

Empirical study of CORONA Pandemic 2020 on Travel and Tourism Industry in India

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Abstract:- As we all know that the economy of the country is dependent upon the business and trade. Each and every industry plays a very important role in the economic growth of the country. There are few factors which affect the business and trade and due to which the industry faces major loss and so there is decline of economic growth found.

As a researcher, I have gone through many literature and reports available and I found that one of the factors affecting industries as well as the economy is pandemic situations in all over the world. The pandemic situation occurs due to some infectious diseases related to virus. There were many pandemic situations because of viral infections like SARS (Severe Acute Respiratory Syndrome), MERS (Middle East Respiratory Syndrome), Ebola virus effect, Zika virus effect, Nipah virus effect, Influenza etc. As per different reports available all these diseases affected the business and trade much more and so the economy was shaken.

In late 2019, there was also found a virus that is COVID-19 (CORONA Virus) in Wuhan, China which is created again a pandemic situation in the world as no one was aware about its consequences and slowly this virus have spread over most of the countries in the world. In India, the government has taken few strong decisions to protect the country with this virus and for this each and every economic activity has been banned by the government. Because of this pandemic, the travel and tourism industry is totally shut down and the economy is also in the declining phase. However, there are many industries which have been facing major loss like stock market, travel and tourism industry, hospitality industry, apparels industry etc. In this research, the researcher has taken the travel and tourism industry as research area and finding out that how it has been affected due to this pandemic.

With the literature available and current data from different reports, the researcher found that this pandemic is going to be a major challenge for individual businesses, different industries, policy makers and for decision makers too. The reports are saying that there are many rumours about the infectious diseases which affect the consumer behaviour, cause fear and anxiety among the people. The employees and staff of each industry are very much stressed about their financials and the work pressure after the situation will be normal.

Objectives:

1. To study the factors causing rapid decline in Tourism industry
2. To study the economic losses due to this outbreak
3. To study how to overcome this situation

INTRODUCTION:

CORONA virus is very new in its strain and now it is affecting our lives. It is affecting everyone psychologically as there is no vaccine for this virus in the market and due to this there is stress of job loss for employees and financial loss for businessmen. The virus is spreading rapidly through one person to another and you never know that you

may be affected by this just because you are connected to a person who is affected without his/her awareness. It is not only affecting the human beings but also affecting our economy, business and trade. At present this is a worldwide problem and there is no solution of facing the infection from this virus till date. We can avoid this infectious virus by taking some precautionary measures.

If we talk about its origin, it was first time observed in human beings late 2019 and it was observed in open seafood animal market exist in Wuhan (China). From there, now it has been spread over almost in every country of the world and the infection from COVID-19 is increasing day by day. However, the Indian Government has been taken few decisions to decrease its spreading rate and one of the major decisions is to break the journey from one country to another, one state to another and one district to another. For this travel and tourism industry is totally shut down till the next orders from the government.

The country has faced the complete lockdown for the protection of everyone living here. As we all know that in our economic growth, travel and tourism industry plays a major role and because of this pandemic, the industry is facing a major loss and obviously the economic condition will also be in poor growth rate.

This is not the first time when the country is in pandemic situation. Before this there were pandemic like HIV AIDS, Influenza, Ebola virus, Nipah virus, Zika virus etc. Whenever there was a pandemic, there was a major decline in economic growth so this time the government is regularly doing things for the protection of people but until unless the vaccine will not be available in the market, there is no way to fight with this virus. There is only way to fight this situation is to maintain the social distancing and personal hygiene and for this everyone has to stay at their own places safely.

The government has provided the guidelines many times and everyone is spreading the awareness through different social media and digital platforms. If we talk about the recent work on pandemics, it can be said that there is always been a heavy economic loss due to the outbreaks of infectious diseases and generally it is caused by the climatic change or something which is not in favour of nature.

The businesses never count the infectious diseases as the risk because as we know that it is not in our control or you can say that it is an uncontrollable factor of risk. It is found that no one can predict that when and where any of the pandemic will occur. Everyone can predict the factors affecting the business which are in the control of human beings but if it comes to the nature no one can do this. It all

depends on evolving science. We can think about the risk facing because of the customer group, location, nature of the business, product quality, supply chain and structure of the business and on the basis of these factors, any businessman can estimate his/her financial loss in a year. In the available literatures, it is said by economists that the average economic loss will be 0.7% of the global GDP (Gross Domestic Production) by the outbreaks of infectious diseases and similarly it will affect the living standard of the human beings.

