

# Impact of COVID-19 on Travel & Tourism in India

## Case Study: Goa

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### Abstract

As a consequence of the COVID-19 epidemic, people all around the globe have faced and are still facing unparalleled global health, social, and economic crises. Travel and tourism are among the worst-affected industries, with nationwide demand plummeting as a result of worldwide travel restrictions, including the closure of several international borders to control the infection when COVID-19 was at its peak. One of the most impacted regions was Goa which is a coastal region located in the western part of India, famous for being one of the most popular tourist destinations. The purpose of this paper is to discuss the impact of nationwide lockdown on the tourism sector and income of Goa. It also explores its impact on international tourism and foreign exchange earnings.

**Keywords:** travel, tourism, COVID-19, epidemic, impact

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### 1. Introduction

Tourism is not only one of the world's major economic sectors but is also one of the sectors most affected by the COVID-19 pandemic due to the travel restrictions as well as the slump in demand among travelers and is predicted to remain affected in the long term, i.e. approximately more than 1.5 years. It has severely impacted many economies, public services, livelihoods, and opportunities on all continents and its vast value-chain has also been affected gravely. The worldwide lockdown imposed due to the pandemic severely impacted the travel & tourism industry all over India. One of the most impacted regions was Goa. Goa is a coastal region located in the western part of India famous for being one of the most popular tourist destinations. It is a union territory whose economic growth is mainly driven by the strong performance of its tourism. Tourism helps to maintain Goa's economy and is also a great contributor to foreign exchange. Tourism contributes about 30 percent to Goa's gross domestic product and provides livelihood to many people. When the nationwide lockdown was declared in India, all modes of traveling were restricted and India had suspended all its tourist activities which caused huge losses to Goa.

### 2. Literature Review

Since the beginning of Covid-19, there have been many studies exploring the different areas that have been affected by Covid-19. Several of them have explored the effects and the future potential impacts on the travel and tourism industry of different regions. Efforts have been made to examine the several economical impacts in

various scenarios for economic recovery and various methods to mitigate the impact of the crisis and to accelerate the recovery of tourism have been proposed (Lall, 2020).

In order to analyze the severity of the impacts on Goa, the tourism crisis situation in other regions of the country was analyzed. Chandel et al. (2021) mapped the impact and assessment of the COVID 19 pandemic situation using geospatial technology in Rajasthan and suggest various measures to control the pandemic situation and evaluated the risk of the pandemic on tourism. The impact outside India was also analyzed by studying the case of Hong Kong. Ye et al. (2021) has reviewed the COVID-19 outbreak and its impact on hospitality and tourism education in Hong Kong by investigating the response of hospitality and tourism educators.

To predict the foreign tourists' arrival and the possible loss in foreign exchange earnings, significant efforts have been made using artificial neural networks (ANN) to better prepare for the future.

As the Covid-19 situation has still not ended completely, not much research has been done to analyze the impacts yet. To track the timelines and the various surveys conducted throughout the lockdown, several news clips were referred and several newspaper articles like Times Of India, Business Today, Hindustan Times, etc were consulted to present accurate information and facts.

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### **3. Methodology**

Secondary data from research journal articles, newspapers, websites, interviews, documentation, archival records, university publications, government, and international statistics have been collected to provide reliable and genuine data. Secondary data analysis based on published data has often been used effectively in many publications to save time, and money and even to make the data reliable. The research has mainly been divided into two parts. In the first part, the different ways the tourism sector of Goa has been hit since the onset of Covid-19 has been examined and in the second part, its impact on foreign tourists' arrival and exchange earnings due to both nationwide and worldwide travel restrictions has been explored.

### **4. Results and Discussion**

The first case relating to the COVID-19 pandemic was confirmed in Goa on 25 March 2020. From there the situation only went downhill and worsened during the first wave. On 24 March 2020, the government of Goa announced a complete lockdown in Goa until 31 March 2020, and that even grocery stores would be shut. Even PM Narendra Modi declared a nationwide complete lockdown around the same time until 14 April 2020.

