



CHALLENGES FACED BY INDIAN TOURISM INDUSTRY DUE TO THE PANDEMIC

Aqfakudeen N¹, Dr. J Krithika²

*II Year PGDM Student¹, Senior Assistant Professor²
Xavier Institute of Management & Entrepreneurship, Chennai*

Article DOI: <https://doi.org/10.36713/epra11645>

DOI No: 10.36713/epra11645

ABSTRACT

The tourism sector's impact on a nation's economic prosperity cannot be separated. The pandemic has had an impact on numerous departments, including those dealing with hotels, travel, and tourism, international trade, hospitality, and tourism management, foreign exchange, and revenue. To better understand the results of this study, data which includes turnover and profit after tax reports from the Indian Tourism Development Corporation Limited are visually displayed for five consecutive years. This study's weakness is that the data was gathered based solely on ITDC self-reports. This study has unequivocally demonstrated that the various tourism industries have been more severely impacted by the covid epidemic. To overcome this issue and support the tourism sector, governments must act. Because it will be difficult to overcome the current issues and financial crises without government assistance. The government should either lower or do away with the taxes imposed on the travel and tourism sector.

KEYWORDS – *Tourism, ITDC, COVID epidemic, Government and Department.*

INTRODUCTION

The Indian tourism industry is set to flourish in the twenty first century with the addition of numerous new hospitality services and brand-new airports with improved infrastructure. The Indian government introduced a few tourist circuits in order to increase tourism in India and in various regions of the nation. Nearly 10 million tourists visited India during the course of 2019, a tripling of the number from the previous year. More than 8.78% of India's population has employment prospects thanks to the tourist industry, which has contributed 6.32% to the country's GDP. In another way, the covid epidemic has destroyed the entire travel and tourism sector. This pandemic lockdown in India has had a significant impact on businesses that are directly and indirectly associated to tourism and tour operators. Due to the suspension of international flights, this sector's revenue fell by 40% in the month of March and kept down through the month of May.

REVIEW OF LITERATURE

Vineet Kumar (2020) examines the COVID-19 problem in India and how it has affected the travel and hospitality sectors; it is important because the COVID-19 crisis has had a significant impact on both sectors globally. The seventh-largest nation in the world, India is blessed with a variety of tourism resources and welcomes millions of visitors each year, which boosts the GDP of the nation. The urgent requirement is to move quickly to reverse the current slowdown in the tourism industry by analysing its long-term effects as soon as possible.

Abhimanyu Sharma et al (2020) on Impact of COVID-19 outbreak over Medical Tourism (This article discusses the medical tourism will suffer significant consequences that will negatively affect everyone involved, whether they are the healthcare providers or the people seeking medical care, as the world is currently experiencing a major crisis as a result of COVID-19, with the majority of industries being severely impacted.

Sandhya H (2021) focuses on analysing the pandemic's overall effects on India's travel and tourism sector. The goal of the study is to comprehend the difficulties that various tourism sector stakeholders must overcome in order to survive the epidemic. The report also explains the potential that lie ahead in a post-Covid environment and some of the strategies used by industry participants to manage future demand in a more secure and sustainable way. The conceptual article is entirely supported by evaluations of previous research studies that have examined the global Covid epidemic.

Girish K Nair et al (2021) in their research paper demonstrates the hotel manager perspective of COVID-19 on the Indian hotel industry by qualitatively analysing inputs from the human resources department, general management, and top management of five-star hotels across India. By doing so, it improves comprehension of how the COVID-19 situation affects the hospitality industry's strategy, business operations, and human resources (HR). The qualitative data gathered through online interviews with 17 top-level hotel managers from all over India are examined in this study.)

INDIAN TOURISM DEVELOPMENT CORPORATION LIMITED HAVE REPORTED THE DIVISION WISE PERFORMANCE OF THE CORPORATION

Hotel Division:

Table 1: According to the ITDC annual report on hotel division.

