

Available online @ [www.iaraindia.com](http://www.iaraindia.com)  
 SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal  
 ISSN: 0975-9999 (P) 2349-1655 (O)  
 Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)  
 Volume XII, Issue 49  
 July – September 2021  
 Formerly UGC Approved Journal (46622), © Author

## **PERFORMANCE AND RECOVERY OF TOURISM INDUSTRY DURING PANDEMIC - THE WAY FORWARD**

**Dr. K. NAGA SUNDARI**

Director & HOD

Department of Business Administration  
 Maris Stella College, Vijayawada

&

**Dr. MALATHI GOTTUMUKKALA**

Assistant Professor

Department of Business Administration  
 Maris Stella College, Vijayawada

### **Abstract**

*The COVID-19 crisis has hit the tourism economy hard, with unprecedented effects on jobs and businesses. Tourism was one of the first sectors to be deeply impacted by the pandemic, as measures introduced to contain the virus led to a near-complete cessation of tourism activities around the world. The sector also risks being among one of the last to recover, with the ongoing travel restrictions and the global recession. Impact of the pandemic is not only on Tourism economy but has ripple effect on other sectors that support tourism. The unprecedented shock to the tourism economy is being compounded by the evolving sanitary situation. While positive news on vaccines has boosted the hopes of tourism businesses and traveler's alike, challenges remain. Vaccine roll out will take some time, and the sector is potentially facing stop/start cycles for some time. This will further damage business and traveler confidence, and business survival prospects; the road to recovery seems to be highly uncertain. Though there has been some resumption of international tourism activity, but remains very limited. Domestic tourism has restarted in many countries, but can only partially compensate for the loss of inbound tourism. Therefore, this article aims to reveal the impact of pandemic on tourism industry and way to recover this sector.*

**Keywords:** *Pandemic, Tourism Industry, COVID 19,*

### **1. Introduction**

Tourism generates foreign exchange, supports jobs and businesses, drives regional development and underpins local

communities. Before the pandemic, the sector directly contributed 4.4% of GDP, 6.9% of employment, and 21.5% of service exports in OECD countries, on

average (and 6.5% of global exports according to the World Trade Organisation). However, these shares are much higher for several OECD countries, where tourism is a major driver of economic activities, such as France (7.4% of GDP), Greece (6.8%), Iceland (8.6%), Mexico (8.7%), Portugal (8.0%) and Spain (11.8%). The indirect impacts of tourism are also significant, exacerbating the size of the shock on national and local economies.

Tourism is highly labour intensive and provides a high volume of jobs for low skilled workers, together with higher skilled jobs. According to the International Labour Organisation (ILO), the accommodation and food services subsectors alone globally provides employment for 144 million workers, about 30% of whom are employed in small tourism businesses with 2–9 employees. Many of these jobs are customer-facing, exposing workers also to the health risks from the virus (e.g. waiters, air stewards, hotel receptionists).

### **The Indian Context**

Tours and travel operators provide services such as air or bus ticketing, hotel packages for both leisure and corporate travel within India and overseas. These companies' revenues declined to Rs 2,300 crore last fiscal, which was only 20 per cent of FY20 levels, after the nationwide lockdown and other restrictions led to a sharp reduction in travel, it said. The industry was brought to a standstill in the first quarter of last fiscal - the peak travel season because of summer holidays - which eroded revenue 95 per cent year-on-year. There was a gradual turnaround thereafter, with improving air traffic and demand for short domestic holidays lifting revenue to 55 per cent of the pre-pandemic level by the fourth quarter.

Then the second wave set in and under its impact, the first quarter of this fiscal is expected to be almost a washout once again, this time because of state-level lockdowns, it added. In FY22, too, the

industry is expected to post operating cash losses of around Rs 150-200 crores, which is significantly lower than last year, mainly on account of improved bookings and continued control of costs. Further, companies raised capital last fiscal amid near-term uncertainties, which boosted their cash balance to over Rs 4,300 crores, against modest debt repayments of Rs 85 crores due this year, it pointed out. However, uncertainties continue in the Indian context, including an improvement in vaccination rates, opening up of international borders for Indian travellers, and how corporate travel actually shapes up in the post-pandemic world.

