



Before, During and After Covid-19: Study on Toursim & Hospitality Business in India

Mukesh¹, Mahabir Narwal²

¹ Assistant Professor, Department of Commerce, GC Sec-9 (Gurugram)

² Professor, Department of Commerce, Kurukshetra University (Kurukshetra)

Email : kmkumar101@gmail.com mahabirnarwal@gmail.com

Abstract Tourism helps in creating job possibilities either directly or indirectly and also play a part in the contribution of foreign exchange of the country. Tourism are of different type and for analyze purpose, one should understand the difference between all forms of tourism like discussed in this study. As a tour, one can travel away from permanent location to the place which is not in the same location. To travel from one place to other were restricted due to COVID-19 and it places a big impact on tourism and hospitality business in India and in world. During COVID-19, leisure and business tourists revoked their trips which were planned and scheduled due to rose in positive cases and government guidelines. Tourism and hospitality business faced a huge loss due to lockdown as well as it affected employment of people. Tourism industry is a good source of revenue generation and backbone of economy in many countries. The aim of this study is to see before, during and after COVID-19 impact on hospitality and tourism business in India.

Keywords: COVID-19, Challenges, Economic Development, Hospitality, Tourism.

1. INTRODUCTION

In India, one of the big industries is travel and tourism. It supply different kind of tourism i.e. sports, cultural, business, heritage and medical tourism. This sector mainly promoting Indian tourism as a preferred destination for tourists and also generating employment and economic growth of the country (www.india.gov.in). tourism sector create job possibilities and foreign exchange for the country (Adnan Hye & Ali Khan, 2013).

Environment pollution, pandemics and armed conflicts are foremost types of crises that influence tourism and hospitality industry like; 2015/2016 drought in India, Asian tsunami and 9/11 attack in USA (Ahlfeldt et al., 2015; Gautam, 2021). Moreover, tourism and hospitality industry was hit by pandemic unpredictably with shutdown of leisure and accommodation facilities and also affected the movement of people due to infection fear (Gautam, 2021). COVID-19 has spread at a global level and many countries were suffered from this pandemic. 24th March 2020 was the day when first lockdown announced in India. World Health Organization announced it as a health crisis on a global level. This influenced day to day life and 75 districts were trailed with lockdown. Safety measures were the focus to stop this virus forms spreading with social distancing and following government guidelines. Lockdown were imposed in many nations as a result national and international tourism sector were almost closed (Tilak, 2021). In the month of April 2019, total NRIs arrivals in India were 507704, whereas in April 2020 it was only 233 (www.tourism.gov.in).

Due to COVID-19 many people fight for health care access, food shortage and lost their jobs. To constrain the virus spread, government or authorities restricted business operations,

mobility and implemented quarantine. 463 million (third of world's) school children faced difficulties in getting remote learning. In 2020, after a generation there was an increase in global poverty and about 3 percent of the world economy shrank (The World Bank, 2022). Hospitality and tourism industry is also one of the most affected industries in the due to COVID-19 especially in developing countries. This industry has been closed temporarily to decrease the infection rate with some measures like; travel restriction, home orders, lockdown and social distancing (Gautam, 2021; Gursoy & Chi, 2020; Bartik et al., 2020)

After first and second wave of COVID-19, Indian economy was disturbed highly with loss of people lives. All the factors faced huge loss. After the government lifted restrictions, demand for goods and services rose and economy bounced back (Turan et al., 2021). The FDI has grown to 27.1 billion (US dollar) in August 2020 by 16 percent as compared to April 2020. From 2020 to 2021, foreign portfolio investors invested Rs.

12.9 trillion in India. India is expected to play an important role in export and manufacturing and also to create policies for employment and growth of the economy (www.ibef.org, 2020).

This study includes secondary data collected from different ministry portals of India, WHO, World Bank, UNWTO, Ministry of Tourism, published news, internet, published research article, internet and reports. Impact of COVID-19 in tourism and hospitality sector has been mentioned in this study which provides an influence of pandemic situation on demand of tourism sector- before, during and after COVID-19.

