

# **Impact of COVID-19 on Hotel and Tourism Industry in India: Challenges and Opportunities**

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**Submitted to the**

**International e-Conference on Microeconomic Impacts of COVID-19 Pandemic**

**October 2-3, 2021**

**Organized by**

**Center for Academic & Professional Career Development and Research (CAPCDR)**

**CAPCDR**

## Abstract

India is known worldwide due to its incredible heritage and natural attraction with a beautiful culture engaged with different languages and traditions. Tourism is an industry as a channel of exchange of different culture among the people of a country and between the people of different parts of the world. Hotel and tourism is the one of the largest contributing sector for the economic development of a nation, but the COVID-19 crisis is putting restrictions, challenging their survival, and limiting their growth. The purpose of this paper is to address the impact of COVID on the hotel and tourism sector as well as challenges and opportunities for continue successful survival of hotel & tourism industry in India. Finally, major problems are identified and recommendations are given to enhancing the sustainable improvement of the hotel and tourism industry in India to overcome from this pandemic crisis. The paper recommended that the entire related stakeholder including Government, policy makers, business owner and staff of the tourism industry, visitors, and academicians should take collective actions to enhancing the sustainable improvement of the hotel and tourism sector.

**Keywords:** Hospitality, Hotel and Tourism industry, COVID-19, Post pandemic

### Introduction

Hotel and Tourism is the one of the important and rapidly growing industry at global level. Tourism is a vast term rather than doing only travelling. It is the collection of activities and industries relating to all services including transportations, accommodations, eating and drinking apart from travelling. It includes the attractions, entertainment, business and other hospitality services provided to a person or groups of person travelling away from home. It has a great potential to influence the people and community towards the change as it is capable medium of exchange of different language and tradition and culture among people. As it is a rapidly growing industry at global level, it is most important and contributing factor to the economy. As a developing country in India hotel and tourism industry provides many opportunities in the form of increased employment, economic development, source of foreign capital and a channel of unity among the people of different culture. It is found from a research study that in the field of tourism, India is the second largest employment generator (as cited by Aynalem et al., 2016). As the data available, France is at the top to maintain the number of international tourists whereas Spain and USA consolidate the second and third position as showed by World Tourism Organization. Even smaller countries including Thailand, Singapore and Indonesia are doing much better business from tourism than India.

The emergence of Corona Virus Disease (COVID-19) and lockdown in India by 24<sup>th</sup> March 2020 for 21 days and temporary lockdown at time to time banned the domestic and international arrival and departure; highly affect the hotel and tourism industry. This worst crisis hit the hotel and tourism sector adversely due to which stopping in booking of hotels, cancellation of events, cancellation of flights and travelling going on and this cause to the reduction of revenue and raising the operating cost for this industry. Without the help of Government and related stakeholders it will be difficult to overcome this situation by hotel and tourism industry.

### Objectives of the study

In the light of the issues discussed earlier and the available literature relating to challenges and opportunities in hotel and tourism industry the following specific objectives are framed:

1. To highlight the opportunities and challenges faced by the hotel and tourism industry in India.
2. To recognized the impact of COVID-19 on hotel and tourism industry in India.
3. To recommend some suggestions to overcome the impact of COVID-19.

### **Research methodology**

Research type: - Descriptive Research

The type of data/data source used: Secondary data/source. The present study is based on secondary data. Basically, the required information has been derived from:

1. Article from newspaper, Magazines and Journals.
2. Various related web-sites which deals directly or indirectly with the topic related to hotel and tourism industry. After searching the important web-sites, relevant information was downloaded and analyzed to address the objectives of the present study.