TURNOVER	2018	2019	2020	2021	2022
AMOUNT	269.84	251.65	253.12	138.04	197.22

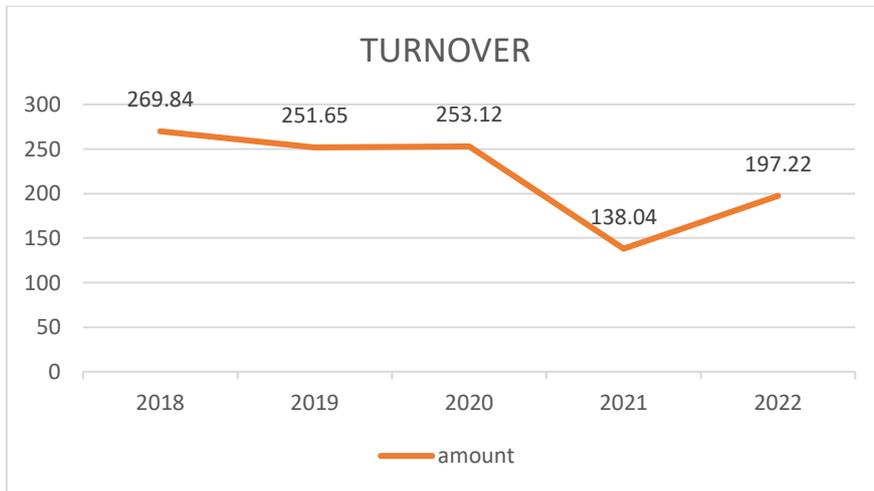
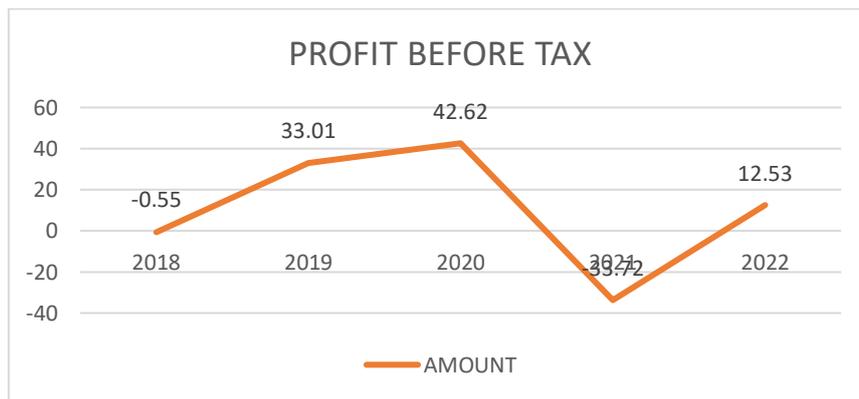


Table 1.1: Indian tourism development corporation limited reported on profit before tax of hotel division.

PBT	2018	2019	2020	2021	2022
AMOUNT	-0.55	33.01	42.62	-33.72	12.53



The graph shows the 5 years of the turnover and profit before tax of the hotel division. According to the Tourism Development Corporation of India's limited annual report, the chart above conveys the extent of the pandemic's impact on the

hospitality sector. According to the graph, sales and pre-tax profit are down significantly from last year. They were affected in the years 2020-2021, indicating a significant decline and a period of recovery from the pandemic.

International Trade

Table 2: According to the ITDC annual report on turnover of international trade.