Various forms of tourism:

Rural tourism:

The main motive of this sector is to create an interest of tourist in culture and heritage by village visiting and to experience healthy and relaxed lifestyle. The success of this sector depends on local people by providing environment that is tourist friendly and other facilities of tourism. Rural tourism provides an income to rural people which increases their purchasing power. Rural tourism is getting popular and restaurants and hotel sector is also increasing.

MICE tourism:

This sector related to travel for business for incentives, displays, meetings and conferences. This tourism is developing rapidly. There are different characteristics of each subgroup of MICE. Convention office supply service providers, meeting, exhibition organizers and incentives.

Spiritual and religious tourism:

Due to stressful life, people throughout the world are looking for meditation, heavenly

joyfulness and spiritual reading. India is known as the country of spirituality and multicultural. People of different religion (Christian, Zoroastria, Islam, Jain, Hindu, Buddhism) living together from thousands of years.

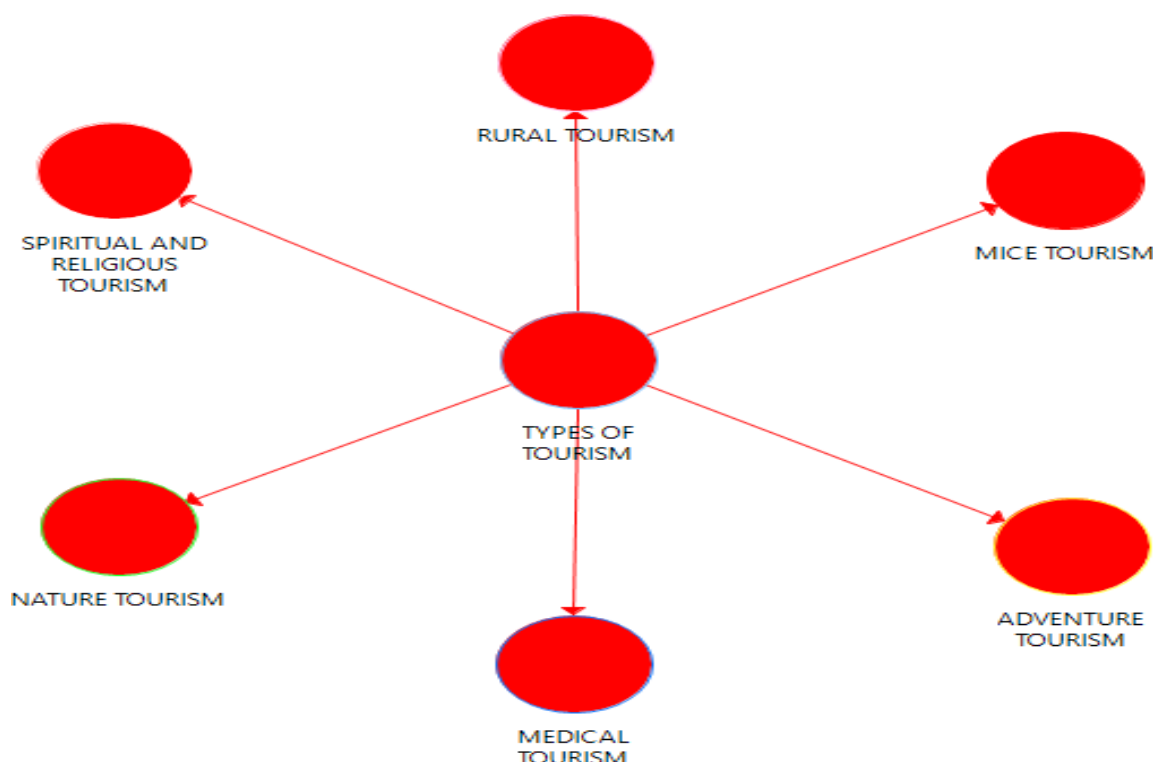


Figure 1: Forms of tourism

Source: Thommandru et al. (2021); www.ibef.org (2022).

Adventure tourism:

This tourism cover adventure activities i.e. rock climbing, mountaineering, river rafting, trekking, mountain biking and bungee jumping. Young people are considered as main tourists for this sector as they want to experience adventure. Increase in number of young tourist in this tourism can be driven by other factors like; cheap long distance travel, increase in higher education, increase in budget for travel, unique experience, less unemployment and exciting experience.

