

## IMPACT OF COVID-19 ON TOURISM INDUSTRY IN TAMILNADU

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**SASIREKHA.K**

Research Scholar

**Dr.P.SANKAR**

Assistant Professor, College of Science and Humanities, SRM IST, Kattankulathur  
Sankar21.vp@gmail.com

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### ABSTRACT

The outbreak of the pandemic brought the entire world to a complete stand-still and created major disruptions in the lives of people globally. It also adversely affected the global economy resulting in large scale job losses. Out of all the industries that suffered, the travel and tourism industry was impacted the most owing to the lockdown and travel restrictions. As per a report by the World Travel and Tourism Council (WTCC), COVID-19 has caused the tourism industry almost USD 22 billion and a loss of almost 50 million jobs worldwide.

**KEY WORDS: Covid-19, Lockdown, Tourism and Economy**

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### Introduction

A large part of our population which resides in rural or semi urban areas has been a part of the travel sector in one way or another. According to government data, almost 21.5 million people have lost their jobs in the 9 month period from April - December, 2020. However, with massive vaccination drives across the country, the future of India's travel and tourism industry looks bright. According to a report by market research firm RedCore, an arm of Bengaluru-based market research firm RedSeer, India's travel & tourism market is expected to grow to \$125 billion by 2027, and has turned the spotlight on India's 3 lakh + agents, who are expected to cater to over \$65 billion of the overall market size.

While the last two years have been a bumpy ride for the travel and tourism sector, with COVID restrictions being lifted, the sector has been witnessing a good traction with the onset of the festive season. A majority of travelers are embarking on pilgrimages, a trend which will see further boom in the post-COVID world, as people move faraway from short-haul city breaks towards fewer flights and longer trips with a way of purpose. After a long period of remote working, offices are now opening their doors for their fully vaccinated employees. This has given rise to business travel as more and more people are going back to their job locations. When it comes to the education sector, students are now going back to the physical classroom setup as colleges are starting to resume.

Leveraging technology and applications for more convenient travel will help in further scaling up this traction. We already have adapted to cashless payments and ensured social distancing while transacting on a day-to-day basis. Bringing in additional such ideas to action may restore traveler confidence considerably. Technologically superior technology players can enter the market and offer customized solutions to the people involved in the travel and tourism industry. Firms with resources can help create a unified platform for travel requirements of agents, as well as end consumers. They can offer competitive margins for the people acting as intermediaries and also reasonable prices to customers. When a person wishes to travel, there are various aspects that they need to factor in; from ticket booking to hotel bookings, other travel & transport bookings.

With the country getting a hold over the virus, travel will see an uptrend, as people are tired of being stuck in their homes, many without any jobs for months on end and need to travel to sustain their families. There is a rather interesting term being passed around - 'revenge travelling,' which simply means, after being holed up inside our houses for months, people will now travel even more, and would be away from their homes more often. Considering the above facts and trends, it won't be wrong to say that this is certainly the beginning of a bullish period for our travel industry and its related businesses. Not to discount the fact that there's a possibility of a third wave, but with the majority of our people being vaccinated, and aware of necessary precautions, travelers and the travel industry will most certainly make hay while the sun shines.

### **Impact of Covid-19 on India Tourism**

In July 2020, UNCTAD, in its report COVID-19 and Tourism (UNCTAD 2020a), presented three scenarios on the potential economic impact of the pandemic on the tourism sector and sectors directly or indirectly linked to it. A 12-month lock-down was estimated to incur a cost of US\$3.3 trillion, including indirect costs. Unfortunately, even the worst-case scenario has turned out to be optimistic. Few observers expected that international travel would still be very low after 12 months. This note updates this report and estimates the economic effects going forward. As in the previous report, a general equilibrium model that captures the backward and forward linkages between sectors is used. Therefore, indirect losses to upstream industries that supply food, beverages, accommodation and transport to the tourism sector are estimated. It is also taken into account that labour and capital no longer needed in the tourism sector may be employed in other sectors. In the short run, however, labour and capital are likely to remain unemployed due to frictions in labour and capital markets. It is difficult to find alternative uses for empty planes, cruise ships and hotels, and in the short term for staff who work in these industries. In a prolonged downturn, the ability to reemploy labour and capital in other industries is crucial. It is useful to examine inputs used in the tourism sector, as these determine the indirect effects of a tourism downturn. Globally, labour and capital account for half the inputs, with agricultural products (food and beverages) and services (accommodation and transport) contributing most of the rest. Figure 3 provides a general picture on the composition of inputs for the sector, although

