Grant Thornton

FICCI

Travel and Tourism

Survive, revive and thrive in times of COVID-19

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FICCI Foreword

The travel and tourism industry in India is looking at up to 40 million job losses (both direct and indirect) and about USD 17 billion in revenue loss in the next one year.





The COVID-19 pandemic has resulted in the loss of lives and livelihood all across the globe. Industries across the spectrum have been impacted by the pandemic, the travel and tourism industry has felt maximum impact due to grounding of planes, closure of railways, hotels and other establishments.

The travel and tourism industry has proven its importance as an economic growth engine for the world economy. For nine years consecutively, the industry's growth rate has surpassed the growth rate of the global economy. In 2019, the industry grew at 3.5% compared to global GDP growth rate of 2.5%. Accounting for 10.3% of total GDP, the industry contributed USD 8.9 trillion to the global GDP and created approximately 330 million jobs, one in 10 that year.

The tourism sector makes a significant impact on the economy of our country. The data by World Travel and Tourism Council (WTTC) reveals that in 2019 the tourism industry in India contributed INR 194 billion to India's GDP. The industry also supported 87.5 million jobs, 12.75% of total employment in 2018-19. Due to the impact of the pandemic on the global economy, the WTTC is estimating losses of up to USD 2.7 trillion with up to 100 million jobs at risk. The travel and tourism industry in India is looking at up to 40 million job losses (both direct and indirect) and about USD 17 billion in revenue loss in the next one year.

All across the world, countries are looking at tourism as the main driver to revive their economy. The central government plays an important role in developing a strong visitor economy which is evident from the fact that the Ministry of Tourism has also undertaken a slew of initiatives, such as the Incredible India 2.0 campaign focusing on niche tourism products including wellness and adventure tourism, as well as investment into the industry through schemes, such as PRASHAD and Swadesh Darshan, which have proven to be successful in increasing the number of foreign and domestic visitors in India.

The government has also leveraged e-visa capabilities and extended it to 169 countries making it easier for individuals to visit our country.

Looking ahead, domestic tourism will be the way forward as inbound tourism will take longer to revive and open up. Although the Indian travel and tourism industry has not received much support from the recent announcements on the economic relief package by the government, it should be considered as a priority sector. In order to achieve this, government, industry and institutions must make collaborative efforts to create a supportive ecosystem for tourism.

We are happy that a National Tourism Taskforce (NTF) has been formed by the Ministry of Tourism, Government of India. It will play a major role in the survival and revival of the Indian travel and tourism industry so that it can once again be the torch bearer for the Indian economy.

We are pleased to present the FICCI - Grant Thornton report, Travel and Tourism: Survive, revive and thrive in times of COVID-19, which looks at the impact of this crisis and the recommendations for survival and revival. This document will facilitate a better understanding of the challenges faced by the industry and the opportunities for revival, both by the government and private sector.

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Grant Thornton in India Foreword

To minimise the impact of COVID-19 on the industry as well as the livelihoods of millions dependent on it, the government should introduce short-term relief measures and encourage collaboration and participation from all stakeholders across the industry.



For many years, the travel and tourism sector has maintained its position as an important growth engine and job creator for the world economy. According to World Travel and Tourism Council (WTTC), the sector grew at a rate of 3.5% contributing USD 8.9 trillion to world GDP and one in every 10 jobs was created by the sector totalling up to approximately 330 million jobs worldwide. India's travel and tourism sector had been growing consistently, generating 87.5 million jobs and adding USD 194 billion to the country's GDP in 2019. Diverse landscape coupled with multiple tourism offerings, ranging from wellness to adventure, and a spike in the adoption of niche experiences augmented domestic as well as foreign inbound tourism. In 2019, India recorded 10.8 million foreign tourist arrivals, a growth of 3.2% from 2018, earning USD 29.9 billion in foreign exchange earnings.

While industries and sectors across the spectrum have been severely impacted by the novel coronavirus, the travel and tourism sector has been worst hit. Experts at the WTTC estimate travel and tourism GDP to be eroded by approximately USD 2.7 trillion in 2020 with up to 100.8 million jobs around the world at risk.

