

The Effect of COVID-19 Lockdown on Indian Tourism and Hospitality Industry

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Abstract

India draws millions of tourists every year as the 'AtithiDevoBhava' conviction that means Guest is God exemplifies India's history of providing its hospitality services at its finest by accommodating the guests. That would be the reason why the industry contributed around 9% of the India's GDP. That would be the reason why the industry contributed about 9% of India's GDP. In the current situation where Covid-19 was announced as a pandemic by the World Health Organization, the Government of India announced a complete lockdown of the nation that had a strong impact on the economy, mainly the tourism and hospitality industry, which is unable to open even after the lockdown. This research was therefore undertaken in order to understand India's situation in this pandemic, examine the country's effect on tourism and hospitality industry, and recognize the role of food service sectors in Bangalore. The secondary data was used as a methodology to analyse and the data was a mixed approach of literature review and data from various tourism and hospitality websites. The study findings have appeared with suggestions for mitigating the reduction of income. A future study can be carried out on the development of models that would help the industry overcome any kind of pandemic situation.

Keywords: Tourism & Hospitality, Covid-19, Food Service Sectors, WHO, WTO

1. INTRODUCTION

Corona virus that causes cold and seasonal flu, which was earlier been Severe Acute Respiratory Syndrome (SARS) and Middle Eastern Respiratory Syndrome (MERS). This was first detected in Wuhan, China, which was said to be spread out from bats. The outbreak was announced by WHO on 30 January 2020 as Public Health Emergency of International Concern. Lockdown and self-isolation were the only way identified to control the spread of the virus and to break the chain the step taken by the world countries. The same thing happened in India, and was put on lockdown. The lockdown, in turn, had a drastic impact on the country's economy, as it stopped money circulation. Tourism and hospitality were among the industries most affected. This research was undertaken to examine the pandemic situation of India and its effects on tourism, hospitality, and food services. As the country is in the unlocking phase right now, the study has come up with suggestions that would help overcome the pandemic-related economic crisis.

2. LITERATURE REVIEW

2.1 Effect of Covid-19 on Tourism and Hospitality Sector of India

The tourism sector adds to India's GDP by 9 per cent. India's aviation, tourism and hospitality industry sustained highest damage from Covid-19 outbreak¹. The industry comprises of hotels, restaurants, tour agencies, food and beverage outlets, transportation, etc². Indian tourism industry is projected to suffer a loss of 125 trillion in 2020 along with a potential loss of around 38 million, that is, 70% of the overall workforce³. Relative to last year, the tourism income in the country may be declined in 2020. The outbreak of the corona virus triggered global recession by 2020⁴. There is a sense of fear among people that foreign tourists could be carriers of viruses because the virus came from aboard to India⁵. Through an economic standpoint, the ban of traveling and closure of industrial units leads to a reduction in jobs and production⁶. Neither can all roads be opened in rural areas or new tourism trails be built⁷.

Moreover, the Indian medical tourism that was estimated to be at \$28 billion by 2020 was disrupted due to the spread of virus⁸. The main reason behind all this was the spread of virus that can be restrained only by social- distancing and thus the affected countries decided on lockdown of the nation⁸.

2.2 Effect of Covid-19 on Food-Service Sectors of India

As India's government had agreed to lockout and social isolation during the pandemic, restaurant sector was impaired⁹. It is the mid-level restaurants that are the most affected in this pandemic and these are the ones that need to take the initiative to overcome the situation¹⁰. The usual business practices to be avoided and efforts to be taken to develop sustainable and modern food systems¹¹.

3. METHODOLOGY

This paper used a mixed approach of review of literature and secondary data related tourism and hospitality sectors of India. The research included documentary analysis of numerous government and global sites and ministry of tourism websites. WTO, WHO and Worldometer global pages offered details about how the worst pandemic outbreak scenario could be.

The study focused on understanding the worst of India's pandemic situation, and how it affects the country's tourism and hospitality industry. The purpose of the study is of two folds, identifying the impact of the pandemic on the country's tourism and hospitality industry and analyzing the state of Bangalore's food related business. In addition to presenting recommendations to surmount the effect.

4. RESULTS & DISCUSSION:

4.1 Pandemic Situation in India

As of January 30th, 2020, corona virus struck India and the cases are growing day by day. Day one started with one case and the latest trend is increasing day after day by more than 10000 cases. The total cases in the country is 366946 with cumulative deaths of 12237 as on 18th June

2020 (ref. Figure 1). This makes India gradually climb up the ladder to position 4 in the global table of Covid-19 affected countries.