there is much variation between countries and between tourism sectors. It is worth noting that even in developed countries where labour is expensive, such as France or Norway, payments to labour account for a large proportion of inputs. This reflects the high wage rates rather than the number employed. In many developing countries, such as Turkey, wage rates are low but the number of employed is high. As a generalization, our data from the Global Trade Analysis Project (GTAP), which is based on national accounts, suggests that labour accounts for around 30 per cent of tourist services expenditure in both developed and developing economies. Some other inputs into tourism services are also labour intensive. Food and beverage products are major inputs. These are labour intensive, but in this instance the labour tends to be more skilled in comparison to other sectors.

The NCAER report, a draft of which has been approved by the tourism ministry, has not been published yet. The sponsored study resulted in an analytical report that used mathematical models to assess the loss to economy in terms of tourism expenditure, projects that total recovery may only happen in 3-4 years, assesses the loss to household incomes, and contains recommendations for the revival of the tourism sector.

The ministry engaged NCAER in January, 2021 to conduct a study on 'India and the Coronavirus Pandemic: Economic Losses for Households Engaged in Tourism and Policies for Recovery'. It also constituted a Task Force headed by the tourism minister to "meet the challenge posed by the outbreak of COVID 19 and make appropriate recommendations for the revival of the tourism and hospitality sector in the country". However, no formal study was conducted to assess the State/UT-wise impact of Covid-19 on the tourism industry. It also said Foreign Exchange Earnings (FEE) during the months between January and December 2020 fell by 76.3% in comparison to corresponding period in 2019.

As a consequence of the COVID-19 epidemic, the globe is facing an unparalleled global health, social, and economic crises. Travel and tourism are among the worst-affected industries, with worldwide demand plummeting as a result of worldwide travel restrictions, including the closure of several borders to control the infection. International tourist arrivals (overnight visitors) fell by 72 percent in January-December 2020 compared to the same period last year, according to the latest UNWTO World Tourism Barometer, and continue to decline, hampered by slow virus containment, low traveler confidence, and significant travel restrictions still in place due to the COVID-19 pandemic. In comparison to the same period last year, there were 900 million fewer international tourist arrivals in the first ten months of this year, resulting in a loss of US\$ 935 billion in international tourism export revenues, more than ten times the loss experienced in 2009 as a result of the global economic crisis. Between January and December 2020, arrivals in Asia and the Pacific fell by 82 percent. This ten-month period showed a 73 percent dip in the Middle East and a 69 percent dip in Africa. International arrivals fell by 68 percent in both Europe and the Americas. According to current patterns, foreign arrivals are expected to fall by 70% to 75% for the whole year of 2020. This would mean that international tourism could have returned to

levels of 30 years ago. In 2020, the predicted drop in international tourism will equate to a loss of nearly 1 billion visitors and US \$ 1.1 trillion in tourist revenue. This drop in foreign tourism might result in a worldwide economic loss of more than US\$ 2 trillion in 2019, accounting for more than 2% of global GDP. In the future, it is believed that the announcement and implementation of a vaccination would gradually boost consumer trust and help to reduce travel restrictions. International tourism is expected to return in the second half of 2021, according to UNWTO's expanded scenarios for 2021–2024. In terms of foreign immigration, however, a restoration to 2019 levels might take 2½ to 4 years.

