

COVID-19: CHALLENGES AND OPPORTUNITIES IN INDIAN TOURISM AND HOSPITALITY SECTOR

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ABSTRACT

The entire world is facing the shock waves caused by COVID 19. Its occurrence has almost put the world and its economies to a standstill. This standstill has affected mainly all businesses globally. The effect of this pandemic has mostly hit the tourism and hospitality sector of all the countries. The tourism and hospitality industry are the only sectors that stand alone on the services provided by one-to-one person and runs only on the experiences of the customers. On the contrary, this virus is spread by close contact with people. Hence, the purpose of this paper is to study the impact of the COVID-19 on India. Since India is a developing country with the fastest growing economy and it is mainly dependent on its tourism and hospitality sector, which is worst hit by this pandemic. Hence, this paper highlights the tourism and hospitality industry of India before the lockdown. This paper also tends to point out the flip side of the pandemic in India and the role of the Government in reviving from this crunch situation. The authors have given some suggestions and recommendations that may help the Hospitality and the tourism industry to recover from its loss. It also talks about the prospects of these two industries in India.

Keywords: Tourism, Hospitality, COVID-19, India, Management, Service Industry.

INTRODUCTION

India is known for its tradition “*atititi devo bhav*,” meaning “guest is god,” has hosted many tourists and explorers. It has been a place where all types of holiday can be found, ranging from the beaches of Goa to the backwaters of Kerala to the green valleys of Darjeeling and Ooty to the snowcapped mountains of Shimla and Kashmir. And Leh and Ladakh have been a particular attraction spot for the tourist who is adventurous and has a keen interest in biking and hiking. Each corner of India is one of its kind and different in terms of flora and fauna, ecology, weather, or may it be the food, music, dances, and festivals it has. India offers an entirely different experience of tourism with its diverse geography and cultures. It’s an all in all tourist destination. India is also known for honeymoon destinations, nature seeking, and wild safari, and most importantly, spiritual, and historical places, which the tourist loves in India. Hence, because of its geographical diversity, it has a significant number of tourists visiting the country from all around the world. After the globalization of India, the economy of India has grown significantly, and so are the living standards of the Indian middle class. Due to the employment of both genders, the country has seen a significant rise in the GDP of India from 1991 to 2020. Due to the growth, the hospitality sector has also grown immensely and contributed to about 9.1% of the total GDP of India. The total number of jobs employed in the tourism sector alone was 4.2 crores which is a total of 8.1 percent of the full employment in that year by the country (Indian Tourism

And Hospitality Industry., 2020). The Hospitality and tourist sector being the next upcoming hot industry, in which the hospitality sector is touching \$460 billion as estimated by IBEF, India, by 2028.

This paper highlights such issues where the hospitality sector faces challenges, and along with the problems incurred by this sector, it lays down some opportunities, which may help the industry to revive and get back in shape. The suggestions said may take some time, but to our understanding stands a chance to be fruitful soon.

LITERATURE REVIEW

This research article aims at addressing the issues of opportunities and the challenges faced by the Tourism & Hospitality industry in India at the time pandemic hit the country and the world. The COVID-19 pandemic is an unequaled global crisis and has resulted in dominating the global markets and grabs the attention of policymakers. Till the first week of March, India was comparatively less infected by COVID-19 compared to other countries of the world (Kumar & Ayedee, 2021; Kumar & Ayedee, 2021). After the declaration from the World Health Organization about the pandemic, the Indian Government imposed several restrictions¹ which resulted in a nationwide lockdown from 24th March 2020 to 3rd May '2020. During this time period, the total number of active cases of the virus had reached 29,451 and was still rising (COVID19India, 2020). As the aggregate number on per capita was low based on India's total population, the authorities were concerned that the number of cases was underestimated due to the low per capita testing levels (492 tests per million people), the percentage of active patients (infections/tests) remained as low at 4.4%, despite the testing was done for mostly higher-risk patients (COVID19India, 2020).

Hospitality Sector in India

The Hospitality sector is categorized into various sectors, and each is having its own significance and contributing by and large to the nation.