India's travel and tourism sector, which accounts for nearly 2.5% of the GDP, has made repeated appeals to the government seeking succor for travel and tourism businesses tottering on the brink of collapse due to the corona virus pandemic. From hotels to travel and tour operators and tour guides, representative bodies from the tourism sector have given multiple petitions to the government highlighting the deep financial stress caused by the pandemic on the travel and hospitality sector during 2020-21.

### **Review of Literature**

- These travel bans, border closures, events cancellations, quarantine requirements and fear of spread, have placed extreme challenges on tourism and hospitality sectors (**Gossling et al.,2020a,b**).
- Air travel, for instance, has been regarded as an amplifying and accelerating factor for influenza (**Browne et al., 2016**) and this segment has witnessed significant curtailments as the need of personal safety and survival has become pivotal (**Nicola et al.,2020**). It has also prominently reduced the need for leisure travel and search for hedonistic getaways. Despite the enormous blow, the sector is salvaging resources and ways to remain afloat for now, be it

sturdier negotiations with suppliers for mutual sustenance, extensive cost reduction practices, or minimum mandatory period for accommodation bookings when visiting tourism destinations

- Tourism and hospitality related studies in light of COVID-19 crisis are only starting to emerge at this point (Higgins-Desbiolles, 2020; Hoque et al., 2020 Gossling et al., 2020a,b; Zheng et al., 2020) The research addresses two vital questions, first, what remains major challenges facing hospitality and tourism sectors amid existing pandemic? Second, what are the key learnings that industry can take from current conditions? Further, given the constantly evolving state and dearth of literature, current study attempts to summate the extant knowledge from previous similar crises and substantiates it with the qualitative enquiry involving senior industry practitioners and academicians.

### Objectives

- *To understand the performance of tourism sector during the pandemic.*
- *To study the recovery and future of tourism sector.*

### Methodology

This is a conceptual article aims at exploring the crisis faced by the tourism sector. Data was collected through secondary sources.

### Implications

It is too early to say what the long term implications of the crisis will be for tourism, but a return to business as usual is highly unlikely. The tourism sector will be a very different in 2021 to what it was in 2019. The longer the crisis continues, the more businesses and jobs will be lost, the greater the implications for traveler behaviour, and the tougher it will be to rebuild the tourism economy. This brings challenges for the sector, but also

opportunities to encourage innovation, drive new business models, explore new niches/markets, open up new destinations, and move to more sustainable and resilient tourism development models.

The crisis is a call for governments at all levels to take strong and coordinated policy action to mitigate the impacts and support the recovery. It is also an opportunity to take advantage of new technologies, implement green recovery strategies, and shift to policy and business practices that better balance the environmental, social and economic impacts of tourism. Policy makers should leverage the opportunity to reboot the tourism economy on a stronger, fairer and more sustainable footing. The crisis, and the recovery plans that are being put in place, are a once in a lifetime opportunity to move towards more sustainable and resilient models of tourism development.

Strengthened multi-lateral co-operation and robust support is essential to reactivate tourism. Countries need to work together, as the actions taken by one government have implications for travelers and businesses in other countries, and for the global tourism system. Countries need to develop collaborative systems across borders to safety resume travel, restore traveler and business confidence, stimulate demand and accelerate tourism recovery. More efficient international co-ordination systems are also needed to respond to future shocks.

Sector-specific supports are needed to address the particular needs of tourism workers, businesses and destinations, and support wider economic recovery. Tourism has benefited significantly from general economic stimulus measures. However, it is one of the most heavily impacted sectors, and will have an impact on wider macroeconomic recovery in many countries. Those parts of the tourism ecosystem that are not yet open for business and where demand is likely to be

depressed or constrained for some time will require particular attention.

Continued government support should already start to build towards more sustainable and resilient tourism economy. Destinations and tourism businesses need help to be ready to provide tourism services to meet demand when the recovery comes. It will be important to work with tourism businesses so they are sustainable beyond the end of the supports, and already started addressing the long term implications of the crisis. Measures should be increasingly conditioned on broader environmental, economic and social objectives.

Providing policy clarity and taking steps to limit uncertainty (to the extent possible) will be crucial to support tourism recovery. The outlook for the tourism economy remains extraordinarily uncertain, and business and travel confidence has taken a big hit. Clear communication, well-designed information policy and clarity on the epidemiological criteria will be particularly important where there is a need to change travel restrictions and containment measures in response to virus outbreaks and the shifting sanitary situation.