Medical tourism:

This tourism includes specialized medical treatment for wellbeing and achieving good health. This sector includes different medical treatment, preferably ayurvedic therapies and spa.

Nature tourism:

This sector mainly concerned with nature. Nature tourism is the fast growing sector in this business as people want to see and enjoy natural beauty. Natural plants and wildlife are the main focus of modern nature tourism.

Tourism impact on GDP:

Before pandemic situation, counting induced, indirect and direct impact of travel and tourism contributed 333 million jobs in world (10.3 percent) of all the jobs and US\$9.6 trillion (10.3 percent) of global GDP. In 2019, US\$ 1.8 trillion were spent by international visitor. In 2020, contribution of travel and tourism industries was -50.4 percent (US\$ 4.9 trillion) due to pandemic and in 2021 it rose by +21.7 percent (US\$ 1 trillion).

In 2021, spending of domestic visitor rose by 31.4 percent as compare to reduce of 47.4 percent in 2020. In 2021, spending of international tourists rose by 3.8 percent as compared to reduce of 69.7 percent in 2020. Total jobs lost in 2020 were 62 million and total jobs recovered in 2021 were 18.2 million (www.wttc.org, 2022a).

Table 1: GDP contribution in 2019 & 2021 (travel & tourism)

| 2021 | | 2019 | |
|----------------|---------|----------------|---------|
| Rank | US\$ bn | Rank | US\$ bn |
| United States | 1271.2 | United States | 1979.1 |
| China | 814.3 | China | 1856.6 |
| Germany | 251.0 | Germany | 391.2 |
| Japan | 206.3 | Japan | 371.1 |
| Italy | 179.0 | United Kingdom | 280.8 |
| India | 178.0 | France | 233.3 |
| France | 177.9 | Italy | 214.5 |
| Mexico | 168.8 | India | 212.8 |
| United Kingdom | 157.5 | Mexico | 199.6 |
| Spain | 113.1 | Spain | 198.3 |
| Brazil | 103.5 | Australia | 147.5 |
| Canada | 88.0 | Canada | 126.1 |
| Australia | 76.5 | Brazil | 123.7 |
| Netherlands | 76.3 | Thailand | 108.1 |
| Russia | 66.0 | Netherlands | 104.1 |
| Turkey | 59.3 | Philippines | 92.6 |
| Saudi Arabia | 51.5 | Russia | 86.8 |
| South Korea | 48.8 | Turkey | 78.2 |
| Iran | 48.1 | Saudi Arabia | 77.8 |
| Switzerland | 44.5 | South Korea | 76.5 |

Source: www.wttc.org (2022b)

Table 1 showing the influence of tourism industry on GDP of different countries. There is a significant impact of tourism in economy. United states stands at the top in table for GDP contribution in both the year i.e. 2019 & 2021. United states contributed US\$ 1271.2 billion as compared to US\$ 1979.1 billion in 2019. India contributed US\$ 178.0 billion as compared to US\$ 212.8 billion in 2019.

Tourism impact on employment:

Table 2 shows the employment provided by tourism industry in 2019 & 2021. China stands at top for providing maximum employment in the year 2019 & 2021. China provided 82240 thousand employments in 2019 as compared to 73314 thousand in 2021. Whereas, in 2019 India provided 40104 thousand employments as compared to 32105 thousand in 2021.