To tide over the pandemic and minimise its impact on the livelihoods of millions, besides announcing short-term relief measures, governments across the world must work in close collaboration with industry experts from both private and third sectors. While the Government of India's (GoI) mandatory lockdown is being rightly lauded as the one of the best containment measures globally, the industry's losses due to it will be humongous, not only until the country reaches its apex of infections but during the recovery phase too. Some companies in this space have already announced layoffs besides putting their hiring plans on hold.

Winston Churchill once said, "Never let a good crisis go to waste." The aim to is to help the industry survive these tough times, and come through it successfully. For that, everyone, including the government, banks, companies and employees, will need to work collaboratively to ensure that the consumer sentiment becomes positive once the lockdown restrictions are removed.

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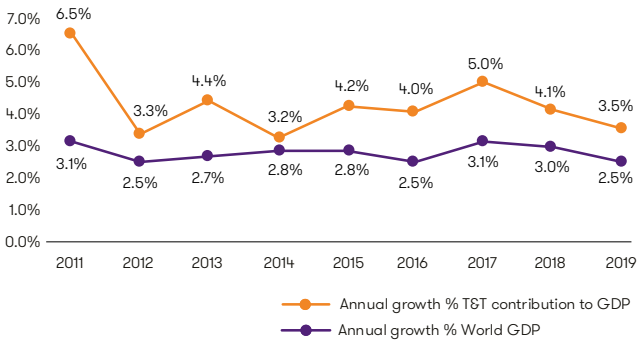
Global travel and tourism industry: An overview

The global travel and tourism industry is a key contributor to the global economy, accounting for USD 8.9 trillion, translating into 10.3% of global GDP

Growth rate and employment opportunities

The significance of the travel and tourism industry can be witnessed by the trend in its growth rate of 3.5% outpacing the growth rate of global GDP of 2.5% as of 2019. For nine consecutive years, as a result of higher disposable incomes, technological advances, affordable travel and better work-life balance, amongst others, the travel and tourism industry has sustained its growth, emerging as one of the leading contributors to the global economy.

Importance of travel and tourism in global growth



Serving as a catalyst for further global growth, the travel and tourism industry not only impacts millions of individuals but also has the power to transform communities. Accounting for more than one-third of the global services trade, its growth rate facilitates the creation of more and better jobs requiring a diverse portfolio of skills and capabilities.

In 2019, the travel and tourism industry created approximately 330 million jobs, accounting for nearly one-tenth of the total jobs created worldwide.

Reinforcing role in global economic growth

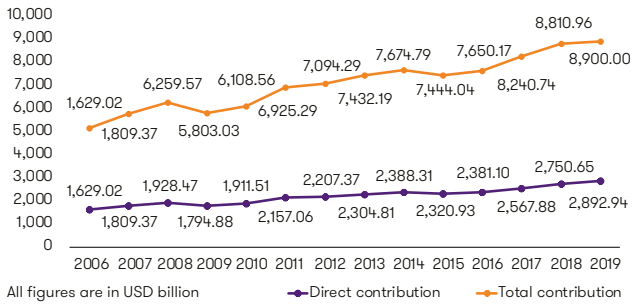
With its continued resilience against socio-economic disturbances and other events, the travel and tourism industry contributed USD 8.9 trillion in total to the global GDP, accounting for nearly 10.3% of the total figure in 2019.

Globally, the sector's direct contribution to GDP through spends on business and leisure activities as well as government spending, stood at approximately USD 2.9 trillion in 2019. Although Europe was home to half the countries on the list of the top 10 contributors, the United States of America's travel and tourism industry's direct contribution was the highest, amounting to approximately USD 581 billion, followed by China at USD 403 billion. India ranked 8th with a total direct travel and tourism contribution of approximately USD 108 billion.

Countries around the world rely heavily on the travel and tourism industry to propel growth. Coined as the 'Las Vegas of Asia', Macau topped the list with the highest share of GDP through direct tourism with over half its GDP coming from the travel and tourism industry at 50.2%. Maldives was second in line with 32.5% of GDP share generated by the sector. Other popular holiday destinations, such as Seychelles, the Bahamas and Belize, were also amongst the top few with direct contributions to GDP standing at 26.4%, 19.5% and 15.5%, respectively.