TURNOVER	2018	2019	2020	2021	2022
AMOUNT	15.03	18.47	16.47	15.87	21.19

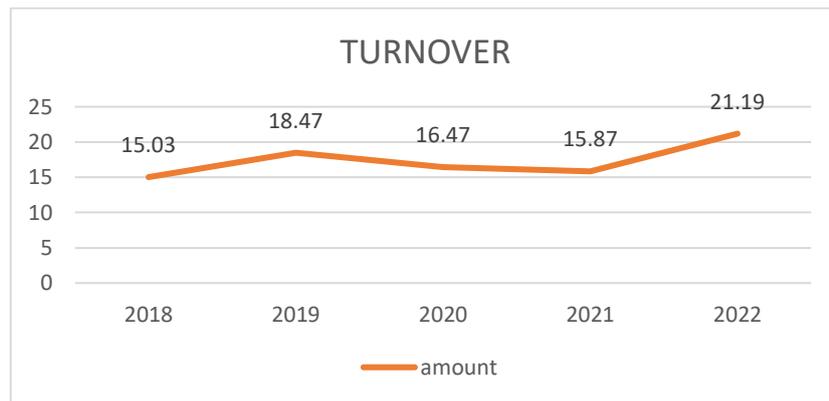
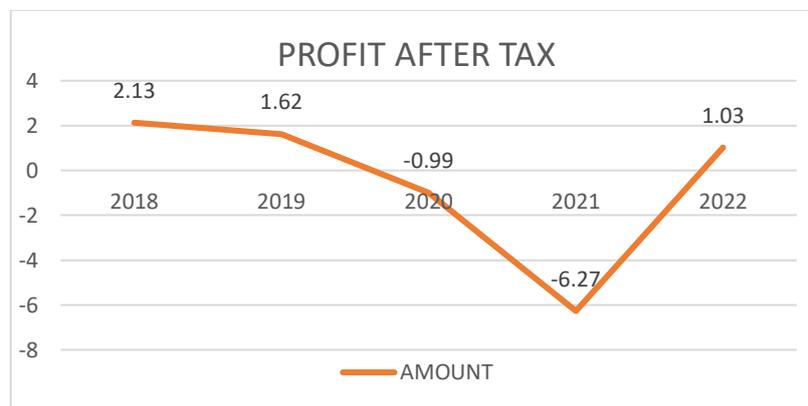


Table 2.1: Indian tourism development corporation limited reported on profit before tax of international trade.

PBT	2018	2019	2020	2021	2022
AMOUNT	0.52	3.27	1.42	1.43	5.85



The graph above depicts international trade turnover and profit after tax over the last five years, as reported by the Indian Tourism Development Corporation Limited. The International Trade Division's revenue was 21.19 crore, up from 15.87 crores the previous year. Profit before tax (PBT) for the international **Travels and Tourism**

trade T division was '5.85 crore, up from '1.43 crore the previous year. According to the graph above, the covid 19 has a significant impact on both turnover and profit after tax.

Table 3: According to the ITDC annual report on travels and tourism division.

