

ISSUES AND CHALLENGES OF TOURISM INDUSTRY DURING COVID-19: A CROSS SECTIONAL ANALYSIS

Dr. Pooja Gupta

Assistant Professor

*poojaguptaindia1@gmail.com

Panipat Institute of Engineering and Technology, Panipat

Dr. Suman Rani

Assistant Professor

Suman.bba@piet.co.in

Panipat Institute of Engineering and Technology, Panipat

Mr. Rohit Sharma

Assistant Professor

Rohit.mca@piet.co.in

Panipat Institute of Engineering and Technology, Panipat

Dr. Abhinav Gupta

Assistant Professor

Drabhinav.bba@piet.co.in

Panipat Institute of Engineering and Technology, Panipat

Abstract

India has long been one of the choicest tourist destinations due to its multicultural experiences, natural beauty, and it's lush. Tourism is considered as significant revenue generator as well as a source of foreign exchange in our Indian Economy. The tourism industry has been affected globally during pandemic, pushing big hotel chains and internet platforms for cancelling reservations in the Asian country. This paper focuses on the COVID-19 issue in India towards tourism industry and along with relationship between different variables like foreign exchange rate and number of Foreign Tourist Visits and Foreign Exchange Earnings in India. This paper concluded that that there is high degree of correlation between number of Foreign Tourist Visit and Foreign Exchange Earnings that is 0.99 where as there is moderate correlation of Exchange Rate with Foreign Exchange Earnings (FEE) and number of Foreign Tourist Visit. The regression results states that the FEE has positive impact on Exchange rate and number of Foreign Tourist Visits. Due to Covid 19 the number of foreign visits goes down as well as foreign earning are also reduced.

Keywords: Tourism, Covid-19, Earnings, Correlation, Regression.

INTRODUCTION

There is no strange that foreign tourists are involved in a large number of confirmed pandemic cases in India. The whole tourism industry, which includes hotels, restaurants, agencies, and resorts, is projected to suffer losses in the crores. According to observers, the industry is

suffered significantly, which might ruin the business progress for the coming years (Muthukrishnan, 2020). The tourism industry of India is important to the country's GDP and is quickly spreading. According to the World Travel and Tourism Council, tourism has contributed \$16.91 lakh crores (US\$220 billion) to India's Economy in 2018 and supported 42.673 million professions, or 8.1 percent of whole employment of India.

Indian National Tourism Policy

The Pandemic(Covid-19)–The corona virus outbreak has hit the tourism industry so badly. It is exceedingly doubtful that tourism will resume as usual following COVID-19. Safety and cleanliness will become important considerations while choosing a vacation spot. People have become more conscious of environment change and the negative effects of tourism, hitting them in their travel decisions. The crisis provides an opportunity to assess the crisis situation, re-building the future of tourism, and coordinating action across all levels of government and the non government sector.

Aatmanirbhar Bharat – Analyzing full potential of Tourism industry faced by pandemic, India has come up with the decision to become self-reliant. "Aatmanirbhar Bharat" is a call to action for locals to stand up. Aatmanirbhar Bharat will take benefit of new technology, implementing green recovery measures, and move to corporate practices & policies that better manage the environmental, social, and economic implications of tourism as a result of the crisis scenario. Sustainable Development Goals are aligned with the tourist growth because there is potential to work on innovation, new markets and new destinations. The concept of Aatmanirbhar Bharat will aid India in realizing its full tourism growth.

Green Tourism –The COVID-19-induced pause in the tourism sector as an opportunity to rethink and give tourism's industry a direction, as well as the ideals by which its success is measured while aligning with SDG 2030. The pandemic crisis represents a turning change integrate efforts to preserve tourism-dependent livelihoods. This tourism industry has the ability to contribute to all of the objectives, either directly or indirectly while committing to the SDGs 2030 goal of India.