Literature Review:

International donors also have begun to invest in improving preparedness through refined standards and funding for building health capacity (Wolicki and others 2016). Multiple outbreaks, notably the 2014 West Africa Ebola epidemic, have exposed gaps related to the timely detection of disease, availability of basic care, tracing of contacts, quarantine and isolation procedures, and preparedness outside the health sector, including global coordination and response mobilization (Moon and others 2015; Pathmanathan and others 2014).

Top 10 countries by GDP	2017	2018	2019
1 U.S.	2.4	2.9	2.3
2 China	6.9	6.7	6.1
3 Japan	2.2	0.3	0.7
4 Germany	2.8	1.5	0.6
5 U.K.	1.9	1.3	1.4
6 France	2.4	1.7	1.3
7 India	6.5	6.7	5.3
8 Italy	1.7	0.7	0.3
9 Brazil	1.3	1.3	1.1
10 Canada	3.2	2.0	1.6

Notes: Annual growth rate y/y%. Source: Respective countries' National Statistics Office, Haver Analytics, KPMG's analysis 2020 based on secondary research

A *pandemic* is defined as “an epidemic occurring over a very wide area, crossing international boundaries, and usually affecting a large number of people” (Porta 2014). For the purposes of this chapter, an *epidemic* is defined as “the occurrence in a community or region of cases of an illness . . . clearly in excess of normal expectancy” (Porta 2014).

Despite these improvements, significant gaps and challenges exist in global pandemic preparedness. Progress toward meeting the IHR has been uneven, and many countries have been unable to meet basic requirements for compliance (Fischer and Katz 2013; WHO 2014).

Pandemics are, therefore, identified by their geographic scale rather than the severity of illness. For example, in contrast to annual seasonal influenza epidemics, *pandemic influenza* is defined as “when a new influenza virus emerges and spreads around the world, and most people do not have immunity” (WHO 2010).

The framework put into place by the updated IHR contributed to a more coordinated global response during the 2009 influenza pandemic (Katz 2009).

Pandemics are large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area and cause significant economic, social, and political disruption. Evidence suggests that the

likelihood of pandemics has increased over the past century because of increased global travel and integration, urbanization, changes in land use, and greater exploitation of the natural environment (Jones and others 2008; Morse 1995).

The international community has made progress toward preparing for and mitigating the impacts of pandemics. The 2003 **severe acute respiratory syndrome (SARS)** pandemic and growing concerns about the threat posed by avian influenza led many countries to devise pandemic plans (U.S. Department of Health and Human Services 2005).

Delayed reporting of early SARS cases also led the World Health Assembly to update the International Health Regulations (IHR) to compel all World Health Organization member states to meet specific standards for detecting, reporting on, and responding to outbreaks (WHO 2005).

These trends likely will continue and will intensify. Significant policy attention has focused on the need to identify and limit emerging outbreaks that might lead to pandemics and to expand and sustain investment to build preparedness and health capacity (Smolinsky, Hamburg, and Lederberg 2003).

Report Findings:

1. Impact of the COVID-19 Pandemic on Global Economy

The above table shows the real GDP (Gross Domestic Production) rate in percentage. The red arrow shows the decline in the GDP and the yellow arrow shows the increase growth rate. As the table shows that the maximum countries are in declining rate of GDP. Out of 10 countries, 8 are facing declining phase from 2018 to 2019. Only Japan and U.K. (United Kingdom) are showing the increasing growth rate.

The global economy was already facing the dangerous situation in 2019; the COVID-19 in the late 2019 increased the danger at a different level. There is a risk of global recession in 2020 because of COVID-19. The world economy has shut down due to the serious impact of COVID-19 and the government has also banned all the economic activities for the protection of everyone.

