were struggling in payment salaries, and in some cases, even laying-off the staff. The vast hospitality industry which includes lodging, food services, event planning, transportations etc. was severely affected. Many hotel owners had decided to shut down or suspend operations till the health crisis sees an end. Budget hotels were finding it challenging to bear the operational expenses. The comprehensive safety measures that hotels had taken may not be adequate to convince people. The lockdown had impacted badly t budget hotels, home stays, and guest houses, which had been flourished in the last few years. Various big hotel chains and small resort chains had faced losses during the peak season of tourism. According to survey conducted on the hotels operators in India to understand the impact of COVID-19 on their business by newspaper. We could see resulted data on following figure about hotel operation status during COVID 19 outbreak period.

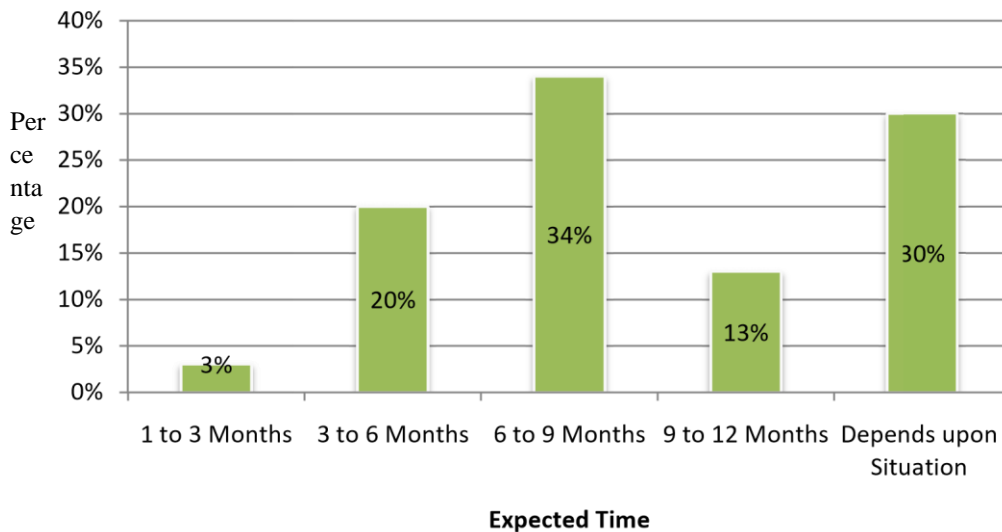
4.1 Figure: 1 Hotel Operation Status



Source : Survey conducted by Economic Times

The data shows that post-lockdown the operations have not resumed completely; around 50% were partially open, 43% had temporarily suspended operation whereas 7% had resumed operations

5.1 Figure 2. Expected Market Recovery Time



Source : Survey conducted by Economic Times

The given diagram showed 70% of respondents had expected that it may take 3 to 12 months for the market to recover. Also, many were of the opinion that states relying heavily on tourism might open booking soon, nevertheless would easily take 9 months or more to bounce back to normal.

4. CONCLUSION

In this paper, the author reviewed the impact of COVID-19 pandemic on the Indian hospitality and tourism sector during Covid-19 outbreak. It was confirmed that this pandemic had affected drastically the Indian tourism sector, especially the aviation sector, the hotel sector, pilgrimage tourism, and daily-based workers in the local community. Furthermore, due to lockdown and travel restriction measures, the employers as well as an employee of the tourism sector were in jeopardy. Beside this, the unprecedented situation was prevailing in India and around the world. In India, revenues in the aviation sector had temporarily stopped and will be resumed once the situation become normal. However, it can also be said that it would be difficult to revive the hospitality sector for a while.



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