LITERATURE REVIEW

Folinas and Metaxas (2020) discussed the extent to which a pandemic can impact the whole tourism industry. Jaipuria et al. (2021) evaluated the number of foreign tourists' visits in India and FEE using simulated neural networks and analyzed the effect of pandemic based on four scenarios keeping with and without shutdowns in terms of deficit and surplus in foreign exchange earnings. Parvinder Kour et al. (2021) analyzed covid-19 scenarios and its future outcome on travel intentions among tourists in India and concluded that positive travel revisit expectations after the pandemic. Monika Chaudhary et al. (2020) studied that economic crisis that has started due to pandemic in Bhilwara district, Rajasthan, India. The study concluded that the government contribution as well as the status of corporate borrowings will be a matter of study in the economy recovery. Yadav & Qureshib (2021) found that US\$ 214 billion as a whole loss of revenue to the airlines and US\$ 35 billion is pending refund of customers due to flight cancellation. The airline industry is deeply suffered due to cancellation of flight reservations and finally concluded that no one can precisely estimate the financial loss from the Corona virus pandemic to the Global tourism industry.

OBJECTIVES OF THE STUDY

Firstly this study aims to assess the extent to which pandemic covid-19 has impacted the tour and travel industry in India. Secondly to find out the relationship between different variables like the number of foreign tourist visits with foreign exchange rate and Foreign Exchange Earnings with the foreign exchange rate.

RESEARCH METHODOLOGY

The secondary data collection has been sourced through CMIE Economic outlook & Industry website of tourism. For the analysis part, the published half-yearly data of twenty listed companies have been taken. Cross sectional data analysis has been sourced to know the impact of pandemic to the tour& travel industry. Graphical representation of number of foreign tourist visits to all states/UTs in India and the percentage of change in comparison to the previous time i.e. yearly/quarterly and Monthly basis are shown through line graph. The relation between exchange rate with foreign exchange earnings and number of foreign visit are analyzed with the help of correlation & regression method.

ANALYSIS AND INTERPRETATION

This section represents the analysis the impact of Covid-19 on Tourism industry.

Insert Table 1 to 7 here

Correlation

The relation between exchange rate, foreign exchange earnings and number of foreign visit are analyzed with the help of correlation method. The results of correlation are given in table no. 8.

Table No.8 Correlation

	Exchange Rate	Foreign Exchange Earnings	No of Foreign Tourist Visit
Exchange Rate	1	0.68	0.63
Foreign Exchange Earnings (FEE)	0.68	1	0.99
No of Foreign Tourist Visit	0.63	0.99	1

The results of correlation states that there is high degree of correlation between number of Foreign Tourist Visit and Foreign Exchange Earnings that is 0.99 where as there is moderate correlation of Exchange Rate with Foreign Exchange Earnings (FEE) and number of Foreign Tourist Visit.

Regression

To find out the impact of one variable on other, regression technique is used. The result of regression technique is shown in table no. 9 and table no. 10.

Table No. 9 Regression Analysis: Exchange rate and FEE

Dependent variable: FEE			
Exchange rate= c(1)+ c(2)*FEE			
	Coefficient	t-statistic	Prob.
C(1)	41.8937	11.39698	0.0000*
C(2)	0.000870	3.974002	0.0009*
Prob (F-Statistic)	0.000890		

Source: Eviews

*significant at 5%

Table no. 9 concluded that the FEE has positive impact on Exchange rate as the p value is 0.0009 which is significant at 5%.

Table No. 10 Regression Analysis: No of Foreign Tourist Visits and FEE

Dependent variable: FEE			
No of Foreign Tourist Visit= c(1)+ c(2)*FEE			
	Coefficient	t-statistic	Prob.
C(1)	2.747467	6.287693	0.0000*
C(2)	0.000941	36.18506	0.0000*
Prob (F-Statistic)	0.0000		

Source: Eviews

*significant at 5%

Table no. 10 concluded that the FEE has positive impact on number of Foreign Tourist Visits in India as the p value is 0.0000 which is significant at 5%.

CONCLUSION

India offers a wide range of tourism opportunities. Only India is a place where visitors can enjoy wildlife tourism, adventure tourism, heritage tourism, cultural tourism, religious tourism, ecotourism, and health tourism all at the same time.

