



## 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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