



Mains Practice Question

Q. Discuss the impact of Covid-19 pandemic on the Tourism and Hospitality industry. (250 words)

29 Apr, 2020 GS Paper 3 Economy

Approach

- Discuss briefly the significance of the Tourism and Hospitality industry and it has been impacted due to Covid-19.
- Write key areas in the Tourism and Hospitality industry, that was impacted by Covid-19.
- Conclude suitability.

Introduction

In the recent past, tourism and hospitality industry has become a **crucial sector for the global economy**, as it amounts to around **10% of the global GDP**. However, **extensive travel restrictions and movement regulations due to covid-19 pandemic have crippled the entire tourism and hospitality sector**.

Body

Impact of Covid-19 on Tourism and Hospitality Sector

- Due to higher **forward and backward linkages**, the sector has a **multiplier effect on the local economy**.
 - This sector can be seen as a medium for the creation of jobs, a tool for boosting soft power, and a foreign exchange earner and plays a critical role in ensuring **decentralized development**.
 - Therefore, **the collapse of the Tourism and Hospitality sector will certainly hit these areas**.
- **Further**, given its substantial share in global GDP, slump in the sector will have a considerable macroeconomic impact in the form of **reduced growth**.
- The biggest **negative** fallout would be on the employment scenario. This, in turn, will further worsen global slowdown.
- Drastic changes in people's social behaviour are evident in the post-pandemic scenario. This will impact the current business model of the tourism and hospitality industry.
- India has been no exception, due to almost zero revenue, the sector is facing major concerns like liquidity crunch, delay in payment of salaries and job losses.

Conclusion

Global Tourism and Hospitality Sectors have been facing one of its worst crisis. Given the significance of this sector, there is need for a multi-stakeholder approach, where private players need to reevaluate and re-engineer their business models and government needs to promote and ensure the sustainability of this sector, once the crisis gets over.

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