The Indian travel and tourism business contributes significantly to the country's GDP and employs a large number of people. The Indian tourism industry is noteworthy for its land economy and quick expansion. However, because of Covid-19 pandemic, the travel and tourism business has come to a halt. The decision to restrict people's movement has had a major impact on the travel and tourist business. The government forbids people from going to public

areas, restaurants, pubs, and cinemas, as well as holding social gatherings, and has closed all schools and colleges. The paper concluded that there is high degree of correlation between number of Foreign Tourist Visit and Foreign Exchange Earnings that is 0.99 where as there is moderate correlation of Exchange Rate with Foreign Exchange Earnings (FEE) and number of Foreign Tourist Visit. The regression results states that the FEE has positive impact on Exchange rate and number of Foreign Tourist Visits. Due to Covid 19 the number of foreign visits goes down as well as foreign earning are also reduced. The tourism industry is facing an unprecedented confluence of threats, including a global health alert, a shortage of aircraft due to the social demonization of travel crisis, exaggerated and even false media offensives, climate catastrophes, sector taxes, operator and airline bankruptcies, and political instability and economic slowdown in large markets, all of which point to at least a global contraction for the tourism industry in the near future.

References

Annual Report 2019-20 | Ministry of Tourism | Government of India (2020), "Tourism.gov.in", available at: <https://tourism.gov.in/annual-reports/annual-report-2019-20> (accessed 17 April 2021).

Baum, T., & Hai, N. (2020). Hospitality, tourism, human rights and the impact of COVID-19. *International Journal of Contemporary Hospitality Management*. 32(7), 2397-2407.

Benvenuto, D., Giovanetti, M., Vassallo, L., Angeletti, S. and Ciccozzi, M. (2020). Application of the ARIMA model on the COVID-2019 epidemic dataset. *Data in Brief*. 29, 105340.

Chen, Y., Kang, H., Yang, T. (2007). A study on the impact of SARS on the forecast of visitor arrivals to China, *Journal of Asia-Pacific Business*. 8(1), 31-50.

Chinazzi, M., Davis, J.T., Ajelli, M., Gioannini, C., Litvinova, M., Merler, S., y Piontti, A.P, Mu, K., Rossi, L., Sun, K. Viboud, C.M. (2020). The effect of travel restrictions on the spread of the 2019 novel coronavirus (COVID-19) outbreak. *Science*, 368(6489), 395-400.

Heaton, J. (2008). Secondary analysis of qualitative data: an overview, *Historical Social Research/Historische Sozialforschung*, Vol. 33 No. 3 (125), pp. 33-45, available at: <http://www.jstor.org/stable/20762299> (accessed 6 July 2021).

Higgins-Desbiolles, F. (2020), Socialising tourism for social and ecological justice after COVID-19. *Tourism Geographies*, 22(3), 610-623.

Jaipuria, S., Parida, R., & Ray, P. (2021). The Impact Of Covid-19 on Tourism Sector in India. *Recreation Research*, 46, 245- 260.

Khan, S., Haleem, A., Deshmukh, S., Javaid, M. (2021). Exploring the impact of COVID-19 pandemic on medical supply chain disruption. *Journal of Industrial Integration and Management*, 6, 235-255.

Kumar, V. (2020). Indian tourism industry and COVID-19: present scenario. *Journal of Tourism and Hospitality Education*, 10, 179-185.

Patel, P., Sharma, J., Kharoliwal, S., & Khemariya, P. (2020). The Effects of Novel Corona Virus (Covid-19) in the Tourism Industry in India. *International Journal of Engineering Research & Technology*, 9(5).

Tran, B., Chen, C., Tseng, W. and Liao, S. (2020). Tourism under the early phase of COVID-19 in four APEC economies: an estimation with special focus on SARS experiences. *International Journal of Environmental Research and Public Health*. 17(20), 7543.