#### **4.1 Indian scenario**

On analyzing various data collected from newspapers and websites, it was found that due to the pandemic, most tourists visiting Goa from the neighboring states in India preferred to spend only a day and return home by evening instead of staying at hotels. The tourists who did visit preferred to carry home-cooked food instead of eating out in restaurants or small joints as the coronavirus fear still looms large. Because of conflicting and unilateral travel

restrictions that occurred regionally, many tourist attractions in Goa such as museums, amusement parks, and sports venues closed. Even the beach shacks have still been wearing a deserted look. Shacks are temporary structures set up again during the tourist season, which serve as restaurants and bars with sunbeds on the sand. As most people in Goa depend on tourism for their livelihoods, they have faced and still are continuing to face huge losses. The actual victims of the slowdown were temporary staff members, who were let go as businesses struggled to make ends meet.

The tourism-related businesses came down to almost zero for six months from April to September in the year 2020. Even after opening up, the business turnover in the months of October and November has been merely 20 percent of normal, on average, in the tourism sector in Goa (The Hindu BusinessLine, 2020). The livelihood and employment of many people in the state are dependent on tourism. The income of respondents in one of the surveys conducted came down to only 10 percent of their usual earnings during the lockdown months. As a result of this, more than 40 percent of families, directly or indirectly associated with the tourism sector, have been drowning in debts.

In terms of revenue, Goa's tourism sector is a big source of revenue for the state with the industry directly contributing 16.43% towards the Gross Domestic Product (GDP) of the state and also provides employment to nearly 35% of the state's population that is dependent on the sector, according to official estimates.

According to the state-wide survey conducted by Goa Tourism Development Corporation through a consultant in an attempt to understand the impact of Covid-19 on Goa's tourism industry, the overall loss of earnings in the tourism industry during the lockdown has been estimated at ₹2,062 crores. Potential loss of earning for the 2020-21 season has been pegged at ₹7,239 crores and the potential job cuts were to the tune of 1.22 lakh (58%). Another survey that included more than 600 responses from various tourism industry stakeholders was conducted and the report estimated that the loss incurred to the industry was expected to be almost 2,000 Crore to ₹7,200 Crore and potential job losses of around 35% to 58%. The average income of the respondents before the lockdown was ₹37,866 that came down to only ₹3,322 during the lockdown. The average monthly per capita family income of these 101 households came down from ₹12,040 to only ₹1,116 due to the lockdown. Due to this financial crisis, there were appeals for direct and indirect tax reduction, reduction of petroleum price, making school education free, etc. There was also a strong demand for making Covid testing free of cost and for making the vaccine freely available for each citizen.

According to other sources, as far as the average monthly per capita family expenditure is concerned, it came down marginally from ₹4,545 to ₹4,296 during the lockdown months. The rate of drop in average monthly per capita income of both individual and family highlights the catastrophe that Covid has brought on the people dependent on tourism, hurting the Goan economy largely and wreaked havoc on the tourism-dependent economy of Goa,

With the need to save jobs, state preparedness, and industry request, the state opened tourism in July 2020 making Goa the first state to re-start tourism within the country. Significant efforts were put in for safe re-opening of the state for the tourists which were appreciated by many national & international organizations such as MOT and WTTC.