### **Hotel and Tourism as an Opportunity:**

**Employment opportunities:** As tourism is extensively labour intensive, it create a job opportunities in different areas like transportation, attractions, entertainment and accommodations units. Growing tourism and hospitality sector support the increment in the employment directly and indirectly also. As indirect employment it creates job and a source of income for restaurant suppliers, aircraft manufacturers, various handicrafts producers, marketing agencies, accounting services construction companies that build and maintain of tourist facilities, as well as necessary infrastructure (Aynalem et al., 2016). It was found from a research study that there is positive impact of tourism on employment and market services (Eva, 2011).

**Economic Developments:** The economic growth of any country is widely depends on the hotel and tourism sector of that country. As it affects the income status of an individual, investment, employment and the balance of payment of a country with other countries, it contributed to the economy with a high GDP and recognized any nation at globally. In India small and medium size hospitality enterprises (SMHEs) are an important factor for the socio-economic development in terms of GDP and employment creation (Chand et al., 2010). Tourism is not only developing the economy but also it improves quality of transport, internal environment, goods, hotel etc. (Srivastava, 2010).

**Foreign Capital:** Tourism is popular all over the world. It creates an opportunity to a country to gain the foreign capital which is a need of an hour for a country to run at international market. It provides a source of foreign capital through the services deliver by hotel and tourism sector top the foreign visitors.

**Cultural Exchange:** Tourism is one of the best way to familiar with the different cultures. It provides an opportunity to know the various language, cultures and living standards of different geographical areas. It is the medium of exchange cultures through which different barriers can remove between people of different parts of a country and the world.

With the above opportunities hotel and tourism industry continue suffering from various challenges related to poor working conditions with inappropriate management style, low occupancy rate, increasing transportation cost in terms of fuel shortage, low education and training of staff, increasing competition, discrimination, unequal treatment, rigid corporate culture, low profitability, seasonality and political instability which reduce the number of visitors towards the tourism.

### **Challenges Faced by Hotel and Tourism Industry:**

**Competition:** As hotel and tourism is worldwide by nature, it has to face a lot of competition in the form of price range, freedom afforded, attracting infrastructure, accommodation facility and the opportunity of cultural exchange at international level.

**Inappropriate Management Style:** it is a big problem of inappropriate management style in the form of rigid leadership style, unplanned recruitment and inadequate trainings due to which staff turnover has increased.

**Technology:** Changing technology also has a big influence on the inner operations of a hotel and tourism industry as visitors have a belief on the services of the tourism industry. So it is the need of an hour to step forward according to the need and requirement of visitors. and providing facility to save money and time of the visitors.

**Turnover of Staff:** To compete at global level recruitment of skilled and trained staff and retention of that staff a major challenge before the hotel and tourism industry. Unequal treatment, poor pay and working condition with inappropriate working time are the major issues for the turnover of employees.

**Sustainability:** It is necessary for a hotel and tourism industry to follow a general rule of “Go with Green” to survive or run with the changing environment at global level as the visitors prefer the green products and services. So it is a big issue to maintain the product and service according to the preference of the visitors.

**Increasing Cost:** increment in cost in the form of transportation cost, pay scale of staff, costly technology, high rate of taxes are the major challenges for the hotel and tourism industry.

Apart from these challenges in front of hotel and tourism industry; spread of Corona Virus Disease 2019 (COVID-19) brought trade and business into halt and highly affected hotel and tourism sector across the globe. The pandemic led to the beginning of the recession and depression in the hotel and tourism industry in India too. It has been estimated that the travel industry, which includes airlines, hotels and restaurants, shrink by 50% in 2020, which would mean a significant loss of jobs and revenue. Consequently this emergence of COVID in India affected this industry in the form of reducing in the booking of hotels, cancellation of events, cancellation of tickets and flights, reduction of staff, loss of employment, loss of revenue, reduction in demand, and raising the operative cost etc.