TURNOVER	2018	2019	2020	2021	2022
AMOUNT	29.65	34.5	29.43	7.73	22.06

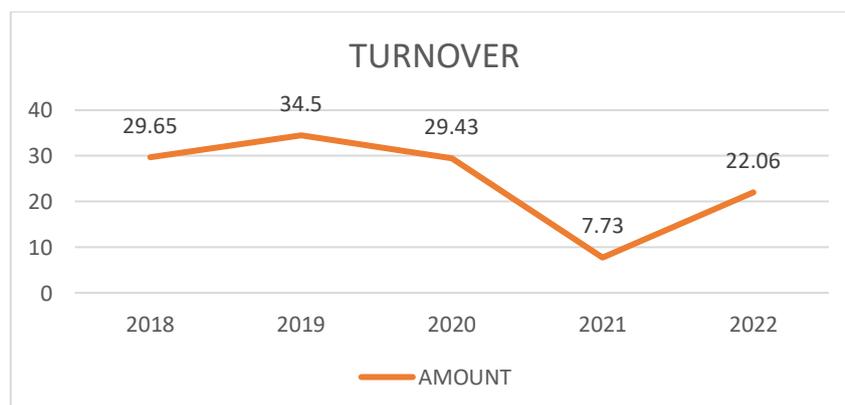
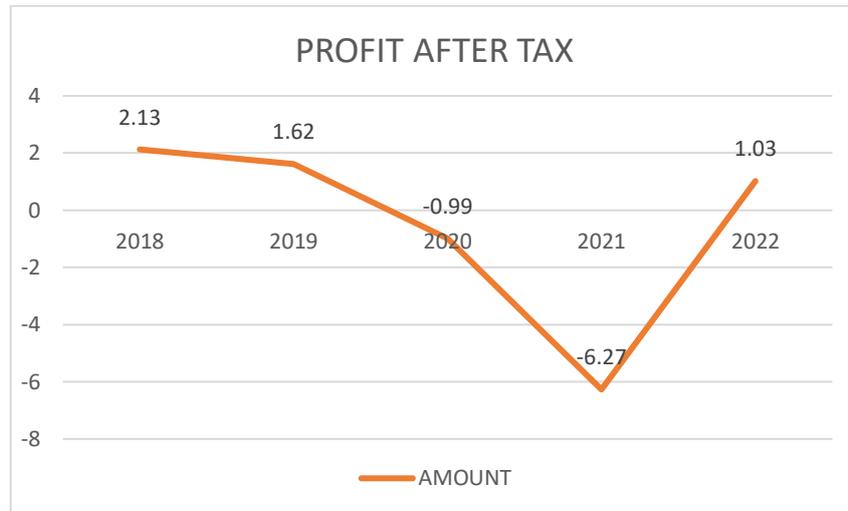




Table 3.1: Indian tourism development corporation limited reported on profit before tax of travels and tourism division.

PBT	2018	2019	2020	2021	2022
AMOUNT	2.13	1.62	-0.99	-6.27	1.03



The above graph table 3 and 3.1 depicts the data over the last five years. According to an Indian tourism development corporation limited report, the covid has had an impact on travel

and tourism. The graph's line began to fall in 2019 and then began to rise in 2022.

Table 4: According to the ITDC annual report on institute of hospitality and tourism management.

TURNOVER	2018	2019	2020	2021	2022
AMOUNT	3.61	4.85	4.29	2.28	4.86

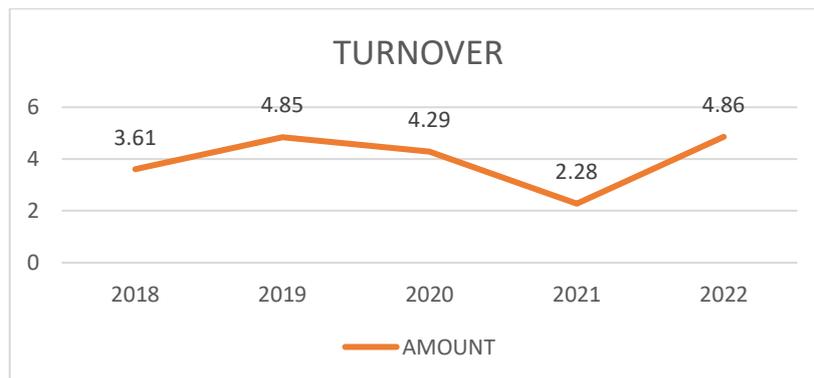
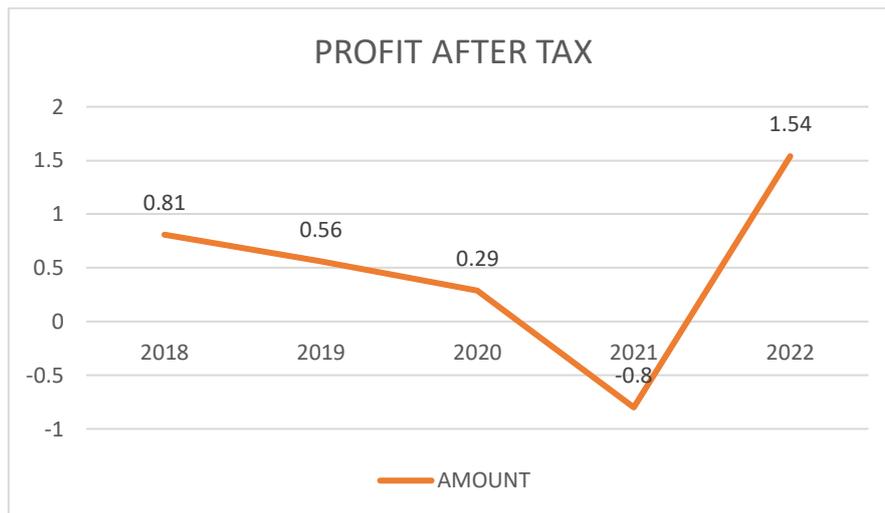