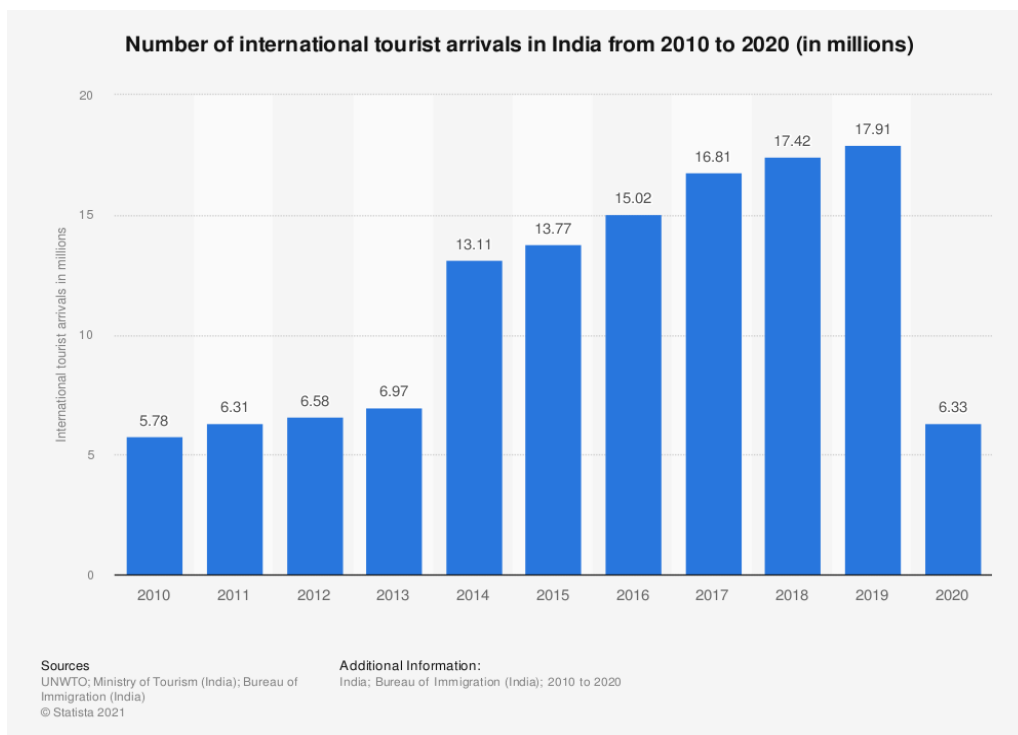
#### ***4.2 Foreign scenario***

The tourism sector is said to be the third-largest foreign exchange earner after textiles and software. The epidemic outbreak of COVID-19 severely impacted the tourism industry worldwide (Yeh, 2020). To curb the spread of

COVID-19, the government of India imposed a ban on commercial international airlines from operating in India and suspended most visas from 22 March 2020. With the full closure of international flights and visas from March 2020, many operators and stakeholders had to shut shop and faced severe financial constraints. Because the number of international flights dropped by more than half following the tourism industry had to temporarily lay off half of their workforce (Gössling et al., 2020). Goa makes up 92% of the charter flight arrivals in the country. These travel restrictions on a state dependent so much on tourism; an industry that is more dependent on the free and confident movement of people than others saw millions of disappearing jobs and an unfortunate future.

According to data available online, the devastating impact of coronavirus on the tourism sector can be understood with the data of foreign tourists arriving in Goa. If we go by the national data, it was observed that in February 2020, approximately 1.01 million foreign tourists arrived in India compared to 1.08 million in February 2019. On a month-on-month basis, tourists' arrivals fell from 8.9 percent in January 2020 to 9.2 percent in February. Based on Figure 1, we can observe how the total international tourists arrivals dropped heavily from 17.91 million in 2019 to 6.33 million in 2020.