Table 2: Employment 2019 & 2021 (travel & tourism)

| 2021 | | 2019 | |
|----------------|-----------|----------------|-----------|
| Rank | Thousands | Rank | Thousands |
| China | 73314 | China | 82240 |
| India | 32105 | India | 40104 |
| Indonesia | 10947 | United States | 16804 |
| United States | 10498 | Indonesia | 12376 |
| Philippines | 7820 | Philippines | 9505 |
| Thailand | 6865 | Thailand | 8192 |
| Brazil | 6404 | Brazil | 7670 |
| Mexico | 6026 | Mexico | 7026 |
| Japan | 5503 | Germany | 5876 |
| Germany | 5099 | Japan | 5798 |
| United Kingdom | 4108 | Vietnam | 4903 |
| Vietnam | 3899 | United Kingdom | 4282 |
| Russia | 3768 | Russia | 4025 |
| Pakistan | 3339 | Pakistan | 3888 |
| Italy | 2641 | Nigeria | 3355 |
| France | 2599 | Italy | 2851 |
| Spain | 2508 | Spain | 2843 |
| Nigeria | 2433 | France | 2681 |
| Turkey | 2424 | Turkey | 2592 |
| Egypt | 2162 | Egypt | 2421 |

Source: www.wttc.org (2022b)

GDP contribution of travel and tourism in 2021 worldwide rose by 21.7 percent as compared to 2020. Due to pandemic situation (COVID-19), the GDP contribution was sharply dropped. In 2021, the sector contributed US\$ 5.81 trillion to global GDP.

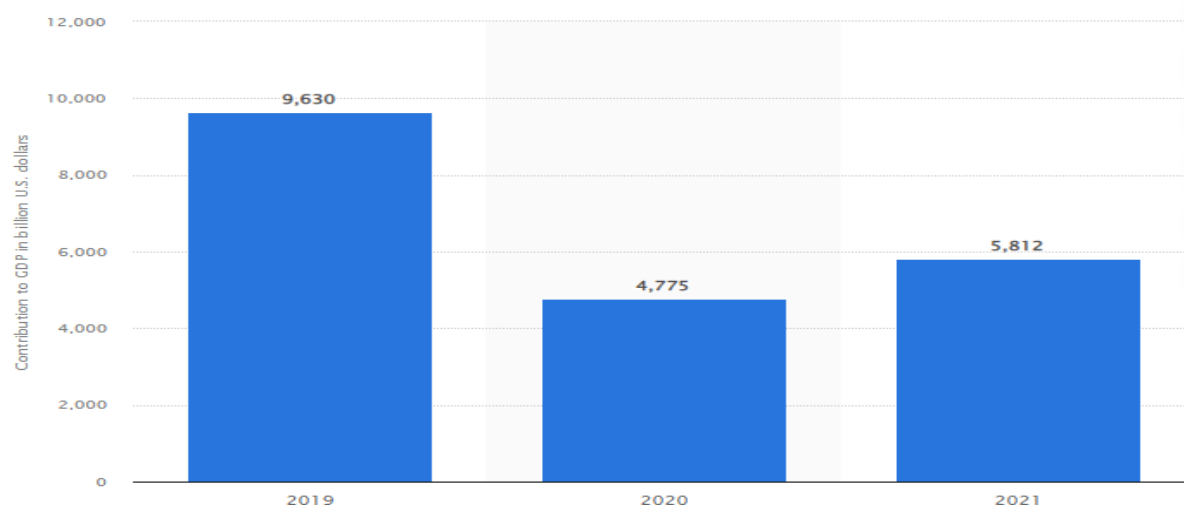


Figure 2: Worldwide GDP contribution of travel and tourism (US\$ billion)

Source: Statista research department (2022).

Tourism in India

Table 3: ITAs (International Tourist Arrivals) in India, 2019-2021.