Categorization

In India, the Hospitality sector can be put under the following divisions:

1. Lodging
2. Food and Beverages
3. Transportation

Lodging

Lodging means to pay and stay. The concept of paying that a traveler can pay for the time it wants to stay in that property where the rates or tariff is already being decided by their owners. Lodging in India is of two types, one is the hotel, and the other one is the motel or resort-type. Hotels all around the world are given stars according to the luxury provided by them. A hotel is an establishment that provides food, shelter, and other amenities for the comfort and convenience of the visitors with a view to making a profit. The highest category being the five stars which all the luxury and facilities have provided in it to start with the one-star hotel which has its own shortcomings. The same categorization applies to India also. Here, the hotels are other categorized-the star hotels and heritage hotels. India has a good range of all category hotels and

accommodates all types of tourists and travelers with all kinds of budgets. Hence, looking at the scenario, this sector is expected to grow over Rs 1,200 billion by 2023 (Indian Tourism And Hospitality Industry., 2020). According to some experts, it was believed that lodging would fall short of meeting as it was growing at 7 percent per annum with a large growing number of travelers traveling to India in the coming next three years. At present, there are 1.2 million hotel rooms in the country where the star category of hotels account for only 7% of the total (80000 rooms). According to a recent study, there was a need for 2.9 million hotel rooms in India which rose to 6.6 million rooms in 2020 before COVID-19 in March. This sector of hotels was four-star and five-star hotels in the country, including the heritage hotels, provided employment to on an ordinary 162 people per 100 rooms, as compared to one, two, and three-star hotels which provided 122 people per 100 rooms. Almost 750000 people in India are employed in hotels. Around 1 lakh people are used in motels on highways, and the employment in the hotel industry was forecasted to increase to 3.5 million by 2020.

Food & Beverages

The food and beverage (F & B) industry is at number five as the largest sector among the various other manufacturing sectors (Forbes, 2017). India, the fastest developing economy in the world, is bringing about a drastic change in the development of the food and beverage industry. In the Indian context, the food and beverage category is further sub-divided into two parts - organized and the other unorganized. The unorganized sector occupies 65-70 percent of the total market, while the organized sector occupies around 30-35 percent of the total market. There lies a significant difference between the two- the organized sector has a structured supply chain, quality control, and good business plans while the unorganized sector has an unstructured supply chain, quality control, and lacks a business plan, but the significant difference between the two being in the regulation by the authorities on the quality control of the organized sector and the unorganized sector lacking such standardization. The organized industry ranges from fine dining to casual dining to quick-service restaurants (QSRs). It also has pubs, clubs, bars, lounges, cafes, and a bakery. As predicted, the food and beverage sector will grow at 10.4 percent annually and is expected to touch Rs 5.5 trillion by 2022 (Indian Tourism And Hospitality Industry., 2020).

Transportation

Transportation is the most important and the first step of the tourism business. It deals with the customer at its first step and stays with the customer till his journey ends. (Mammadov, 2012) quoted that traveling is not possible without transportation as it is the most pivotal part of the tourism industry. A vehicle gives the experience to the customer from the start till the end of its journey (Kaul, 1985; Eden, 2005 & (Reilly et al., 2010). (Goeldner & Ritchie, 2009) categorizes the transportation sector into various modes. A lot of examples can be picked where transport has made the death of places into a great tourist spot. If we take the scenario of India, many pilgrimage places in India are now commutable as the transport facility is available. People of all ages can pay a visit because of the easy and affordable cost of traveling to these places. If we take the example of Amarnath, which is the shrine for Hindus and is a cave of Lord Shiva, it is possible to visit this place because of the helicopter facility available and the animal force like the horse is there to take us up at the temple. It is a place which is rich in culture, heritage, and

natural resources all are available for tourist to be attracted but lacks sound transport system in the entire state.

Tourism and Hospitality Sector In India

The Government of India has recognized the future of the tourism and hospitality industry; hence the Prime Minister of India, Mr. Narendra Modi, is making several efforts to pull the Indian tourism high. By pushing in a fair amount of fund and constructing and reconstructing many destinations all over the country to encourage the industry and the people working in it. As years are passing, the tourism and hospitality industry is becoming the largest job creator besides bringing in foreign exchange currency.

Of 185 countries, India is at the third position in travel & tourism's in total contribution to GDP in 2018(World Travel & Tourism Council, 2019), and according to the report of World Economic Forum, India was also given 34th rank in the Travel & Tourism Competitiveness in 2019.

India's Market Size

As the traveling around the world for various purposes is increasing, so is the connectivity within the boundaries of the countries, and so is the increased connectivity between the travelers and the tourist industry. The adoption of technology in this sector has made it easier and more convenient, so has India become digitally advanced in the tourism and Hospitality sector where it is using digital tools in its services, whether it is booking or planning. This advancement in these sectors has made India a large market for all sorts of travelers and tourists. Along with the improvement in the industry and the rising incomes of all classes, tourism within the country by the countrymen has increased by and large in the last decade. This has increased the market size of the Indian tourist industry. The market size of the Indian tourism for the arrivals of tourists in 2019 was 10.89 million, and its growth rate being 3.2 percent, Foreign Tourist Arrivals (FTAs).

