



# The Big Picture - Road Ahead for Tourism & Hospitality Industry

The cascading effect of the global [Coronavirus pandemic](#) has crippled down the tourism and hospitality industry of the country at an astonishing pace. According to the media reports, the **Foreign Tourist Arrivals (FTA)** in India have come down by around 67% annually in the January–March quarter, while for the domestic tourists, the figure lowered by nearly 40%.

## Coronavirus

- **Coronavirus** is a large family of viruses that are often the source of **respiratory infections**, causing illness ranging from the common cold to severe diseases like **Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS)**.
  - 'Corona' is a Latin word which means '**Crown**'. It is named so, because of the presence of **crown-like spikes** on its surface. Under an electron microscope, the image of the virus looks like a **solar corona**.
- It is an **RNA (RiboNucleic Acid) virus** because of which it **mutates at a faster rate**.
- **Coronaviruses** are '**zoonotic**', i.e., they are transmitted between **animals and people** (spread from non-human animals (usually vertebrates) to humans).
- **Incubation Period of Covid-19:** Amount of time between catching the infection and onset of symptoms ranges from **1-12 days** (usually within 5-6 days).

## Present State of Tourism and Hospitality Industry

- **Significance of Tourism:** It can be seen in terms of getting foreign exchange, creating employment (directly and indirectly, such as, for service providers, taxi drivers, etc.), building character, tolerance, awareness, etc.
- **World GDP:** 10% of the world's GDP (Gross Domestic Product) comes from **coastal tourism**.
- **Contribution in India:** India is one of the most digitally advanced traveller nations in terms of **digital tools** being used for **planning, booking and experiencing** a journey.
- **Job Creation:** These sectors are one of the crucial sectors for the Indian economy which are closely linked to **employment and job creation**.
  - The **travel and tourism sector** alone accounted for **9.2%** of India's GDP in 2018 and generated **26.7 million jobs** in that year.
  - 12.75% of the total jobs in the country (directly or indirectly) come from the tourism and hospitality sector.

## Impact of Covid-19

- Tourism, hospitality and transportation are the three crucial sectors which have come to a standstill because of the **complete lockdown of international borders** and borders within the country and the states.
  - However, it has also affected **shipping, freight & container services** along with the industrial, [education sector](#), etc.

- The events in the past like tsunamis, 9/11 attack in USA (2001), subprime crisis (2008), etc., impacted one part or region of the world, but this is for the first time that the entire world has come under the influence of a viral pandemic.
- Since the lockdown has been announced in India, the **revenues** from the travel and tourism sector have almost come down to **zero**.
  - Even, internationally, after the shutdown was announced in New York, London, South Africa etc., the hospitality business suffered a setback.
- Tourism creates a large number of **semi-skilled jobs** for the local population in not only local hotels and catering trades, but also in other fields like transport, retailing, heritage interpretation, etc.
  - The hospitality sector is entirely dependent on travel, trade, and tourism for its sustenance. The massive spate of cancellations in the recent weeks have largely eroded the ability of hotels across India to remain operational (without piling up worrisome losses).
  - It is believed that around 70% out of a total 5.5 crore workforce could get unemployed due to this lockdown. **Job losses and layoffs** have already begun throughout the country.

## Underlying Challenges & Government Interventions

- Even though the share of the hospitality and tourism sector in the total GDP is around 8-9%, the biggest impact due to the Coronavirus pandemic is expected on the **jobs**. Job losses or the salary cuts pose a serious concern.
- The **Ministry of Tourism** is closely working with the industry in order to deal with the issue of survival, payment of salaries in the time of liquidity crunch, etc.
- The **Ministry of Finance** is also taking into account the current situation, so that appropriate relief measures could be undertaken in a time-bound manner. For instance, the ministry recently announced the moratorium on the term loans, liquidity being given, etc.
  - However, some issues need urgent redressal, like, how to give the fixed-term loans in a better way, provide liquidity and support to the unorganized workforce, EPF (Employees' Provident Fund) and ESI (Employees' State Insurance) benefits, etc.

## Way Forward

- **National Role:** These sectors can play a major national role where hospital bases/quarantine centres can be set up in hotels or in the railway coaches.
  - However, certain measures have to be kept in mind while using them for quarantine like, the air conditioning duct in them can become a carrier of the virus thereby **protective gears** have to be used.
  - Proper training needs to be given to the hotel staff in order to carefully deal with & dispose off the medical waste.
- **Keeping Functional:** Once the enterprise shuts down, it becomes difficult to revive it. Hence, it is better to keep it in functional mode, so that the growth can come back once the situation comes under control.
- **Tax Concessions:** There is a need to **provide concessions** and build a system which does not cost anyone money but helps to induce the demand. For instance, certain facilities if remain unused because of the government's directive, then they should not be charged with excise duty, property tax, license or lease. This would bring a big relief & support to the affected sectors in the short term.
- **Incentivizing & Subsidies:** Measures should be undertaken to **incentivize tourism** whether domestic or international. Also, some form of **subsidy** can be given to keep the people employed as done in the United Kingdom (UK).
- **Re-engineer Business Model:** Hospitality sector, apart from relying on the government interventions, should focus on reengineering their business models, in the light of change in social behavior of the public due to the Covid outbreak, so that people feel more **safe & secure** while using their services. For example, the aviation sector's idea of keeping the middle seats or alternative rows empty, is a welcome move.

India's travel and tourism industry has huge growth potential, which can be achieved by providing higher budgetary allocations and low-cost healthcare facilities. Once the outbreak of the virus will be contained, the world will be ready to travel again. Hence, we need to ensure that India acts like a **safe destination**,

by focusing & relying upon **'Dekho Apna Desh'** message to promote domestic tourism.

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