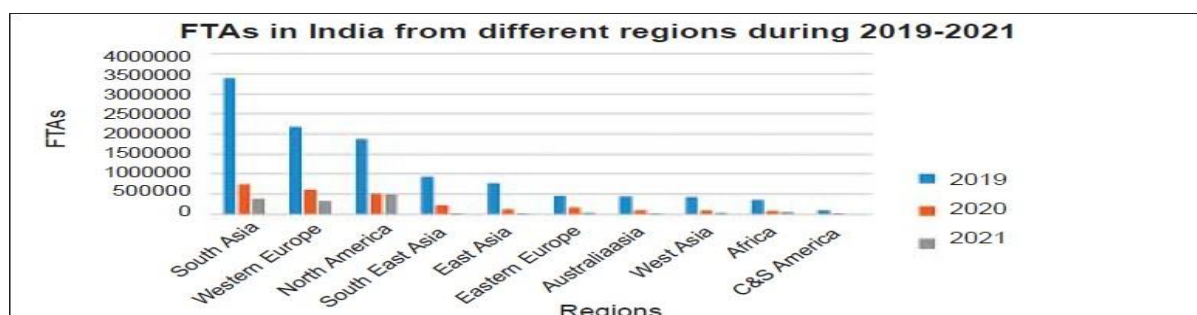
| Months | 2019 | 2020 | Growth 2020/2019 (%) | 2021 | Growth 2021/2020 (%) |
|-----------|----------|---------|-------------------------|---------|-------------------------|
| January | 1551947 | 1730952 | 11.53 | 581000 | -66.43 |
| February | 1492719 | 1513549 | 1.40 | 541430 | -64.23 |
| March | 1462838 | 615985 | -57.89 | 613085 | -0.47 |
| April | 1282355 | 3053 | -99.76 | 491807 | 16008.97 |
| May | 1233736 | 29524 | -97.61 | 224663 | 660.95 |
| June | 1395170 | 189546 | -86.41 | 253543 | 33.76 |
| July | 1593705 | 297298 | -81.35 | 411527 | 38.42 |
| August | 1474406 | 290430 | -80.30 | 457561 | 57.55 |
| September | 1241027 | 302558 | -75.62 | 550855 | 82.07 |
| October | 1569480 | 373708 | -76.19 | 845186 | 126.16 |
| November | 1699316 | 477918 | -71.88 | 947525 | 98.26 |
| December | 1916815 | 512601 | -73.26 | 1091453 | 112.92 |
| Total | 17913514 | 6337122 | -64.62 | 7009635 | 10.61 |

Source: www.tourism.gov.in (2022)

Table 3 shows total international tourist arrival in India before, during and after pandemic. As we can see before pandemic, the ITAs were 12, 82,355 in April 2019 as compare to 3,053 in April 2020 (-99.76 percent). On the other hand, after pandemic the country recovering from the pandemic stage and there were 4, 91,807 (16008.97 percent) international

tourist arrivals in India with a tremendous growth rate. As compared to 2020, the data of ITAs have increased in 2021.

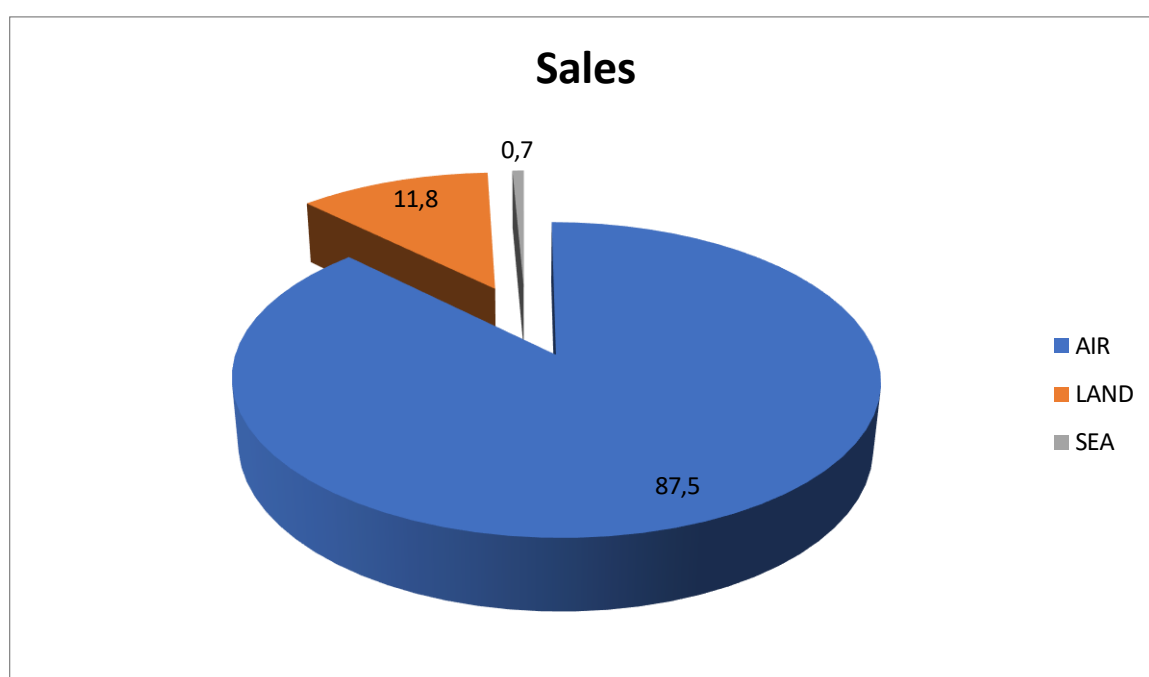
Figure 3: Foreign tourist arrivals 2019-2021



