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RESEARCH ARTICLE

IMPACT OF COVID-19 ON TRAVEL AND TOURISM INDUSTRY

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ABSTRACT

This study aims to explore the impact of the Covid-19 pandemic on travel and Tourism industry. The beginning of Covid-19 in India had contrarily affected the travel and Tourism industry. The outbreak has led to serious changes in many businesses. COVID-19 pandemic had brought international travel to an abrupt halt and significantly impacted the tourism industry. Tourism-dependent countries will likely feel the negative impacts of the crisis for much longer than other economies, the tourism and travel sectors are disproportionately affected by the pandemic and will continue to struggle until people feel safe to travel again. The COVID-19 proves that pandemic outbreaks have a much larger destructive impact on the travel and tourism industry. Tourism receipts worldwide are not expected to recover to 2019 levels until 2023. In the first half of this year, tourist arrivals fell globally by more than 65 percent, with a near halt since April—compared with 8 percent during the global financial crisis and 17 percent amid the SARS epidemic of 2003, according to ongoing IMF research on tourism in a post-pandemic world.

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INTRODUCTION

Covid-19 virus originated from the Wuhan province in China during December 2019, which posed an international public health emergency and had acquired the position of an awfully high-risk infectious virus. The outbreak of Covid-19, the disease caused by the novel coronavirus, has expanded its roots to 197 countries with more than 245 million cases across the world recorded as coronavirus positive as of this writing. Of note, worldwide researchers and various health agencies are all at once doing their best to fade the spread of this virus and avoid any possible contagion situation to be faced, which otherwise would threaten the lives of many people at large.

INDIAN TOURISM INDUSTRY: India is a vast market for travel and tourism. It offers a portfolio of niche tourism products like cruises, adventure, medical, wellness, sports, eco-tourism, film, rural and religious tourism. India has been identified as a destination for sacred tourism for domestic and international tourists. In recent years, India had experienced exponential growth in travel and tourism aided by different kinds of travel.

Tourism sector in India generates significant revenue for the Indian economy besides contributing to the global output. Before the onset of the pandemic, the sector was growing rapidly as it supports a large employment base and rakes in huge profits. Today, the country has many preferred destinations for both domestic and international travellers. The World Travel and Tourism Council (WTTC) reported that the tourism in India generated Rs.16.91 lakh crore or 9.2% of India's GDP in 2018 and supported 42.673 million jobs, which is 8.1% of its total employment. According to the WTTC, India has ranked number #3 among 185 countries in terms of travel and tourism's total contribution to GDP in 2018.

IMPACT OF COVID-19 ON TOURISM: The rapid spread of coronavirus has halted domestic and trade activities, and disrupted routine activities of many nations bringing their economies to a halt. Several countries across the world continue to announce travel restrictions as a part of their efforts to contain the spread of the coronavirus. Thus, tourism across the world is getting impacted although it might be more severe in India due to its large number of religious and historic places.

Indian Association of Tour Operators (IATO) estimates the hotel, aviation and travel sector together may incur a loss of about ₹85 billion due to travel restrictions imposed on foreign tourists, which has resulted in large scale cancellations. Though domestic transport facilities are being made somewhat operations as of this writing, the social distancing norms will continue to impact tourism for the rest of the year. India's total foreign tourist arrivals (FTAs) stood at 10.9 million and the foreign exchange earnings stood at Rs 210,971 crore during 2019 with Maharashtra, Tamil Nadu, Uttar Pradesh, and Delhi accounting for about 60% of FTAs. However, now with travel restrictions in India for over 80 countries and the international flights being suspended (and domestic flights being operational with restrictions), the Indian domestic travellers and FTAs will witness a significant decline during 2020. The sector is staring at a potential job loss of around 38 million, which is around 70 percent of the total workforce. Even without regard to tourism, the cancellation of events (personal or business) will adversely impact the revenues of airlines, railways and buses. In addition, demand for petrol, oil and turbine fuel will substantially decline, thus affecting the petroleum and oil industries. The impact will be felt on both white and blue-collar jobs. Since airports would function at less than their normal capacity, it would impact the contract and temporary workers in the airports. All this shows the cascading effects of impact to the travel and tourism industry.