### **Impact of COVID-19 on Hotel and Tourism Industry:**

**Loss of job and employment:** Tourism is a major source of employment in many countries. But due to the COVID-19 pandemic, the employment loss of travel and tourism industry is predicted to be 100.08 Million worldwide (Statista, 2020). The Indian tourism industry has created about 87.5 million jobs, with 12.75% of total employment, thereby contributing INR 194 billion to India’s GDP (WTTC, 2018). It has been estimated that due

to pandemic there will be about 40 million direct and indirect job losses in India (Sanjita et al. 2021)

**Loss of Revenue:** Hotel and Tourism is also a major source of revenue in the country. But the COVID-19 pandemic seeking a transformational change in society and made people to stay indoors and work from home, keeping social distancing, community lockdowns, self- or mandatory-quarantine, inhibits on crowding, etc., pressure has halted the business of hotel and tourism industry. It has been estimated that revenue from the foreign exchange earning has fall by 66.32% due to the arrival of foreign tourists in India from different parts of the world has reduced by 68% in March 2020 as comparison to the previous month (Statista, 2020).

**Less utilization of resources:** The pandemic reduces the proper utilization of resources due to reduction in the demand. Worldwide Closure of border, cancellation of international flights, and a series of lockdowns highly affected the arrival of foreign as well domestic tourists across the India. Most of the airlines are undergrounded and many of the hotels closed or turning into quarantine facilities due to which the resources of hotel and tourism industry could not utilized properly.

**Increase in the cost:** Operating cost of the hotel and travel industry has been increased during the period of Covid pandemic because of adding the various hygiene, and sanitation-related costs, social distancing etc. Therefore, sustaining during this crisis is a challenging task for the hotel and tourism industry.

**Low Price Chart:** Due to Covid pandemic it seems difficult to maintain the prices of rooms in hotels and transportation fees in travel industry. They were compelled to maintain a low price chart to survive in the market. In the post pandemic period it will be very difficult to this sector to uplift the prices.

### **Suggestion to Overcome the Impact of COVID-19:**

- 1) Government and related stakeholders should offer some financial aid to the hotel and tourism industry to operate their businesses and to overcome from the losses of COVID-19.

- 2) Hotel and Tourism industry should maintain a price chart throughout the pandemic period so that they can maintain their prices and revenue as well.
- 3) Hotel and tourism staff should be provided online training in this pandemic period, so that they can work with more efficiency in future. Educated and professionally trained employee can treat very well with a visitor which will help in raising the earning capacity of the industry and employees as well.
- 4) Government should give some relaxation in imposing tax or low tax rate should be imposed on hotel and tourism sector. It would be helpful recover the losses of lockdown period.
- 5) Management should be appropriately decide the price chart which could well applicable during the crises so that they can avoid some loss due to any crises.
- 6) Good working condition with a good salary package should be provided to the staff to retain and to reduce the employee turnover ratio.
- 7) To compete at global level, it is necessary to run with technology and changing environment.
- 8) All the stakeholders including Government, policy makers, business owner and staff of the tourism industry, visitors, and academicians should take collective action for enhancing the sustainability of the hotel & tourism sector.

#### **Conclusion:**

From the above discussion it is concluded that hospitality industry is growing at fast pace but facing various problems too. Due to spread of Corona Virus Disease COVID-19 and lockdown in India, threaten the people to go outside which results the cancellation of reservation and adversely affect the hotel business and likely to face revenue loss in 2020 and the parallel negative impact can be seen on job, employment as well as on revenue of this sector. To overcome these crises hotel and tourism industry can utilized this pandemic time by conducting online training and development programs for their staff which will

helps in improvement their hospitality skill and they will able to do work with more efficiency. This will helps in earning in long term also. On the other hand Government should also provide some financial assistance or soft loans at low interest rate to this sector. Without the initiative of Government and related stakeholders it will be very difficult to overcome this situation. Therefore, Government should takes significant steps for the development of industry like improve accessibility, promotional measures, low taxes, etc. then the situation will significantly improve and this will lead to the increase in number of tourists in India which in turn increase the number of hotels and also improve the quality of services provided by the hotels.

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