Source: www.tourism.gov.in (2022)

During 2021, North America contributed with highest share of foreign tourist arrivals in India (33.42 percent) as compared to least contribution of C&S America with 0.45 percent. From figure 3, we can see that there have been downsize in foreign tourist arrivals in India from every regions.

Figure 4: Travel mode used by foreign tourist arrivals in India (2021)



Source: www.tourism.gov.in (2022).

In 2021, most favourite mode of travel was Air for foreign tourists accounting for 87.5 percent, followed by land (11.8 percent) and sea (0.7 percent). From the above figure 4, it can be seen that foreign tourist prefer Air mode as their medium of travel for India.

Table 4: Foreign Exchange Earning

| Year | FEE in US\$ terms | FEE in ₹terms |
|------|-------------------|---------------|
| | US\$ Million | ₹ Crore |
| 2011 | 17707 | 83036 |

| | | |
|------|-------|--------|
| 2012 | 17971 | 95607 |
| 2013 | 18397 | 107563 |
| 2014 | 19700 | 120367 |
| 2015 | 21013 | 134844 |
| 2016 | 22923 | 154146 |
| 2017 | 27310 | 177874 |
| 2018 | 28586 | 194881 |
| 2019 | 30058 | 211661 |
| 2020 | 6958 | 50136 |
| 2021 | 8797 | 65070 |

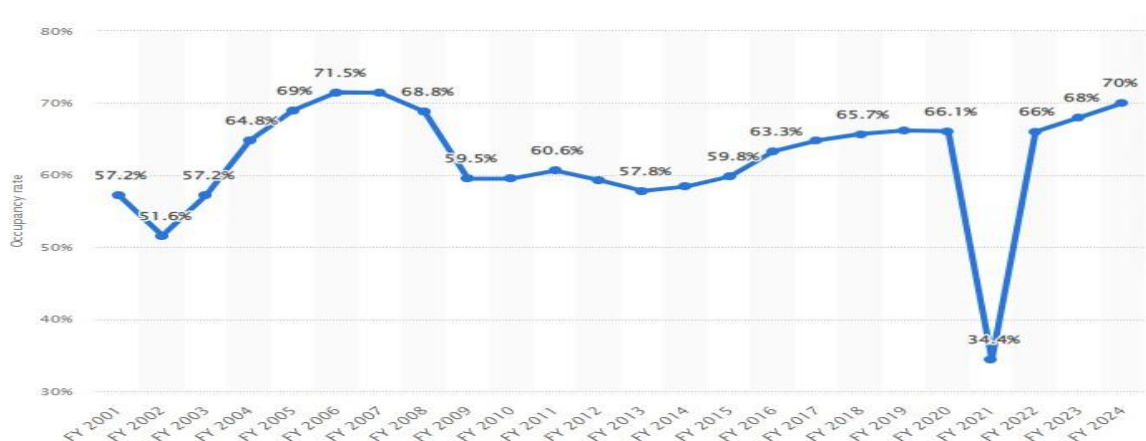
Source: www.tourism.gov.in (2022).

Table 4 shows Foreign exchange earnings from 2011 to 2021 in India. In 2021, US\$ 8.797 billion were the foreign exchange earnings in India followed by US\$ 6.958 billion in 2020. In 2019, 211661 crore were the foreign exchange earnings (₹ terms) from tourism industry as compared to 50136 crore in 2020. This might be because of pandemic situation during 2020.