Annexure:

Table No. 1

Number of Foreign Tourist Visits to all States/UTs in India, 2001-2020 (Yearly)

Year	No. of Foreign Tourist Visits (in million) to States/UTs	Percentage (%) change over the previous year
2001	5.23	-7.8
2002	5.16	-5.1
2003	6.71	30.1
2004	8.36	24.6
2005	9.95	19.0
2006	11.74	18.0
2007	13.26	12.9
2008	14.38	8.5
2009	14.37	-0.1
2010	17.91	24.6
2011	19.50	8.9
2012	18.26	-6.3

2013	19.95	9.2
2014	22.33	11.9
2015	23.33	4.4
2016	24.71	6.0
2017	26.89	8.8
2018	28.87	7.4
2019	31.41	8.8
2020	7.17	-77.2

Source: State/UT Tourism Department

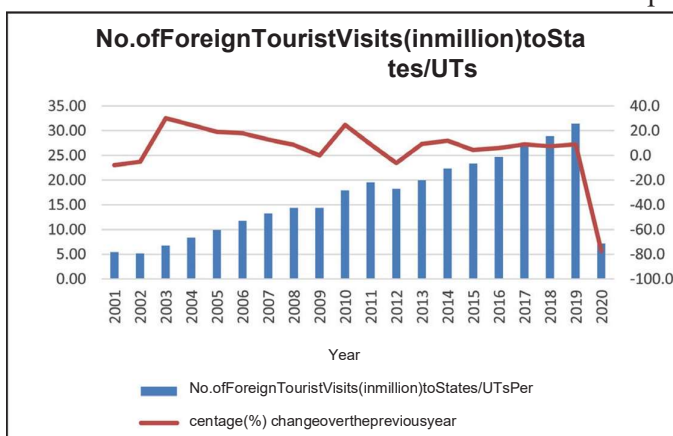


Table no.1 states that the Number of Foreign Tourist Visits to all States/UTs in India has decreased in 2020 due to Covid-19.

Table No. 2

Number of Foreign Tourist Visits to all States/UTs in India, 2016-2022 (Quarterly)

Quarter ended	No. of Foreign Tourist Visits (Crores)	Percentage (%) change over the previous year
Dec-16	2,641,425	9.51
Mar-17	2,781,070	11.14
Jun-17	2,003,777	20.24
Sep-17	2,218,402	11.25
Dec-17	3,032,554	14.81
Mar-18	3,115,825	12.04

Jun-18	2,035,481	1.58
Sep-18	2,312,380	4.24
Dec-18	3,094,290	2.04
Mar-19	3,179,792	2.05
Jun-19	2,116,233	3.97
Sep-19	2,370,475	2.51
Dec-19	3,263,855	5.48
Mar-20	2,465,994	-22.45
Jun-20	15,174	-99.28
Sep-20	60,583	-97.44
Dec-20	203,015	-93.78
Mar-21	306,641	-87.57
Jun-21	112,146	639.07
Sep-21	256,225	322.93
Dec-21	737,117	263.08

Source: State/UT Tourism Department

Table no.2 states that the Number of Foreign Tourist Visits to all States/UTs in India has decreased from 2,465,994 crore in March to 15,174 in June 2020 due to Covid-19.

Table No. 3

Number of Foreign Tourist Visits to all States/UTs in India, 2018-2022 (Monthly)

Month	No. of Foreign Tourist Visits (Crores)	Percentage(%) change over the previous year
Jan-18	1,045,027	-10.52
Feb-18	1,049,259	0.4
Mar-18	1,021,539	-2.64
Apr-18	745,033	-27.07

May-18	606,513	-18.59
Jun-18	683,935	12.77
Jul-18	806,493	17.92
Aug-18	785,993	-2.54
Sep-18	719,894	-8.41
Oct-18	890,223	23.66
Nov-18	1,012,569	13.74
Dec-18	1,191,498	17.67
Jan-19	1,111,040	-6.75
Feb-19	1,090,516	-1.85
Mar-19	978,236	-10.3
Apr-19	774,651	-20.81
May-19	615,136	-20.59
Jun-19	726,446	18.1
Jul-19	818,125	12.62
Aug-19	800,837	-2.11
Sep-19	751,513	-6.16
Oct-19	945,017	25.75
Nov-19	1,092,440	15.6
Dec-19	1,226,398	12.26
Jan-20	1,119,250	-8.74
Feb-20	1,018,440	-9.01
Mar-20	328,304	-67.76
Apr-20	2,820	-99.14
May-20	3,764	33.48
Jun-20	8,590	128.21