Table 4.1: Indian tourism development corporation limited reported on profit before tax of institute of hospitality and tourism management.

PBT	2018	2019	2020	2021	2022
AMOUNT	0.81	0.56	0.29	-0.8	1.54

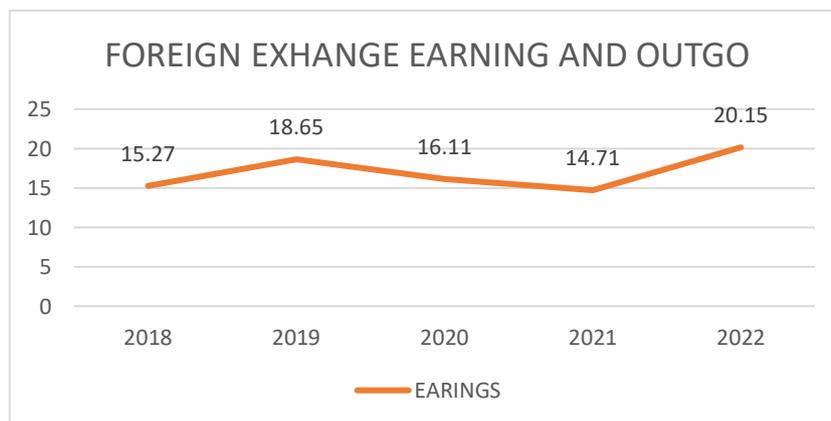


According to the Indian tourism development corporation limited report, figures 4 and 4.1 above represent the institute of hospitality and tourism management's 5-year data (ITDC). The covid pandemic has had a significant impact on hospitality and

tourism management, affecting the majority of people in the economy and causing various physical problems. The graph above depicts a decline in hospitality and tourism management.

Table 5: According to the ITDC annual report on foreign exchange earnings and outgo.

YEAR	2018	2019	2020	2021	2022
EARINGS	15.27	18.65	16.11	14.71	20.15

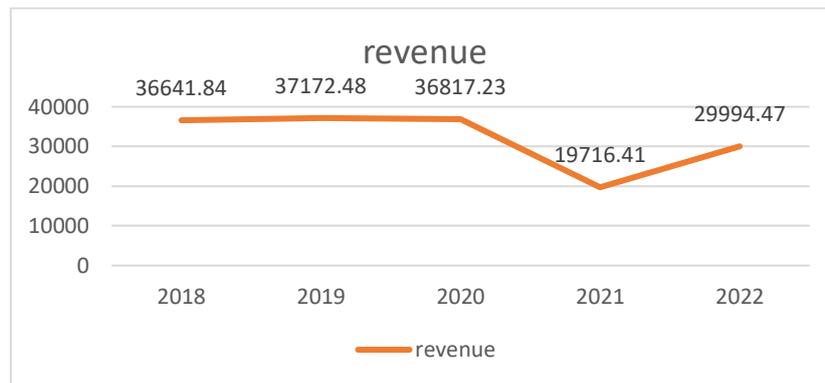


The above table denotes the 5 years of the data of the foreign exchange and outgo. According to the ITDC, the graph above depicts foreign earnings and outflows. The level of change in

2019 - 20 is small and has a minor impact when compared to other sectors of the tourism industry.