The e-Tourist Visa was taken by a total of 29,28,303 tourists and recording a growth of 23.6 percent in 2019(Indian Tourism And Hospitality Industry., 2020), and e-Visa facility being offered to 169 countries till the end of 2019. As estimated by 2028, the International Tourists' arrival will grow by 30.5 billion.

Looking at the growth rate of the industry, and the numbers recorded as stated earlier that it led to the employment of 4.2 crores which is around 8.1 percent of the profession in a total of the country by the end of 2019. And, by 2028, this employment and generation of jobs may grow by 2 percent per annum that will create 52.3 million jobs in the country. Since the Hospitality and the tourist industry is taking leaps each passing year, so are the international hotel chains, expanded themselves in the country and would account for 47 percent of its market share in the Tourism & Hospitality sector by the end of the year 2020increasing to 50 percent by the year 2022(Indian Tourism And Hospitality Industry 2020)



Figure 1
Foreign Tourist Arrivals (Source: Economic Survey 2019-20)

According to Figure 1, India is slowly and steadily becoming the primary choice of foreign travelers. Right from 2014, foreign tourist arrivals are seeing constant growth. Though there was a global slowdown, foreign tourist arrivals rose from 5.2 percent in 2018, and by October 2019, it was up by 2.7 percent with a collection of US\$ 24 billion in foreign exchange earnings from tourists. From the 65 percent, the tourist visiting India for holiday and leisure counted to 62.4 percent, a tourist visiting for business purpose is around 16.3 percent and the remaining 13.5 percent were of the category of Indian displacement (The True Picture, 2020).

Government Initiatives and Achievements before the COVID-19 Outbreak

The Indian Government, on seeing the sparking potential and the rapid growth of the tourism and hospitality sector, had taken many steps to encourage this sector to make it a hotspot for tourists all around the world.

The Government of India has planned to take significant initiatives to help this sector gain greater heights:

The major one being launching a guide facility App known as Audio Odigos by the Ministry of Tourism for 12 significant sites (including iconic sites).

1. Prime Minister Mr. Narendra Modi exhibited that the travelers who love to travel and explore should visit a minimum of 15 domestic tourist spots of India by 2022.
2. This appeal was expected to promote the tourism sector of our country and highlight India on the world's tourism map by 2021 (if a pandemic would not occur). The Indian Government has also come up with the tallest standing statue in the world of Sardar Vallabhbhai Patel in 2018, called the "Statue of Unity," with a height of 182 meters. It is said to be a world-class attraction for tourists and put India on the world map for constructing the tallest statue after the "Statue of Liberty," USA.
3. The Indian Government was looking to increase its share to one percent in the world's international tourist arrivals in 2020 and had laid plans to expand it to two percent by 2025.
4. It had sanctioned a budget of Rs. 1,200 crores (US\$ 171.70 million) under the Swadesh Darshan for the development of eight northeastern states of the tourist circuits

5. For the development of the tourist circuits, the Government sanctioned Rs. 207.55 crores (US\$ 29.70 million) under the PRASHAD scheme.
6. The most encouraging initiative taken by the Indian Government in 2019 was the reduction of the GST (Goods & Service Tax) by 12 percent on the hotel rooms having tariff from Rs. 1,001 (US\$ 14.32) to Rs. 7,500 (US\$ 107.31) per night and the hotels having tariff above 7,501 (US\$ 107.31) was 18 percent. This step was taken to boost the tourism and hospitality industry so that it can have a more competitive advantage.
7. To enter the Indian tourism market, Japan joined a band of Asian countries in September 2019, along with Taiwan and Korea.

Impact on Hospitality Sector after COVID-19 Outbreak

Covid-19 sweeps through the entire world, which affected not only the Hospitality and the tourism industry but almost all industries in the world. However, the impact on the Travel & Hospitality sector is more severe and long-lasting and is going to stay much longer in this sector than any other industry. The virus is going uncontrollable across the world till there is no vaccine for it as if now the only option left is to tame it, due to which we are witnessing a speedy rise in the number of active cases each passing day in India. The only precautions we had, as told by medical practitioners, are isolation of own self from others and a nationwide lockdown or lockdown at a specific time resulting in lowering the spread of this virus.