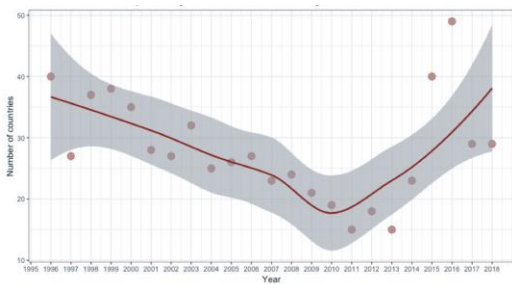
	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
France	51.0	49.7	51.1	50.1	50.7	51.7	50.4	51.1	49.8
Germany	45.0	43.2	43.5	41.7	42.1	44.1	43.7	45.3	48.0
Ireland	49.8	48.7	48.6	48.7	50.7	49.7	49.5	51.4	51.2
Italy	48.4	48.5	48.7	47.8	47.7	47.6	49.2	49.9	48.7
Spain	47.9	48.2	48.8	47.7	46.8	47.5	47.4	48.5	50.4
U.K.	48.0	48.0	47.4	48.3	49.6	48.9	47.5	50.0	51.7
Americas									
Brazil	51.0	49.9	52.5	53.4	52.2	52.9	50.2	51.0	52.3
Canada	49.2	50.2	49.1	51.0	51.2	51.4	50.4	50.6	51.8
Mexico	49.2	49.8	49.0	49.1	50.4	48.0	47.1	49.0	50.0
U.S.	50.7	50.4	50.3	51.1	51.3	52.6	52.4	51.9	50.7
Asia & Pacific									
Australia	52.0	51.6	50.9	50.5	50.0	49.9	49.2	49.5	50.2
China	49.4	49.9	50.4	51.4	51.7	51.8	51.5	51.1	49.3
Japan	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8
Korea	47.5	47.3	49.0	48.0	48.4	49.4	50.1	49.8	49.7
India	52.0	52.5	51.4	51.4	50.6	51.2	52.7	49.8	46.5
Indonesia	50.6	49.6	49.0	49.1	47.7	48.2	49.5	49.3	51.9
Malaysia	47.8	47.6	47.4	47.9	49.3	49.5	50.0	48.8	48.5
Singapore	49.6	49.8	49.9	49.5	49.6	49.8	50.1	50.3	48.7
Vietnam	52.5	52.6	51.4	50.5	50.0	51.0	50.8	50.6	49.0

Source: IHS Markit, Haver Analytics (Feb 2020), KPMG's analysis 2020 based on secondary research. Note: The Purchasing Managers Index (PMI) is a monthly survey of industry that is a real-time snapshot of economic conditions. It is a diffusion index and a reading greater than 50 indicates expansion while a reading below 50 indicates contraction.

The latest global trends suggest that the world is going to face a period of growing outbreak activity (Figure 1). June 2018 is the clear image of these kinds of similar activities.

In this month, out of eight categories of highlighted diseases in the WHO (World Health Organisation) blueprint priority diseases list, the world is struggling with six categories of diseases for the first time. The diseases highlighted by the WHO have the capability to scatter, killing lacs of people and to encourage the disruption of the global economy. The main threat to the society is to strengthen the infrastructure of global public health, as well as to change the existing strategies into the new direction and to develop few new strategies to monitor and respond to the new infectious disease crises.

Figure 1: Number of countries experiencing significant disease outbreaks, 1995-2018

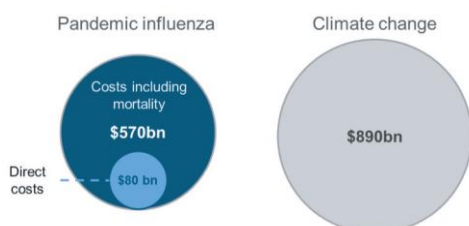


Source: Harvard Global Health Institute/World Economic Forum analysis of data from WHO Disease

Outbreak News (<http://www.who.int/csr/don/en/>)

As the business leaders never consider the infectious diseases as risk because we all know that it is a kind of uncontrollable factor but the losses whether it is economic or it is human beings are very much heavy, suggested by the latest research work on pandemics. There is a prediction by the Commission on a Global Health Risk Framework by using the data available from the flu pandemics of the 20th century that the annual impact of flu pandemics will be approximately \$60 billion, and this is more than double of the previous forecasts. If we talk about the lost life years and its statistical value, the forecast grows larger than earlier. Work by Fan, Jamison and Summers that includes this mortality component revises the annualized figure upward to \$570 billion total. For context, this amount is on the same order of magnitude as the \$890 billion annual impact of climate change estimated by the Intergovernmental Panel on Climate Change (Figure 2).