The Origins of Tourism: By the early 21st century, international tourism had become one of the world's most important economic activities, and its impact was becoming increasingly apparent from the Arctic to Antarctica. The history of tourism is therefore of great interest and importance. That history begins long before the coinage of the word tourist at the end of the 18th century. In the Western tradition, organized travel with supporting infrastructure, sightseeing, and an emphasis on essential destinations and experiences can be found in ancient Greece and Rome, which can lay claim to the origins of both "heritage tourism" (aimed at the celebration and appreciation of historic sites of recognized cultural importance) and beach resorts. The Seven Wonders of the World became tourist sites for Greeks and Romans. Pilgrimage offers similar antecedents, bringing Eastern civilizations into play. Its religious goals coexist with defined routes, commercial hospitality, and an admixture of curiosity, adventure, and enjoyment among the motives of the participants. Pilgrimage to the earliest Buddhist sites began more than 2,000 years ago, although it is hard to define a transition from the makeshift privations of small groups of monks to recognizably tourist practices.

THE EFFECT ON INDIA: India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In his Independence speech from Red Fort, Prime Minister Mr. Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022 to promote tourism. India ranked 34 in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum. In WTTC's Economic Impact 2019 report, India's Travel & Tourism GDP contribution grew by 4.9%, which was the third highest after China and Philippines. Additionally, the report also highlights that between 2014-2019,

India witnessed the strongest growth in the number of jobs created (6.36 million), followed by China (5.47 million) and the Philippines (2.53 million). The Ministry of Tourism has created a policy for development and promotion of caravan and caravan camping parks. On January 25, 2021, Union Tourism and Culture Minister Mr. Prahlad Singh Patel announced plan to develop an international-level infrastructure in Kargil (Ladakh) to promote adventure tourism and winter sports. The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorisation and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorisation/Permit. This permit will be issued within 30 days of submitting the application. In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion; this is expected to reach US\$ 512 billion by 2028. In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 10.35% between 2019 and 2028. In 2020, the Indian tourism sector accounted for 31.8 million jobs, which was 7.3% of the total employment in the country. By 2029, it is expected to account for about 53 million jobs. International Tourists arrival is expected to reach 30.5 billion by 2028. e-Visa facility was offered to 171 countries as of March 2021. The government introduced a scheme to boost the tourism sector by providing one-month free tourist visa to 5 lakh tourists until March 31, 2022.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20% y-o-y. During 2019, FEEs from tourism increased 4.8% y-o-y to Rs. 1,94,881 crore (US\$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6% y-o-y to 2.9 million. In 2020, FTAs decreased by 75.5% YoY to 2.68 million and arrivals through e-Tourist Visa (Jan-Nov) decreased by 67.2% YoY to 0.84 million. In April 2021, the percentage share of FTAs was highest from USA (26.85%), followed by Bangladesh (15.65%), Afghanistan (6.92%), UK (5.87%), Nepal (4.59%), Canada (4.27%), Iraq (2.99%), Portugal (2.40%), Germany (1.42%), Russian Fed (1.41%) Maldives (1.39%), France (1.33%), Sudan (1.21%), Korea (Rep.) (1.18%), and Australia (1.02%). In April 2021, the percentage share of FTAs in India was highest at Bengaluru Airport (29.96%), followed by Mumbai Airport (17.48%), Ahmedabad Airport (15.72%), Delhi Airport (9.21%), Cochin Airport (4.91%), Chennai Airport (4.04%), Hyderabad Airport (3.34%), Lucknow Airport (2.40%), Bhavnagar Seaport (2.37%), Kolkata Airport (2.11%), Calicut Airport (1.41%), Amritsar Airport (1.35%), Kakinada Seaport (1.32%), Dabolim (Goa) (0.91%), Mangalore Airport (0.72%). Between January 2021 and April 2021, the number of FTAs was 376,083 as compared to 2.35 million in January- April, 2020 registering a negative growth of -84.0%.