Hospitality sector in India

In FY 2021, hotels occupancy rate was 34.4 percent in India and it is estimated that it will rise to 66 percent in FY 2022. In FY 2021, midscale hotels got the maximum occupancy (37 percent) in different types of hotels in India. The decline was due to pandemic impact and further it is expected to rise in coming years as shown in figure 5.

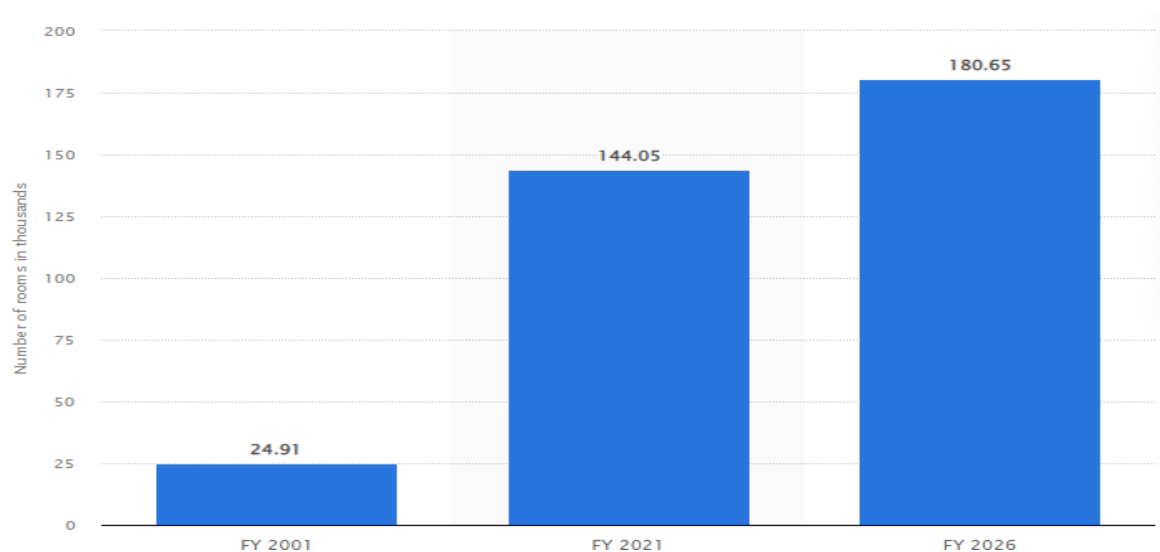
Figure 5: Hotels occupancy rate in India (FY 2001-2024)



Source: Sandhya Keelery (2022a).

Figure 6 shows the status of hotel rooms in India from 2001 to 2021 and expected status in 2026. In FY 2001, the hotel rooms available in India were over 24 thousand as compare to over 144 thousand in FY 2021. It is expected that the number of hotel rooms will increase over 180 thousand in India till FY 2026. In 2021, cities which dominated in this class were Mumbai, New Delhi and Bengaluru.

Figure 6: Hotel rooms in India (FY 2001-2021)- in 1,000s



Source: Sandhya Keelery (2022b). Investment in tourism

In South Asia and Indian business, it is expected that OYO rooms will invest around US\$ 200 million for leadership, technology and capital expenditure. Choice hotels India declared that they are planning to open ten new hotels in Bareilly, Chennai, Bengaluru, Kochi, Kolkata, Indore, Udaipur, Rishikesh and manali. In Cruise sector, Dream hotel group announced (in April 2021) to invest approx. US\$ 300 million in coming 3 to 5 years. With 22 new hotels In South Asia (Nepal, India, Maldives, Bangladesh, Bhutan and Sri Lanka), Marriott International signed an agreement and planning to expand its portfolio by adding more than 2700 rooms. On 2 August 2021 in Udaipur Rajasthan, the first hotel is opened by Raffles Hotels and Resorts (a Singapore based company).