Jul-20	12,655	47.32
Aug-20	19,761	56.15
Sep-20	28,167	42.54
Oct-20	41,494	47.31
Nov-20	70,977	71.05
Dec-20	90,544	27.57
Jan-21	83,822	-7.42
Feb-21	99,640	18.87
Mar-21	123,179	23.62
Apr-21	69,442	-43.63
May-21	13,307	-80.84
Jun-21	29,397	120.91
Jul-21	64,566	119.63
Aug-21	84,955	31.58
Sep-21	106,704	25.6
Oct-21	181,325	69.93
Nov-21	251,993	38.97
Dec-21	303,799	20.56
Jan-22	201,546	-33.66

Source: State/UT Tourism Department

Table no.3 states that the Number of Foreign Tourist Visits to all States/UTs in India has decreased from 1,018,440 crore in February to 328,304 crore in March 2020 due to Covid-19.

Table No.4

Estimates of Foreign Exchange Earnings (FEEs) in US\$ Million from Tourism in India, 2001-2020

Year	FEE from Tourism in India (in US\$ million)	Percentage (%) change over the previous year
------	---	--

2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010	14490	30.1
2011	17707	22.2
2012	17971	1.5
2013	18397	2.4
2014	19700	7.1
2015	21013	6.7
2016	22923	9.1
2017	27310	19.1
2018	28586	4.7
2019	30058	5.1
2020	6958	-76.8

Source:(i)ReserveBankofIndia,for2000-2015

(ii)MinistryofTourism,Govt.ofIndia,for2016-2020



There is sudden decline of Foreign Exchange Earnings(FEEs) in 2020 due to covid-19.

Table No.5

Month wise estimates of Foreign Exchange Earnings (FEEs) in US\$ billion from Tourism in India, 2018-2020

Month	ForeignExchangeEarnings(inUS\$billions)			Percentage(%)change	
	2018#2	2019#2	2020#2	2019/18	2020/19
January	2.791	2.575	2.833	-7.7%	10.0%
February	2.76	2.521	2.551	-8.7%	1.2%
March	2.648	2.331	0.784	-12.0%	-66.4%
April	2.379	2.466	0.009	3.7%	-99.6%
May	1.889	1.983	0.012	5.0%	-99.4%
June	2.125	2.316	0.027	9.0%	-98.8%
July	2.468	2.646	0.041	7.2%	-98.5%
August	2.37	2.504	0.064	5.7%	-97.4%
September	2.101	2.359	0.094	12.3%	-96.0%
October	1.998	2.401	0.013	20.2%	-95.3%
November	2.302	2.777	0.190	20.6%	-93.2%
December	2.755	3.179	0.241	15.4%	-92.4%

Total(Jan-Dec)	28.586	30.058	6.959	5.1%	-76.8%
----------------	--------	--------	-------	------	--------

Source: Ministry of Tourism, Govt. of India

.#2:Revisedestimates

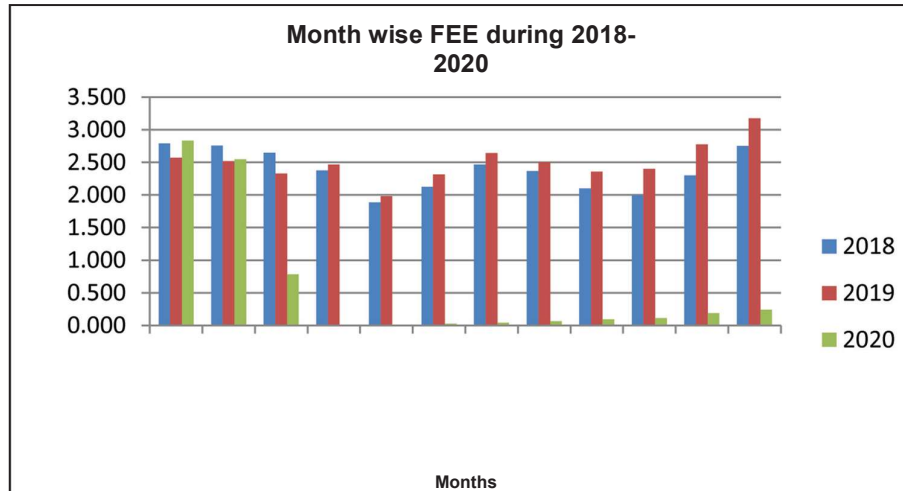


Table No. 6

State Wise Foreign Tourist Visits (FTV) During 2019 & 2020 (InRs.Crore)

