

## Covid-19 impact: Tourism industry to incur Rs 1.25 trn revenue loss in 2020

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Jayajit Dash | Bhubaneswar April 28, 2020 Last Updated at 19:42 IST



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The Indian tourism industry is projected to book a revenue loss of Rs 1.25 trillion in calendar 2020 as a fall out of the shutdown of hotels and suspension in flight operations after the onset and spread of the coronavirus (Covid-19) pandemic.

A study by CARE Ratings notes that the figure corresponds to a 40 per cent decline in revenue over calendar 2019.

The report assumes the impact of the pandemic on tourism at about 50 per cent during January and February 2020, while it may be higher at 70 per cent in March alone, following the suspension of international flights.

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“During H2 2020, assuming the virus impact subsides, we expect FTAs to still be lower affecting the FEEs (foreign exchange earnings) by about 50 per cent to reach Rs 56,150 crore vis-à-vis Rs 112,300 crore during H2 2019,” the report said.

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The most visible and immediate impact of Covid-19 is seen in the hotel and tourism sector in all its geographical segments - inbound, outbound and domestic and almost all verticals - leisure, adventure, heritage, MICE (Meetings, Incentives, Conferences & Exhibitions), cruise and corporate.

Given various travel restrictions imposed by the Indian government as well as governments across the globe, forward bookings for various conferences and leisure travel bookings to foreign destinations have already been cancelled. In India, most of the summer holiday bookings (for the states of Kerala, Rajasthan and Goa) have also been cancelled (about 40-50 per cent), thereby impacting domestic tourism.

The impact on the inbound and outbound passengers is expected to be most severe in the next couple of quarters. India’s total foreign tourist arrivals (FTA) stood at 10.9 million and the foreign exchange earnings (FEE) stood at Rs 210,971 crore during 2019, with Maharashtra, Tamil Nadu, Uttar Pradesh and Delhi accounting for about 60 per cent of foreign tourist arrivals (FTAs). However, now with travel restrictions in India for over 80 countries and most of the flights of major airlines being suspended, along with the lockdown till March 31, 2020, the Indian domestic as well as foreign travel and tourism industry is expected to witness a sharp negative impact in 2020.

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According to the study, hotels need to revisit their capex plans as the Covid-19 impact is expected to derail future growth.

“While certain demand is expected to be impacted on account of the ongoing Covid-19 concerns, India is also expected to benefit from it as demand for MICE (Meetings, Incentives, Conferences & Exhibitions) from other Asian countries is expected to be diverted to India to some extent, benefits of which will be seen only be seen post FY21. On the back of marginally positive sentiments for the domestic tourism and MICE, led by social and industrial activities, we expect the momentum to pick up going forward and the industry to register a growth of about 3-5 per cent in revenues for FY20-FY21,” the study added.