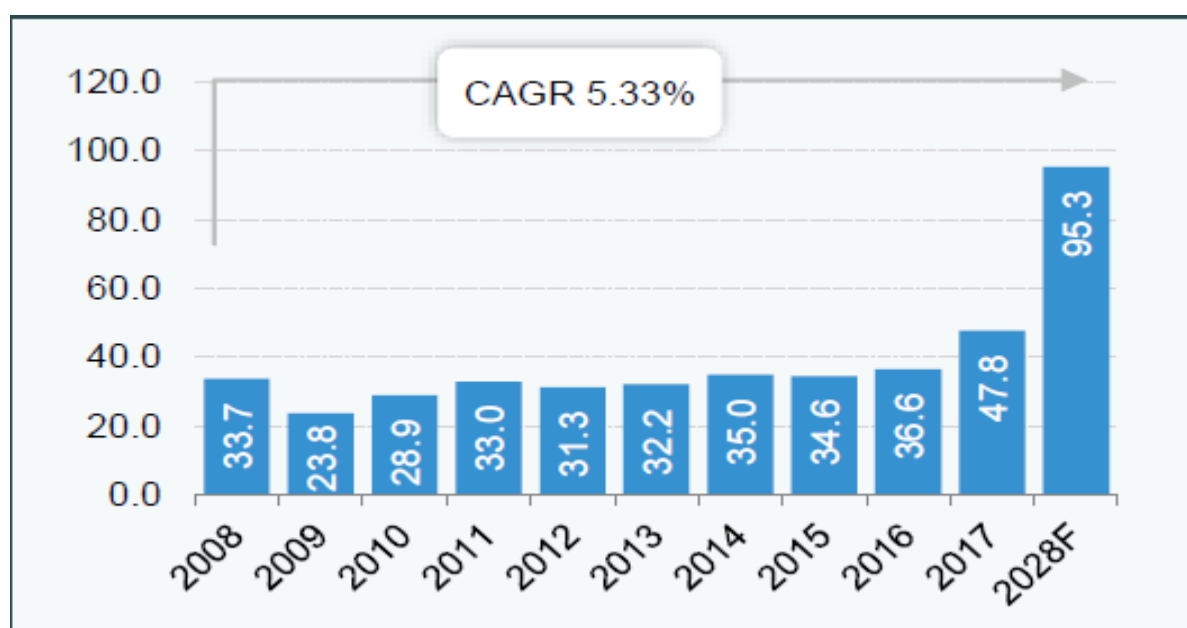


Figure 7: Capital investments in the tourism sector (US\$ billion)

Source: www.ibef.org (2022).

Figure 7 showing that there were US\$ 47.8 billion of capital investment in tourism sector and it is expected that it will rise to US\$ 95.3 billion till 2028.

5. CONCLUSION

Tourism industry plays an important role in creating job opportunities and in foreign exchange reserves. It promotes culture, heritage, nature, history and art & craft of a nation. According to www.tourism.gov.in (2022), UK, Poland, France, Germany, Mexico, Austria, Italy, Turkey, Spain and USA are the countries from where maximum international tourists arrived in 2021 (38.9 percent).

In June 2022 for sustainable tourism, Ministry of tourism (India) launched national strategy and Prime Minister promoted domestic tourism in India and requested to visit 15 locations by 2022. In union budget 2022-2023, Ministry of tourism allocated US\$ 309.13 million (Rs. 2400 crore) more than 2021-2022. For Swadesh Darshan Scheme, US\$ 152.16 million (Rs. 1,181.30 crore) allotted. From April 2000 to March 2022, India received foreign direct investment of US\$ 16.38 billion in tourism and hospitality sector. On NIDHI portal (National Integrated Database of Hospitality Industry) 46,873 classified and unclassified accommodation units have been registered (www.ibef.org, 2022). This article analyses the relevancy of tourism & hospitality sector in economic growth and COVID-19 impact on the tourism sector.

Future research

In terms of health, a micro size virus distressed the world. The world economy has been shaken by COVID-19, due to which restrictions implemented by all the countries on travel to stop the infection. Future study can be conducted on influence of COVID-19 on online classes. Particularly one type of tourism can also be studied to see pandemic effect. An empirical study can also be conducted to see the COVID-19 influence. A separate study can be performed on demand of FMCG during pandemic situation.

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