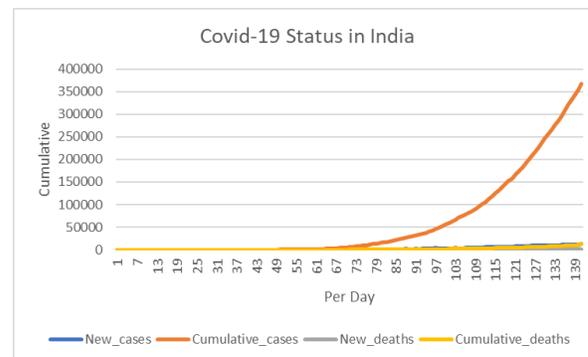


Figure 1. Covid-19 Status in India

4.2 Air Travel and Tourist Arrivals to India

According to the World Tourism Organization, international tourist arrivals reached 1.23 billion in 2016, up strongly from 674 million in 2000. Earnings reached a record US\$ 1.22 trillion, increasing impressively from US\$ 495 billion in 2000. Foreign traveler's expenditure enters tourism via transport, retail, hospitality industry, cultural activities, etc. and in turn tourism drives construction of infrastructure and accommodation. According to Figure 2, there is a parallel development of world trade in air passenger transport services and tourism.

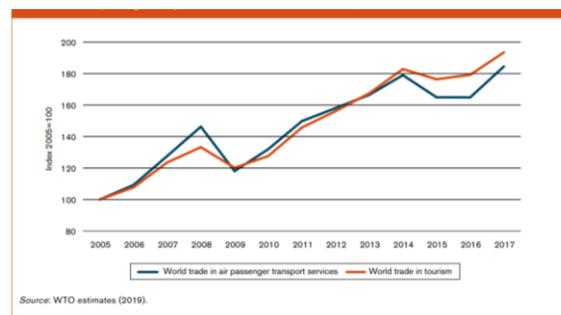


Figure 2. World Trade in Air Passenger Transport Services and World Trade in Tourism Develop in Parallel Source: World Trade Organization

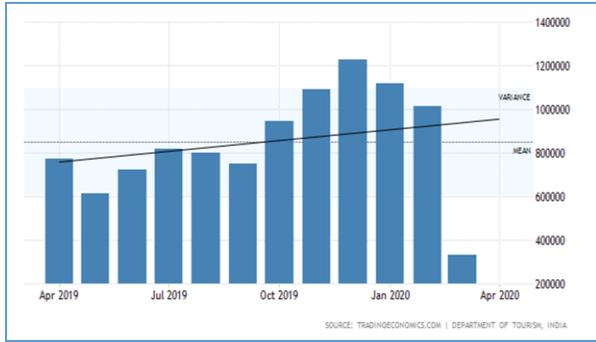


Figure 3. Tourist Arrivals to India Source: Department of Tourism, India

4.3 Effect of Covid-19 on Tourism Revenue of India

In a situation where tourism contributes to the country's GDP, it's faced decline due to the pandemic. Tour operators and travel agencies would face a financial crunch as tourists visit India¹².

Tourism revenue of the country has been reduced drastically (refer Fig. 3). Both aspects of tourism were impacted by the stoppage of the tourist traffic to take control of the transmission of Corona Virus. As a result of decline in tourist arrivals so does the tourism revenue according to Figure 4.

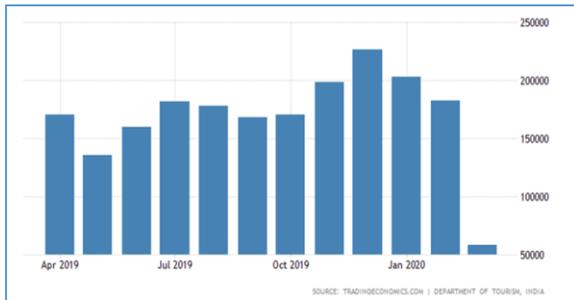


Figure 4. Tourism Revenue of India: Department of Tourism, India

According to Figure.4, after January 2020, the tourism revenue has dropped down lesser than 50000 INR million.

4.4 Impact of Pandemic on Hospitality Industry

As travel is a part of tourism industry, likewise, hospitality industry also backs tourism of a country. Hospitality industry provides stay, food

and other basic necessities for a traveler. Moreover, the stand-alone restaurants, local eateries and online deliveries faced a bad hit in their business. As per Zomato in Figure 5, the most preferred meal type by consumers were doorstep deliveries and dine out when compared to other meal types like buffet, café, drinks and nightlife.