SR.No	States/UTs *	2019	2020	Growth Rate (FTV 2020/19)	Rank
		Foreign Tourist Visit			
1	A&N Island	16206	5412	-66.6	25
2	Andhra Pradesh	280356	67591	-75.89	15
3	Arunachal Pradesh	7825	961	-87.72	32
4	Assam	26878	7285	-72.9	24
5	Bihar	1093141	308080	-71.82	9
6	Chandigarh	44132	12218	-72.31	22
7	Chhattisgarh	6817	2322	-65.94	28
8	Dadra & Nagar Haveli	1666	222	-86.67	37

9	Daman & Diu	5703	1382	-75.77	30
10	Delhi#	2983436	681230	-77.2	4
11	Goa	937113	302751	-67.69	10
12	Gujarat	595607	210047	-64.73	11
13	Haryana	48046	17474	-63.63	21
14	Himachal Pradesh	382876	42665	-88.86	17
15	Jharkhand	176043	490	-99.72	34
16	J&K	57920	5317	-90.82	26
17	Karnataka	608754	165325	-72.84	12
18	Kerala	1189771	340755	-71.36	8
19	Lakshadweep	820	413	-49.63	35
20	Ladakh	38652	1126	-97.09	31
21	Madhya Pradesh	327958	99819	-69.56	13
22	Maharashtra#	5528704	1262409	-77.2	1
23	Manipur	13608	3139	-76.93	27
24	Meghalaya	25813	2311	-91.05	29
25	Mizoram	2249	265	-88.22	36
26	Nagaland	5577	518	-90.71	33
27	Odisha	115128	10206	-91.14	23
28	Puducherry	149919	92080	-38.58	14
29	Punjab	1101343	359114	-67.39	7
30	Rajasthan	1605560	446457	-72.19	6
31	Sikkim	133388	19935	-85.05	20
32	Tamil Nadu	6866327	1228323	-82.11	2
33	Telengana	323326	46694	-85.56	16

34	Tripura	154405	31877	-79.35	19
35	Uttar Pradesh	4745181	890932	-81.22	3
36	Uttarakhand	152273	41339	-72.85	18
37	West Bengal	1656145	463285	-72.03	5
	Grand Total	31408666	7171769	-77.20%	

Source: State/Union Territory Tourism Departments

Table No.7
Country -Wise Foreign Tourist Arrivals In India, 2018-2020

Sr. No.	Country of Nationality	Number of Arrivals			Percentage Share			Percentage Change	
		2018	2019	2020	2018	2019	2020	2019/18	2020/19
1	Bangladesh	2256675	2577727	549273	21.37	23.58	20.01	14.2	-78.7
2	U.S.A	1456678	1512032	394092	13.8	13.83	14.36	3.8	-73.9
3	U.K.	1029757	1000292	291874	9.75	9.15	10.63	-2.9	-70.8
4	Sri Lanka	353684	330861	68646	3.35	3.03	2.5	-6.5	-79.3
5	Canada	351040	351859	122868	3.32	3.22	4.48	0.2	-65.1
6	Australia	346486	367241	86758	3.28	3.36	3.16	6	-76.4
7	Malaysia	319172	334579	69897	3.02	3.06	2.55	4.8	-79.1
8	China	281768	339442	39586	2.67	3.11	1.44	20.5	-88.3
9	Germany	274087	264973	72558	2.6	2.42	2.64	-3.3	-72.6
10	Russian Fed.	262309	251319	102166	2.48	2.3	3.72	-4.2	-59.3
11	France	261653	247238	74243	2.48	2.26	2.7	-5.5	-70
12	Japan	236236	238903	48191	2.24	2.19	1.76	1.1	-79.8
13	Singapore	183581	190089	33747	1.74	1.74	1.23	3.5	-82.2
14	Nepal	174096	164040	40822	1.65	1.5	1.49	-5.8	-75.1
15	Thailand	166293	169956	52626	1.58	1.55	1.92	2.2	-69

Source: State/Union Territory Tourism Departments