Improving the evidence base to inform policy and business decisions will be key, through information gathering, research and data analysis. The crisis has highlighted shortcomings in the availability of timely, comparable, granular data in quickly evolving situations. Reliable and consistent indicators are needed to evaluate the effectiveness of programmes and initiatives, and monitor progress on tourism recovery and resilience. Risk-based solutions to safely lift travel restrictions and get the international tourism ecosystem back up and running must be based on sound scientific evidence. These solutions also need to be feasible to implement, with sufficient

capacity available to ensure these systems are can function reliably.

To seize the day, the government as well as the industry will need to rise to the challenge of transforming top Indian destinations as world class tourist attractions. This requires an integrated, inter-sectoral approach and investment from the government to build supporting infrastructure while the industry should focus on innovation, stellar service and customer experience that will propel domestic tourism in India like never before.

### **Recovery of Tourism**

Crisis is a once in a lifetime opportunity to move toward fairer, more sustainable and resilient models of tourism development. The pandemic has once again exposed structural shortcomings in the tourism system and the vulnerability to external shocks. There is an urgent need to diversify and strengthen the resilience of the tourism economy, to better prepare for future shocks, to address long standing structural weaknesses, and encourage the digital, low carbon transformations that will be essential to shift to stronger, fairer and more sustainable models of tourism development.

The survival of businesses throughout the tourism ecosystem is at risk without continued government support and although governments have taken impressive action to cushion the blow to tourism, to minimise job losses and to build recovery in 2021 and beyond, more needs to be done, and in a more coordinated way.

### **Key policy priorities include:**

- Restoring traveler confidence
- Supporting tourism businesses to adapt and survive
- Promoting domestic tourism and supporting safe return of international tourism
- Providing clear information to travelers and businesses, and limiting uncertainty (to the extent possible)

- Evolving response measures to maintain capacity in the sector and address gaps in supports
- Strengthening co-operation within and between countries
- Building more resilient, sustainable tourism

While flexible policy solutions are needed to enable the tourism economy to live alongside the virus in the short to medium term, it is important to look beyond this and take steps to learn from the crisis, which has revealed gaps in government and industry preparedness and response capacity. Coordinated action across governments at all levels and the private sector is essential.

### Conclusion

The crisis is an opportunity to rethink tourism for the future. Tourism is at a crossroads and the measures put in place today will shape the tourism of tomorrow. Governments need to consider the longer-term implications of the crisis, while capitalising on digitalisation, supporting the low carbon transition, and promoting the structural transformation needed to build a stronger, more sustainable and resilient tourism economy. The silver lining for the industry is people's fundamental urge to travel may not have diminished as multiple European countries, including France, Italy and Spain, began opening up their borders over the last two months to bring back tourists and the US is expected to soon follow suit.

### References

[https://economictimes.indiatimes.com/industry/services/travel/travel-industry-likely-to-reach-35-40-pc-revenue-of-pre-pandemic-level-this-fiscal-report/articleshow/83776773.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/services/travel/travel-industry-likely-to-reach-35-40-pc-revenue-of-pre-pandemic-level-this-fiscal-report/articleshow/83776773.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

[https://economictimes.indiatimes.com/industry/services/travel/covid-impact-of-tourism-14-5-million-jobs-lost-in-2020s-q1-alone/articleshow/84577770.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/services/travel/covid-impact-of-tourism-14-5-million-jobs-lost-in-2020s-q1-alone/articleshow/84577770.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<https://economictimes.indiatimes.com/industry/services/travel/for-hospitality-and-tourism-sector-2021-is-all-about-survival-recovery/articleshow/79839053.cms>

<https://economictimes.indiatimes.com/news/coronavirus-impact-on-tourism>

**Ottman, J., Terry, V. (1998).**

"Strategic marketing of greener products", *The Journal of Sustainable Product Design*, Vol. 5 No. April, pp.53.

**McIntosh, A. (1990).** "The impact of environmental issues on marketing and politics in the 1990s", *Journal of the Marketing Research Society*, Vol. 33 No.3, pp.

**Menon, A., Menon, A. (1997).**

"Enviropreneurial marketing strategy: the emergence of corporate environmentalism as market strategy", *Journal of Marketing*, Vol. 61 No. January, pp.51