Major Impacts

1. This lockdown has given a super blow to the hospitality industry, causing the cancellation of bookings whether it maybe of flights & trains all over the world, hotel bookings being canceled; these significant cancellations have caused a domino effect on all Taxi Operators, Travel agents, Tour agents, restaurants, guest houses, Handicraft Showrooms, tourist markets, etc.
2. Hotels, lodges, guest houses are now effectively closed for the past three months or so with absolutely zero income and revenues, and on the other hand, the mounting advance booking losses.
3. Liquidity is trapped. Since the airports are shut, people who have made an advance booking for the air travel are not getting their refunds.
4. Cash Blockage in hotels. The airline services being shut have refused to pay to the hotels that had a tie-up with the airport authorities of various cities. Due to which the employees are not able to get their 100 percent salary and are told to adjust with the minimal amount paid by some of the hotels.
5. Salary fewer employees. The tourism industry in India was mostly run by the daily incoming of cash. It had many skilled and unskilled people working under it. All are running short of money, and hence the salary is also not been paid.

Flip Side of the Virus Outbreak: Opportunities

1. The most significant opportunity that this sector has is “Time.” It has plenty of time to upscale its skills. It can make the best out of this time to rethink the policies and methods to upgrade its business and the industry.
2. The sector needs to fortify itself for future disasters. It can always think of pandemic insurance and opens its sector under it. This policy can be considered like the terrorist attack insurance policies. The policymakers for the travel insurance can pen down various such conditions so that the tourism can flourish and can achieve the growth graph as planned.
3. India can start medical tourism for neighboring countries like Pakistan and Bangladesh. Here, the medical aid and facility are not very good and advanced. India can very well start off its tourism with this initiative
4. A Customer Relationship Management (CRM) initiative can be done at this time. As the summary of the last disaster says, time wants to be the same and want to last long. Hence, it is the right time for this sector to work on its CRM data and jot down new offers and discounts for the customers.
5. In India, weddings are grand celebrations. People are attending the wedding range from 100-1000 people or even more. This was also one reason for the hospitality sector to gain significant revenues. The weddings and celebrations also were put on hold because of COVID-19. But recently the Government has given permission

for the marriage celebrations. But the gathering not being more than 50 guests at one festival. This has also provided some space to breathe to the hospitality sector as there is a good number of marriages around the year.

6. It is the right time for the tourism industry to go digital. The adoption of technology in the sector by the employees will help to serve better and in a much-advanced manner. The adoption of new technology by the small-medium enterprise is becoming mandatory (A.Kumar N.Ayedee, 2018).

DISCUSSION

The coming year and a half will be very testing for business and for those who are working with a tight hand on the funds and visitors who go-through their experience. One can never overlook that dependence on bank credits and support from the Government is practically insignificant, so this is the place a person's business reserve funds and economic nature will become possibly the most critical factor. For autonomous administrators who figure out how to endure and proceed on this excursion, the following are the little recommendations that can help the entire industry to recover partially if not fully:

1. Re-arrange rent contracts with landowners for in any event the following a half year and renounce the contract for the span of the lockdown.
2. Re-arrange, or one can concede payment rates in parts for the coming four months, it is a compulsion from the Government and the situation to stay away from work and the workers involved in the business, so cuts need to be done for now for your workers in parts not entirely as the staff is the foundation of your business
3. One needs to investigate and analyze the costs at the workplace, and the business needs to cut down on optional spending and expenses.
4. One can spend this cut-down cash on improving and upgrading the customer service and experience from the point business starts to resume; this investment could include the top-quality materials and services, which may even improve the staff works force and the cleanliness under them.
5. Develop an immediate showcasing methodology, utilize the in-house customer database, contacting them, and letting them know about your handling of the services and the property during this period and the measures being taken to comfort them, and in return, they will appreciate a protected and safe environment and will tend to trust you and your property later.
6. Use web-based channels like Video, photos, and live chats and messages to actualize this
7. Communicate to different People, Heads, channels, and accomplices to build up the likelihood to decrease commissions at this time and for a certain extended period being paid to other OTAs, for example, MakeMyTrip, Booking.com, and so on
8. The frame offers and discounts for clients for lessor more package deals with the guarantee of safety, cleanliness, and a complete sanitized environment.
9. Assuring that the operational expenses are in complete control and are given special priority from the time business reopens, and one can always recall this is an issue of endurance.

CONCLUSION

Almost all the travel-firms, whether small or big, are on the verge of significant loss and Bankruptcy, and these factors are leading the entire system to a well of risks. Due to this economic pandemic, most families are facing the hit of the virus and teaching them to mental and physical traumas. We all can start by contributing by our little efforts; it can be as small as promising to contribute towards traveling to domestic destinations post-Covid-19. Spending a considerable amount and holidaying on domestic destinations for a couple of months may help our country in reviving from this financial starvation time. This small step might not hurt most of the tourists and the traveler's but can contribute at large and help the country and the affected industry to recover and flourish back that will uphold the very charm of our Nation “अतिथिदेवोभव”

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