Under the Swadesh Darshan scheme, 77 projects have been sanctioned of worth Rs. 6,035.70 crore (US\$ 863.60 million). In Union Budget 2020-21, the Government has allotted Rs. 1,200 crore (US\$ 171.70 million) for the development of tourist circuits under Swadesh Darshan for Northeast. The Ministry of Tourism launched the NIDHI portal to understand the geographical spread of the hospitality sector, its size, structure and existing capacity in the country. NIDHI will serve as a common data repository for the Ministry of Tourism, State Departments of Tourism and Industry; this will enable the Central and State Governments to deliver better support and services including policies and strategies for the

tourism sector. As of December 31, 2020, 34,399 accommodation units have been registered on the portal. The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian Government has also released a fresh category of visa - the medical visa or M-visa, to encourage medical tourism in the country. The Government is working to achieve 1% share in world's international tourist arrivals by 2020 and 2% share by 2025. Amid the relaxation provided by the government after the COVID lockdown, the Indian Association of Tour Operators (IATO) has urged the government to finalise a roadmap for resumption of international flights and facilitate e-visas and tourist visas. The Indian Railway Catering and Tourism Corporation (IRCTC) runs a series of Bharat Darshan tourist trains aimed at taking people to various pilgrimages across the country.

Subsequently in November end, India introduced a graded relaxation of its visa and travel restrictions for more categories of foreign nationals and Indian nationals. Post the pandemic crisis, the government plans to tap into regional tourism by opening doors for South Asian country tourists. The Government is also making serious efforts to boost investment in the tourism sector. In the hotel and tourism sector, 100% FDI (Foreign Direct Investment) is allowed through the automatic route. A five-year tax holiday has been offered for 2-, 3- and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). Government is planning to boost the tourism in India by leveraging on the lighthouses in the country. 71 lighthouses have been identified in India which will be developed as tourist spots. The lighthouses will feature museums, amphi-theatres, open air theatres, cafeterias, children's parks, eco-friendly cottages and landscaping according to its capacity. India is often termed as the hotspot for bio-diversity and its rich natural heritage is unparalleled in many ways. As of December 2020, the country comprised ~104 national parks and 566 sanctuaries.

The Government of India also announced to develop 17 iconic tourist sites in India into world-class destinations as per Union Budget 2019-20. Ministry of Tourism launched DekhoApnaDesh webinar in April 2020 to provide information on the many destinations and the sheer depth and expanse of the culture and heritage of Incredible India. Until July 2021, 90 webinars have been conducted under the series. On November 4, 2020, the Union Minister of State (IC) for Tourism & Culture Mr. Prahlad Singh Patel inaugurated the "Tourist Facilitation Centre" facility constructed under the project "Development of Guruvayur, Kerala" (under the PRASHAD Scheme of the Ministry of Tourism). In July 2021, the ministry drafted a proposal titled 'National Strategy and Roadmap for Medical and Wellness Tourism' and has requested recommendations and feedback from several Central Ministries, all state and UT governments and administrations as well as industry partners to make the document more comprehensive. In May 2021, the Union Minister of State (IC) for Tourism & Culture Mr. Prahlad Singh Patel participated in the G20 tourism ministers' meeting to collaborate with member countries in protecting tourism businesses, jobs and taking initiatives to frame policy guidelines to support the sustainable and resilient recovery of travel and tourism. The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in

October 2020. The initiative will effectively implement guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, B&Bs and other units. Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) and Incredible India Tourist Guide (IITG) Certification Programme, aimed at creating an online learning platform of well-trained tourist facilitators and guides across the country. The IITF concept is aimed to promote micro-tourism, i.e., tourism in less explored areas of the country. As per the Federation of Hotel & Restaurant Associations of India (FHRAI), in FY21, the Indian hotel industry has taken a hit of >Rs. 1.30 lakh crore (US\$ 17.81 billion) in revenue due to impact of the COVID-19 pandemic.