Table 6: According to the ITDC annual report on revenue from the overall division.

Year	2018	2019	2020	2021	2022
revenue	36641.84	37172.48	36817.23	19716.41	29994.47



The above graph depicts the revenue of the Indian Tourism Development Corporation Limited over five years. As a result, it has been demonstrated that the covid pandemic has had an impact on the ITDC's revenue, as it has improved from 2021 to 2022, with the ITDC increasing its revenue by 10278.06, a significant increase over the previous year.

INDIAN TOURISM INDUSTRY – TODAY

Many world religions, including Hinduism, Jainism, Sikhism, Buddhism, Islam, and Christianity, were founded in India. The United Nations Educational Scientific and Cultural Organizational world heritage sites have listed India, currently, 40 world heritage sites, which makes India the 6th largest number of heritages in the world. There was 1 mixed site that is recognized by UNESCO, 7 natural sites, and 32 cultural sites India's main source of foreign currency comes from tourism. In 2021, the number of foreign visitors to India decreased by 44.5% as a result of the covid 19 pandemic and the restrictions. The proportion of Indian nationals leaving the country increased by 7.3% in 2021. People from all states now have numerous work options given by the Indian tourism industry. The tourist sector employs close to 20 million people in India. More than 39 million jobs were created in the tourist sector in India last year, accounting for over 8.0% of all employment there. The state of travel and tourism, which is one of the largest contributors to GDP, ranked India 10th out of 185 nations. By the year 2028, it is anticipated that Indian tourism will generate 50.9 billion US dollars. From a projected, 75 billion US dollars in 2020, the travel market in India must be anticipated to reach 125 billion US dollars. The Indian airline travel market is expected to double in size by 2027 from its current estimated 20 billion US dollar value. In India, the domestic, foreign, and outbound hotel market was valued at 32 billion US dollars in 2021, and 52 billion US dollars is expected to be reached in 2027.

CHALLENGES FACED BY TOURISM

How it influenced on airline business and travel industries

Foreign visitors to India have declined due to this pandemic lockdown all over the country. All segments of tourism like inbound, outbound, domestic, and MICE (Meeting, Incentives, Conference, and Exhibitions) travel will be affected. These are the main source of revenue generation for the travel agencies and tour operators. (Business Today-2020) For a good example, one of the top online travel services 'MakeMyTrip has drawn zero salaries to top brass to take a 50 percent cut. Tour operators are been happened to take such an action due to this

financial crunch. Travel agents will earn revenue from airline tickets but due to the covid pandemic for safety and precaution, domestic international travel has been banned as per the advice of the government of India. The airline business has taken a major hit due to this covid pandemic, airline revenues in 2020 has been declined to 44% compared to the last year which means almost half of the revenues have declined. During the pandemic, the travel and airline business industry's workforce is being sent on leave with no payment of their salaries which is not good for the industry and will create an unemployment crisis in the travel and airline business.

How it is impacted on medical tourism, healthcare

It is believed that medical tourism is the most crucial support for the expansion of the healthcare sector, which brings in the greatest revenue. Medical value travel, also known as medical tourism, is one of the fastest-growing industries. It is dependent on many developing economies. In order to access healthcare facilities that may not be available in their home country, many patients from all over the world travel from their home country to another. India has decent advanced and inexpensive healthcare services at the same time as the global hub for international medical tourism and same like other industries, it will also be affected due to this pandemic. The medical tourism industry has faced major hits and hence hospitals are doing only emergency surgery procedures. The expansion of medical tourism over the past ten years has had an impact on all areas of the healthcare industry. The medical tourism industries worldwide will suffer for a considerable amount of time due to the covid pandemic's multifaceted effects on health care, the declining economy, and the stoppage of international travel followed by restricted foreign travel with the associated danger of infection. The multi-billion-dollar medical tourism business in India would be impacted by this pandemic.