In Indian context the tourism sector has been badly affected due to COVID-19. If we compare two-year trends (2019–2020) the difference is visible as per . The tourism sector is most revenue generating sector but due pandemic effect it goes in negative figures. As off now the Indian government requires fund to fight against COVID-19 Pandemic. For that purpose, they have very limited resources for earning. Among all the resources tourism is one of them, so this study it is important to analyze the sector at a vast scale to understand how the COVID-19 situation affecting tourism sector for that Tamil nadu is chosen as a study area, because Tamil nadu is most preferred destination for tourism activity.

In 2018, travel and tourism have contributed about 9 percent share of GDP in India. As a result, it's evident that the country's growth is being significantly helped by the tourism industry Protecting this sector will also be a significant investment in potential economic opportunities for nations. Therefore, if we are to reflect on India's potential growth through the tourism business, we need to secure all the service providers in the tourism industry. The Indian and world tourism industry is seen to be entering into a great crisis which is also establishing a stock market crash in all the segments. India's and world's tourism industry is most affected as the visitors are not allowed to visit any county. The hotels, airlines as well as the cruise operations were stationary. This is leading to the development of impact on the India's GDP as the virus was not stopped from spreading. The Covid-19 is raising a global health alarm which is establishing the healthcare instability as well as impacting the economic breakdown of the activities. The objective of this work is to measure the impact of the occurrence of corona virus on the tourism industry in India and globally.

### **Impact of Covid-19 on Tamilnadu Tourism**

More than 4.36 crore workers from Tamil Nadu's once-thriving tourism industry have been hit very badly due to the COVID-19 lockdown since March last year. Sources in the state Tourism Department said many have lost their jobs due to the lack of business after hotels and restaurants closed down due to the lockdowns. The tourism industry has been affected across other parts of the country as well, even before the lockdown due to COVID-19, because of the overall economic slowdown during 2020-21. significant number of jobs were lost in the tourism sector once the lockdown was implemented. Overall, 21.5 million jobs have been lost in the first three quarters of the last financial year," the Tourism Ministry said during the ongoing monsoon

session of the Parliament. In Tamil Nadu (TN), the tourism industry is looking at the state as well as the Centre for support and is demanding that the tourism industry be reopened once again. A study by the tourism industry says that it will take at least two years for the industry to return to the original state in TN as well as in other states. The TN government has issued an order constituting a committee to come up with a revival plan for the tourism sector and suggest COVID-19 Standard Operating Procedures (SOPs) for tourists in the state. The director of tourism will be the chairperson of the 16-membered panel. Fears of spread of coronavirus during the month long peak season starting mid-December 2019 and the subsequent lockdown later in Tamil Nadu have severely crippled the state's tourism sector, leading to job losses and an economic impact that may take months to heal. Tamil Nadu enjoys a high tourist footfall, both domestic and foreign, and has been a preferred destination since 2014. In the 2018 fiscal, the state had received 39 crore domestic and 61 lakh foreign tourists. Its attractions include religious and heritage tourism covering hundreds of temples, churches, mosques and Jain temples, and several monuments, besides its exotic beaches and vast and continuous shoreline. The director has been asked to convene a committee meeting, following COVID-19 protocols in force, to come up with a revival plan for the tourism sector and also suggest COVID-19 SoPs for tourists in TN and submit the same to the government. However, suspension of surface transport as well as domestic and international air travel, closure of hotels and restaurants, and thousands of places of worship, beaches and tourist spots have dealt a severe blow to the tourism industry.

### **Objectives of the study**

The main objectives of this paper are as follows: a) Assessing and mapping the affected parts of Tamil Nadu at initial days and evaluating the risk of the pandemic on tourism, and b) Initially tracking and forecasting the cases of COVID-19 in the study area.

### **MATERIALS AND METHOD**

This research work has adopted a secondary research methodology and thus the steps to perform secondary research have been strictly followed. The first step of secondary research is to develop a research question on which the investigation study will be developed. Here, the research question is - "what are the effects of emerging coronavirus in the tourism industry in Tamil Nadu and India". The second step of this research methodology is to detect the secondary data set. Subsequently, the 3rd step is evaluation of the secondary data set and the 4th step is to prepare and evaluate the secondary data to conclude. For conducting secondary research mainly, the researchers perform literature reviews which include textbook reviews, encyclopedia, and journal article reviews.