Figure 2: Annualized cost of flu pandemics approaching the cost of climate change

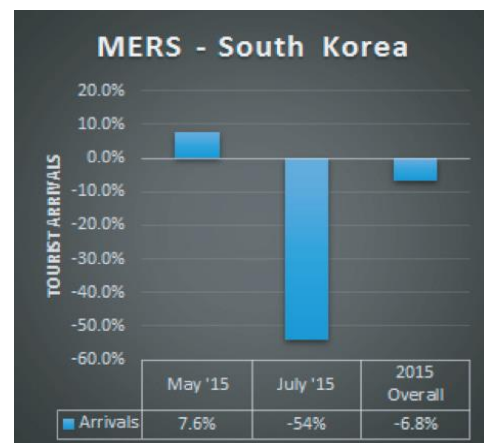
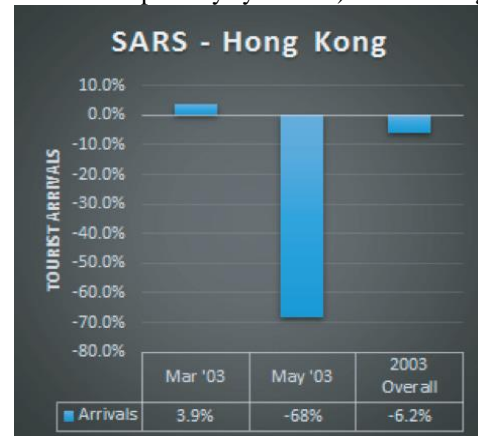


Source: Fan, Jamison and Summers, “The Inclusive Cost of Pandemic Influenza Risk”, National Bureau of Economic Research Working Paper No. 22137, 2016; Intergovernmental Panel on Climate Change, Climate Change 2014: Synthesis Report, 2015.

Travel and tourism: SARS (severe acute respiratory syndrome) /MERS (Middle East respiratory syndrome) and Zika

Any infectious disease which causes outbreak affects the travel and tourism industry the most. It is more visible that the arrival of tourists fall down rapidly during any outbreak and the industry faces a major loss whether it is airlines, hospitality or any other related to the travel and tourism. Here (Figure 3), the effect of the SARS (severe acute respiratory syndrome) outbreak of 2002-2004 in Hong Kong, as well as the 2015 MERS crisis in South Korea is given below:

Figure 3: Change in tourist arrivals in SARS/MERS (Middle East respiratory syndrome) -affected regions



Source: Fazeli, S. et al., “Zika may increase economic risks, industrial costs”, Bloomberg Professional Services, 31 May 2016, <https://www.bloomberg.com/professional/blog/zika-may-increase-economic-risks-industrial-costs/>

2. Impact of COVID-19 on Indian Economy:

There is a huge impact of COVID-19 in every sector of Indian economy like manufacturing, automobile, aviation and tourism, building and construction, education and skill, food and agriculture, financial services, chemicals and petrochemicals, metals and mining, pharmaceuticals, oil and gas, transport and logistics etc.

As there was major decline in new cases affected by COVID-19 in China, it was said that in India, the economic growth for 2020-21 may be in the range of 5.3% to 5.7% because till then there were very few cases affected by COVID-19. The reports said that India has the capability to control over the spreading of COVID-19 with the strict decisions taken by the government. But after many decisions and guidelines by the government, it is expected that now the economic growth maybe in the range of 4% to 4.5 %.

The Indian government took the decision of total shut down of the market in the form of lockdown of 21 days and provided the guidelines for fulfilling the needs of human beings. As the cases of COVID-19 are increasing day by day due to unavoidable reasons, the lockdown is extended again till 3rd May and now on the basis of data available, it is assumed that the economic growth of India may fall below 3%.

Each and every sector’s growth plays an important role in the economic growth of India. Every sector is much more affected by the COVID-19 pandemic and every business leader is facing the major loss in business. Here, the researcher has taken the travel and tourism industry as research area.

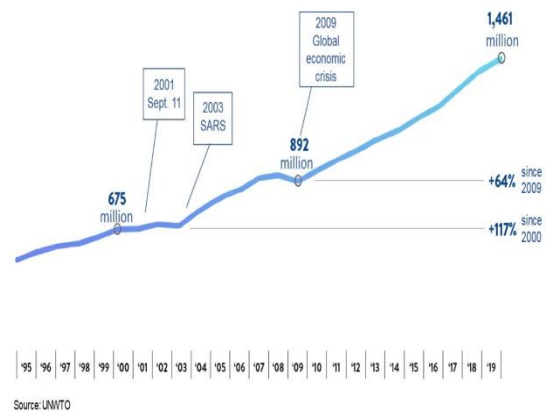
Cash flow constraints				Large scale cancellations. Indian Association of Tour Operators (IATO) estimates the hotel, aviation and travel sector together may incur loss of about INR85 billion ⁴ due to travel restrictions imposed on foreign tourists
Labour force				Impact likely to be felt on both white and blue collar jobs
Demand-side				
Lockdown/restrictions impact				Outbound travel and inbound travel to India will be at an all time low
Consumer sentiment				

Impact of COVID-19 on travel and tourism industry:

The tourism industry is the most affected industry by COVID-19 in India. This is a question for everyone that how the people involved with this industry will survive? The report of the World Travel and tourism council (WTTC) says that this sector will be in the loss by 25 percent of its previous growth rate. This will result in a loss of approximately 50 million jobs.