How it has affected the employment in India

Out of an estimated 34.8 million jobs during the pre-pandemic era of 2019, the people who are in the tourism destination have been significantly impacted by the pandemic, which has affected 14.5 million jobs. It is anticipated that the pandemic and the ensuing lockdown in the first quarter of 2020–21 will have resulted in the loss of up to 14.5 million employments, out of an estimated 34.8 million jobs during the pre-pandemic era of 2019. This translates to a decrease of 41.7%. Such a significant loss of jobs is not unexpected given that 80.7% of all jobs in sectors that are associated with tourism



are informal. Salary/wage earners experienced a greater loss of employment in terms of absolute numbers, with 7.8 million of them losing their work in Q1. A total of 33.3 million jobs are anticipated to have been lost in Q1 of 2020 according to the predicted employment multiplier of 2.2931, which shows the effects of the spill over of the loss in tourism jobs.

How it has influenced the lodging in India

Lodging is nothing but paying for the stay. This lodge is generally used more by the traveller who pays for the time to stay on that property. Lodging in India is two types motel or resort type and another one is hotel. The hotel's star is been provided according to the luxury Ness of the hotel there have been provided to the customer. Hence this covid lockdown has spreader across India it has impacted majorly on the hospitality sector, particularly the hoteliers aforesaid, hotel. More than 55% of hotels in India with three stars or more are part of the organized hotel industry. In India, the hotel market size including the unorganized market) was expected to be \$22 billion in 2019, and it will increase by 8.6% through 2025. The COVID-19 pandemic, which struck the world in 2020, has had a terrible impact on international corporations and organizations. The hospitality sector has been the most hit of all the sectors bearing the brunt of the losses. The grim picture is especially relevant to developing nations like India, where the tourist and hospitality sectors significantly contribute to the national GDP.

CONCLUSION

The tourism industry has been severely impacted by the spread of COVID-19, and this may continue for some time. Foreign tourist arrivals in India from various parts of the world decreased by 68% in March 2020 compared to the previous month. It has a significant impact on tourism revenue in the form of foreign exchange earning (FEE). A good forecasting model can help with strategic and operational decisions. COVID-19's severe impact can have a significant impact on cost-cutting measures and risks, such as hotel bookings, flight bookings, event cancellations, and staff reductions. Jobs in airlines, hotels, and travel agencies will be available in the near future as tourism revenue declines. Revenue in 2020 is expected to fall by half compared to last year, but there are significant cuts in business and projections that normal travel behaviour will take years to return. Governments must take action to address this situation and strengthen the tourism industry. Because overcoming the current problems and financial crisis will be difficult without government intervention. The government should either reduce or eliminate taxes levied on the tourism industry.

REFERENCE

1. Vineeth Kumar (2020), *Indian Tourism and COVID-19: Present Scenario*, *Journal of Tourism & Hospitality Education* (2020)10,179-185.
2. Abhimanyu sharma, Bhawna Vishraj, Jyoti Ahlawat, Tanmay Mittal, Meenu Mittal (2020), *Impact of COVID-19 outbreak over Medical Tourism*, *IOSR Journal of Dental and Medical sciences (IOSR-JDMS)* e-ISSN: 2279-0853, p-ISSN: 2279-0861.volume 19, issue 5 ser.14(may.2020), pp 56-58.
3. Sandhya H(2021), *The Survival of Travel and Tourism Industry amidst the Covid 19 Pandemic – Challenges and Opportunities of the Indian Tourism Sector*, *Atna Journal of Tourism Studies* 2021, Vol. 16, No. 1, 41-66.
4. Girish K Nair, Shaheema Hameed, Swati Prasad (2021), *Ready for recovery: Hoteliers' insights into the impact of COVID-19 on the Indian hotel industry*, *Research in Hospitality Management*, 11:3, 199-203.
5. https://itdc.co.in/investor_post_cat/annual-report/