Measuring pandemics' impact on the tourism industry using PSVAR: Our goal is to analyze the impact of the new coronavirus (COVID-19) outbreak on world tourism dynamics. To our knowledge, this study is the first attempt to measure the impact of the current COVID-19 outbreak on tourism worldwide. To estimate the impact of COVID-19's ongoing outbreak, we model the COVID-19 shocks using time series data for past coronavirus outbreaks; for SARS (2002), H1N1 (2009), and Ebola (2004); and for the past epidemic outbreaks of Hendra (1994), H5N1 bird flu (1997), Nipah (1998), MERS (2012), and H7N9 bird flu (2013). However, COVID-19 is a new type of virus, and it brings much uncertainty connected to the speed of spread, infectious power, mortality rate, and future dynamics of the virus. Therefore, we use the current state of knowledge on the COVID-19 reproduction number (R_0) (Kucharski et al., 2020) to calibrate our models for the SARS (2002) and H1N1(2009) variance. To study the impact of COVID-19 on tourism worldwide, we use the heterogeneous PSVAR model as developed by Pedroni (2013). Using the PSVAR model—Eviews code provided by Luvsannyam (2018) and Goes (2016)—we estimated how the COVID-19 shocks on tourism (arrivals, spending) propagated across world regions. We have a strong heterogeneous sample, so using PSVAR enabled us to estimate the impact of the COVID-19 shock on tourism, depending on the following factors: region-specific socioeconomic shocks, health system stability, environmental conditions, tourism sector stability, and competitiveness. Following Pedroni (2013), we decomposed the impact of the structural shock (COVID-19) into common shock (effects of COVID-19 outbreak originating in any other region in the sample and propagating to region-specific tourism industry) and idiosyncratic shock. Idiosyncratic shocks show the impact of COVID-19 originating in a member-specific region on the tourism industry in the same region. As in Biljanovska et al. (2017) and Pedroni (2013), we refer to the measured COVID-19 effects on the tourism industry as a common component or spill over (common shock), and to an idiosyncratic component as country-specific (idiosyncratic shock).

Strategy for MICE survival and competitiveness: A queuing model was proposed to optimise MICE companies in terms of performance in the post-pandemic market. The Kotler's extended marketing mix model may serve as a framework of choice for hoteliers, providing a competitive advantage over the existing participants in the MICE market. This model allows evaluating MICE services from various segments of the market by the in-depth profitability and demand analyses. The five Ps of the marketing mix model are

- Product—a hotel in which a business tourist stays and

rests, where a business event is organised, etc.;

- Price—pricing policy, discount, price-quality (varies depending on hotels and airlines, plus insurance, travel and event organisation), etc.;
- Place—distribution channels, internet platforms, etc.;
- Promotion—meetings, incentives, conventions, exhibitions (product launch), state summits, public relations and advertising, etc.;
- People—loyal customers and VIP customers, staff, other customers, etc.

CONCLUSION

The present research examined the impact of COVID-19 on global and UAE MICE market by way of quantitative and qualitative analysis. The study revealed that in the conditions of severe travel restrictions and closed borders, travel-dependant industries like MICE or passenger air services were significantly hit by the pandemic. In 2020, the COVID-19 quarantine measures are predicted to result in a global loss of 121 million jobs and USD 3,435 billion in GDP. Now the UAE is at the forefront in terms of reducing demand for MICE services, as well as for global air travel. Emirati Airlines, hotels, and other travel and tourism-related businesses have experienced significant oversupply. Compared to the same period of 2019, the most considerable fall of scheduled departure flights in the UAE occurred on June 1, 2020, and equalled 82%. Despite the fact that the industry has started to recover after weakening anti-epidemic measures, this process can take some time (provided severe anti-pandemic measures will not be restored along with the new wave of COVID-2019). The choice of survival and competitive strategy for the MICE industry is justified by the study of outsourcing business processes. Outsourcing enables the reduction of operating costs. In these circumstances, a MICE company needs to 'keep the good work' by employing competence, establishing a modern communication system, and promoting digitalisation. The study used multiplicative analysis to evaluate the profitability of the MICE industry and the impact of operating costs on the competitiveness of MICE companies. The 5P marketing model was identified as an optimal choice for surviving and recovering MICE business companies through outsourcing. Since the major resource of organisations under consideration is people and the product, it is advisable to use the competitive marketing strategy when developing a management approach. However, because the product in the MICE industry is a result of multi-stage cooperation, the MICE service provider should simultaneously focus on the external environment. The study findings can be used by travel agencies, MICE related companies, or researchers, applying specific company and market data for developing strategies to overcome COVID-19 related crisis and increase the competitiveness of MICE business. Due to the lack of reliable post-pandemic data, this research was limited to pre-pandemic information. As soon as actual data are available, more accurate calculations can be made, and theoretical research can be verified. Thus, there are enough opportunities for further research aimed at introducing the results obtained to certain post-pandemic MICE market conditions.

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