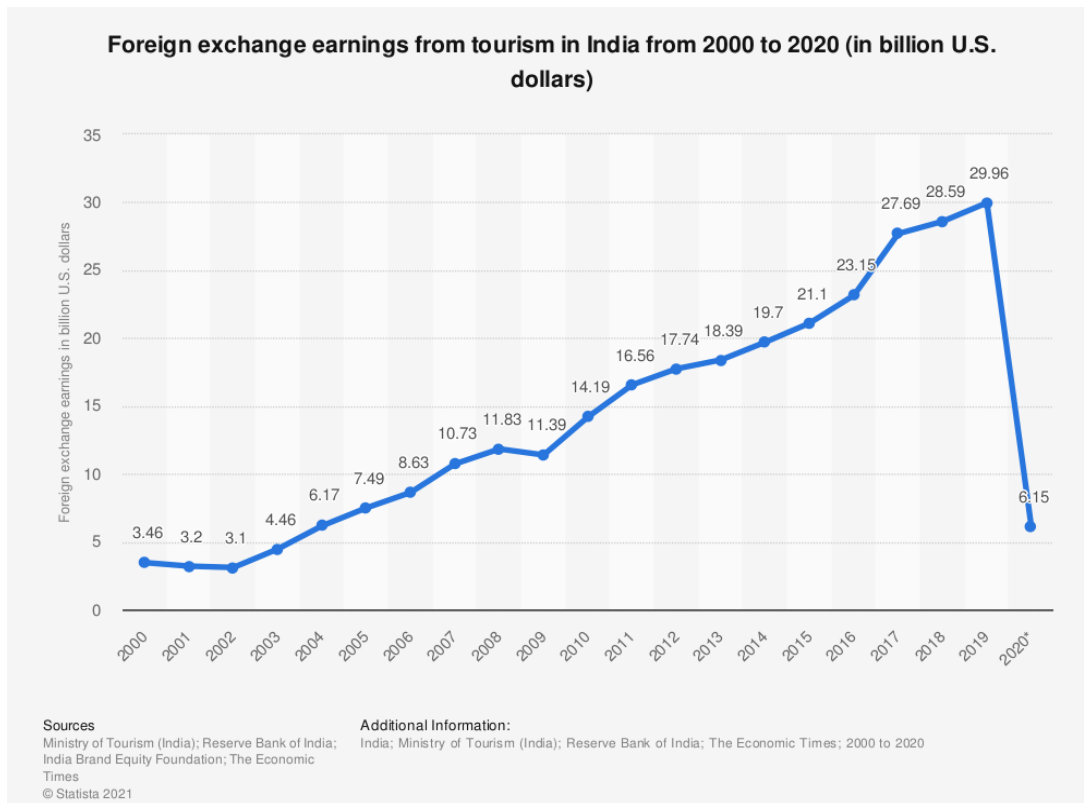
Figure 1. Number of International tourist arrivals in India from 2010 to 2020



Source: Statista, 2022

With the lockdown in India and restricted movements of people across the globe, tourist arrivals were badly hit in the month of March and April and so were the foreign exchange earnings. The beginning of the fall in foreign earnings can be interpreted through the following graph.

Figure 2. Foreign exchange earnings from tourism in India from 2000-2020



Source: Statista, 2022

Based on the above two graphs, we can see the onset of job loss across tourism and allied industries due to the standstill caused by the COVID-19 outbreak across the world. Foreign arrivals in March 2020 are estimated to have fallen by 67% year-on-year.

The UK, Poland, Germany, Ukraine, and Russia are some of the primary sources of foreign tourists to Goa. Visas weren't relaxed much in 2020 as most of Europe was still battling an especially severe second wave at the time. While tourists from within India flocked to Goa in hundreds eventually with time, foreign tourists were notably absent.

The foreign tourist arrivals are considered to be the bread and butter of small and medium hotels. While experiencing the worst revenue loss, Goa's tourism industry even sought special exemption going so far as to request that even if regular international flights were not going to be resumed, tourists should be brought in via chartered planes through reciprocal bubble agreements with countries that were already accepting tourists from India. They tried to justify that as tourists arriving in Goa don't travel to any other state and the majority of them spend their time at their respective hotels, so their movement could be controlled and monitored easily.

The tourism season of Goa usually begins with the receding monsoon and when winter sets in across the northern hemisphere, tourists seeking to escape the biting cold climate choose to spend time in warmer parts of the world and going by the warm climate of Goa, it is among the preferred destinations. The foreign exchange earning potential of the tourism industry is one of the main attractions for seeking support by national governments., while state governments have been more concerned with their contribution to local income, taxes, and employment.

Recently, the ban on tourist visas has been lifted and the tourism industry in Goa has welcomed this decision by thanking the Central government for accepting their demand for an early relaxation to coincide with Goa's upcoming tourism seasons.

## 5. Conclusions

The overall content of this paper includes explanations and statistical figures about the revenue hit and job losses in the tourist industry. It includes the impacts on various people affiliated with the tourism industry and the losses they incurred during this tough situation. A case study has been done on Goa to truly understand the depth and gravity of the pandemic situation and its effects. The paper has also discussed the impact on foreign tourists' arrival and foreign exchange earnings due to the worldwide lockdown imposed during the first wave. According to the result of the evaluation and the overall conclusion of the case study, it can be said that the tourism industry is still a long way from being recovered but with time, hopefully, the Covid-19 situation will settle, and eventually, the tourism industry will boom again.

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