### **KEY FINDINGS**

- As per the report travel and tourism alone account for 9.2% of India's GDP (in 2018). The tourism division produced 26.7 million employments in year of 2018. The cascading effect of the coronavirus has been found to cripple the Indian tourism and hospitality industry at a surprising pace. According to Ministry of Civil Aviation, India is witnessing

a 25% to 30% drop in inbound international visitors to the country in the backdrop of novel coronavirus suspicions.

- The newly published figures by Ministry of Tourism, Government of India has also corroborated the similar concern as the Foreign Tourist Arrivals (FTA) has been found to be downcast by about 67% yearly in the January-March quarter, while local tourists notched a much lower figure by about 40%. FTA in February, 2020 has dropped by 9.3% month-on-month and 7% year-on-year, according to government data. In February 2020, there were 10.15 lakh FTAs, against 10.87 lakh in February 2019 and 11.18 lakh in January 2020. The situation is getting uglier as India has announced suspension of all tourist visas till April 15 in a bid to contain the spread of the virus.
- The Covid-19 outbreak has also started showing its impact on the domestic tourism sector and summer bookings to leisure destinations like Rajasthan and the hills. Summer travel is the peak travel period in India. Considering that most domestic travellers book their flight tickets 2-3 weeks before the travel date, the travel companies saw a more than 30% drop in domestic travel this summer compared with last year. Maximum impacted summer destinations are Leh, Guwahati, Coimbatore, Srinagar and Amritsar where more than 40% drop has been recorded. This is after airline fare drop by 20% for domestic routes.
- There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements were only travelling. The number of visitors who visited the Statue of Unity in Gujarat dropped by over 38 per cent from January to February, and the revenue collected fell approximately ₹5 crore. The Archaeological Survey of India (ASI) has 3,691 sites registered with it, of which 38 are world heritage sites
- Due to Corona virus outbreak, the industry has seen a flurry of international and domestic cancellations. There has been a reduction in the number of domestic travellers as people with business purpose or emergency requirements are only travelling.
- The hospitality sector in totality is also bearing the brunt of reduced travel. Hospitality companies have seen a 50% drop in bookings within India between March 2 and 9. People are postponing booking plans in large numbers.

## SUGGESTIONS

- ICC would like to recommend a complete GST holiday for tourism, travel and hospitality industry for the next 12 months till the time the recovery happens. 3. The government announced Rs 1.7 lakh crore relief package aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown. Business fraternity thinks that this amount is largely insufficient and Government should consider to increase the relief package to at least Rs. 2.5 Lakh crore to ride over the Covid-19 crisis.

- The Government should focus highly on all type of safety and security measures for the tourists visiting various places of the country. Since global tourism fraternity will take some time to get settled after the aftermath of this pandemic, the sector per se should now focus more on domestic travellers. People would now feel more comfortable to travel within the country rather than going abroad. Alternative tourist spots should be developed and marketed properly within the country.

## CONCLUSION

This research work has also showcased the ultimate damage it created on the economy of the country and the globe too at the same time. It is being thought that the impact will continue for some more time and that is of much more concern in recent times. The travelling agencies are seen to be impacted by Covid-19 as the lockdown situation is established by the governments for prohibiting the spread of Covid-19. The Corona virus as also enabled the tourism industry to face the huge threat as well as the economic slowdown is seen. Due to this reason it is seen to be establishing an impact on the tourism industry. Though the measurements were undertaken, but they are seen to be not fruitful for prohibiting the spreading of corona virus. The impact is also seen on the sales as well as the current achievements. Instant relief measures need to be implemented and adjusted for those that may fall through the cracks. Intermediate and longer-term planning is needed for how the economy is rebalanced and re-energised following this crisis. A broad socioeconomic development plan including sector by sector plans and an ecosystem that encourages entrepreneurship so that those with robust and sustainable business models can be allowed to flourish. It is prudent that governments and financial institutions constantly re-assess and reevaluate the state of play and ensure that the ‘whatever it takes’ promise is truly delivered.

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