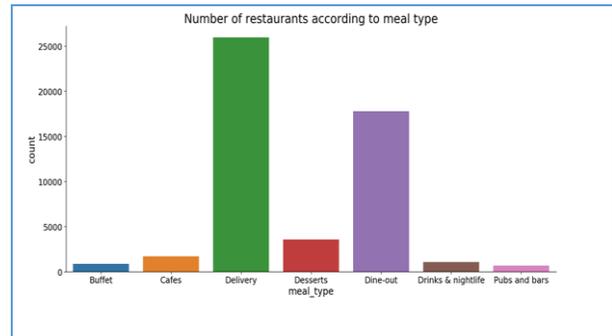


Figure 5. Preferences of Customers vis-à-vis Meal Types

In addressing the food outlets in Bangalore, there are 21,000 restaurants and 3500 hotels with lodging and 580 hotels above 3-star categories. According to Mr. PC Rao, President of Bhurat Bangalore Hotels, the pandemic crisis is threatening the existence due to two reasons, namely people are reluctant to dine at outlets due to the fear of the virus and many sectors had faced salary cut and loss of job. Though during lockdown parcel services were allowed it would make up just 10% of the business. Same time, according to Bangalore Mirror, 77% of the people are in the urge of dining out and 13.3% of them still wanted food to be delivered at home. This is contradictory to the data analysis of Zomato, the delivery app. According to Figure 5, Zomato states that more percentage of people prefer delivery and later comes the dine out. This may be due to the effect of lockdown on people as they stayed indoors together for days and now, they would start showing more interest in dining out, yet fear of virus and financial crunch are the constraints that affect the business of tourism and hospitality. This emphasizes the need to draw suggestions that would help the sectors of tourism, hospitality, and food service to overcome the crisis they are going through.

5. RECOMMENDATIONS

The Covid-19 has given suggestions on the impact of global change on the tourism sector, which in turn becomes the task of learning how to begin sustainable tourism transformation¹³. In the form of types of tourism, especially, religious, MICE, farm and adventure tourism social distancing should be strictly enforced, travel entry restrictions should be applied, frequent health monitoring to be conducted to ensure safety¹⁴. The tourists travelling post Covid-19 situations would be more aware on environmental health and wellbeing, therefore, adventure tour destinations would be able to capture the sustainability-oriented travelers and practice sustainable tourism⁷. Social distancing will be a norm post Covid-19 which insists the food service sectors to reinvent itself. When compared a street food vendor with restaurant business, the later has to import many considerations as the earlier has transparency. Keeping social distancing in mind, the restaurants have to maintain minimum distance between tables, they no longer can follow maximum place utilization. This would result in low turnover of guests and the restaurant has to work on bringing down the guest and staff ratio. Live kitchens or an open kitchen in the restaurants would help in building trust among the consumers. Fumigation is something that is done in all the restaurants periodically, likewise, proper sanitization has to be invested⁹. The sanitization to involve using hospital grade disinfectants to achieve higher level of sanitization standards. The food industry has to setup new standard operating procedures (SOP) from social distancing to cashless transactions¹⁵. The SOPs would include, providing masks, gloves and other protective gears for the food handlers, usage of menu cards has to be replaced by placing orders over apps and even the bills generated in the apps which would result in cashless transaction¹⁶. In regards to take away services, extensive hand washing and higher level of sanitization has to be followed as it would help in reducing the risk of spread of virus by touching the food¹⁷.

6. CONCLUSION

Corona virus has posed a threat to India and its economy. Due break the chain of spreading virus lockdown was imposed all over the nation which means an emergency protocol that presents people movement⁶. All sectors of the business have faced a financial crunch. Amidst Covid-19, the tourism and hospitality industry have been facing immense loss due to no foreign arrivals, no air travel, less demand and booking of hotel rooms. The meetings, weddings, conferences and other events were cancelled and added up to the loss of revenue. During lockdown hotels in Bengaluru have namely, Hilton, Accor and Sheraton delivered food from their restaurants through Swiggy and Zomato in a way to balance the loss of revenue. Meanwhile laundry services were provided by hotels like Novotel and Sheraton Grand in Bengaluru. Though the corona cases kept rising, the ease on lockdown was enabled in order to save the economy keeping in mind the safety of the citizens. The lockdown ease was done gradually and it also focused on tourism and hospitality services and food service sectors. The study recommends live kitchens, frequent sanitization, standard operating procedures from social distancing to cashless transactions, protective gears for food handlers, etc. in food service sectors. Likewise, to focus on sustainable tourism especially in religious, MICE and adventure tourism. Despite all this, it would take a little longer time for travel to get back to normal pattern. It the intervention from the Government that would help the tourism and hospitality industry upliftment. The crisis has proved the weakness of the industry which emphasis future research to create frameworks which would help to overcome the economic situation during a pandemic.

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