The report by International Air transport Association (IATA), 2020 predicts that the loss of global revenue for travel and tourism industry may be in the range of U.S. \$63 billion (11 percent) to U.S. \$ 114 billion (19 percent). There may be a huge job loss of around 38 million due to the major impact of COVID-19 and it is approximately 70 percent of the total employed in the travel and tourism industry.

International Tourist Arrivals (1995-2019)



The above graph shows that there is always increase in the arrival of tourists from one place to another but whenever there is a pandemic or epidemic situation, the rate of arrival of the tourists’ decreases immediately. In the above graph, there is a decrease in the arrival of international tourists in 2001, 2003 and 2009. In 2009, the world had faced the global economic crisis.

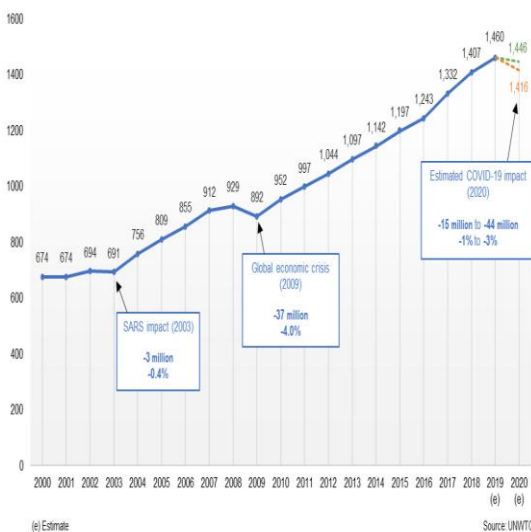
Sector overview				
Sector contribution to GDP and employment ¹	Aviation - ~2.4 per cent (FY18) Tourism - ~9.2 per cent (FY18) 42.7 million people in 2018 – 19			
Central government spending ²	Aviation: INR37.98 billion (2020 – 21) Tourism: INR25 billion (2020 – 21)			
Key destination countries ¹	China, Middle East, South East Asia, Germany, U.S. and U.K.			
Key states for tourism ¹	Maharashtra, Kerala, UP, Ladakh, Gujarat, Tamil Nadu, Rajasthan, Goa			
FDI equity inflows (per cent of total) ³	3.16 per cent (Apr 2000 – Dec 2019)			
Current and potential impact on the sector				
Parameter	I	N	U	Comments
	o	e	n	
	d	g	k	
	h	n	n	
		o	w	
		n		
Supply-side				
Price variations				With international and domestic travel closed, demand for turbine fuel will substantially decline.

2020 forecast - international tourist arrivals, world (% change)

As COVID-19 has spread all over the world, it is very true that the global travel market will be disrupted with this SARS scenario and it will definitely affect the economy as well. The **UNWTO (United Nations World Tourism Organization)** predicts that there could be a decline in the arrival of international tourists by 1% to 3% globally in 2020 and it will affect the growth down from 3% to 4% which was estimated in January 2020.



The above graph shows the effect of COVID-19 on the travel and tourism industry in percentage. If we want to see the change or the impact of COVID-19 on the arrival of international tourists in million, the given below graph shows the prediction of UNWTO:



CONCLUSION:

This research shows that there is a huge impact of any infectious disease on the travel and tourism industry as well as on the economy too. Every time when there was an outbreak of an infectious disease pandemic, the country faces a huge loss in terms of financial losses and losses of lives too.

On the basis of data available through the different sources, it is found that though the business leaders never consider any infectious disease as risk but every time it is proven that these infectious diseases can cause a major loss to the

economy and no one has control over these pandemic situations.

At present, the whole world is struggling with the pandemic caused by COVID-19 and there is no clear prediction about the end of this pandemic. Everyone is just following the guidelines of the government and waiting for the normal situation. According to the report of WHO (World Health Organization), there is no clear time limit for the preparation of the vaccines and until the vaccine is not present in the market, everyone should be aware of this pandemic and should follow the guidelines provided by the government as well as WHO.

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