Of the total contribution of USD 8.9 trillion, two-thirds of the travel and tourism sector's GDP contribution is via indirect or induced factors such as capital investment into the sector by other sectors, government spending to aid growth of the sector (at a national, regional or local scale) as well as spending by individuals who are directly or indirectly employed in the sector.

Contribution of direct expenses to the travel and tourism industry



A sector that attracts consistent investment

Historically, the travel and tourism industry has managed to attract all types of investors. The investments in this industry constituted nearly 4.3% of the total global investments in 2019. In absolute terms, the figure stood at USD 948 billion.

The United States of America invested USD 209 billion in its travel and tourism industry, followed by China at USD 170 billion in 2019. India secured a podium finish in the same year and ranked third, with a capital investment of USD 51.6 billion. Collectively, the top three countries accounted for approximately 45% of global investments into the travel and tourism industry.





India’s travel and tourism industry

India was ranked 34th in the Travel and Tourism Competitiveness Report 2019 published by World Economic Forum, up six positions from 40th in 2017.

The travel and tourism industry provided 87.5 million jobs and accounted for 12.75% of the total jobs created in the country in 2019.

India, with its geographically and culturally vast landscape, attracts travellers for a multitude of reasons - from business to leisure. India is also home to 38 UNESCO World Heritage sites.

To boost both foreign and domestic travel, the government has introduced several schemes, such as Swadesh Darshan Scheme, Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD) and Adopt a Heritage. The main objective behind these schemes is to not only increase footfall, but enhance tourist experience and employment opportunities in a sustainable way.

The government's efforts to focus on tourism is yielding results; India recorded over 10.8 million foreign tourist arrivals into the country in 2019, a 3.2% y-o-y growth, and accounted for approximately USD 29.9 billion in foreign exchange earnings.

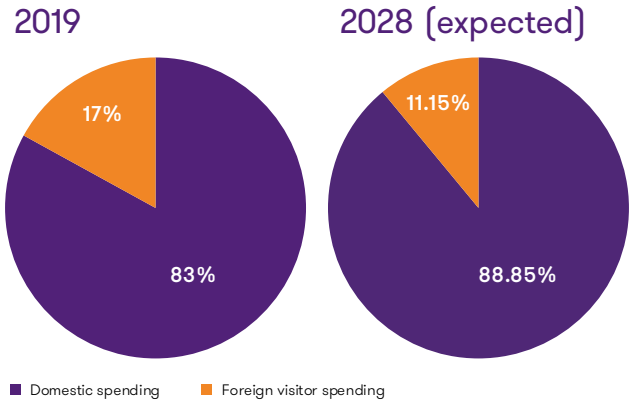
Growing at a rate higher than the global travel and tourism industry (3.5%), at 4.9%, India's travel and tourism industry contributed USD 194 billion to the Indian economy in 2019 which helped it gain 10th spot globally, in terms of contribution of the to the global industry GDP. The Indian travel and tourism industry was expected to witness an annual growth rate of 6.9% during 2019-2028 to reach USD 460 billion, approximately 9.9% of India's GDP in 2028.

With a population of more than 1.3 billion people and an unemployment rate of 7.8%, this industry holds the potential to provide livelihood to countless people, who in turn can help the industry scale new heights.

Increased domestic travel and spends

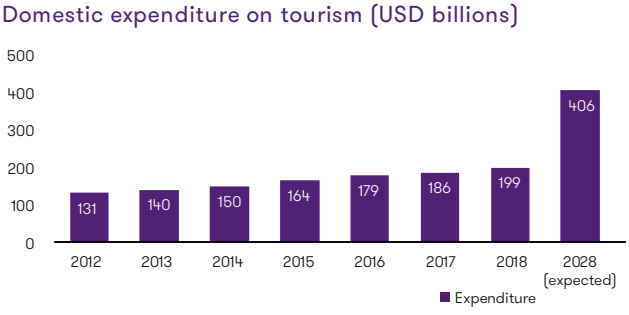
Domestic travellers drove the travel and tourism sector in India in 2019; domestic spend in the sector stood at 83%. This share was expected to reach 89% by 2028, driven by an increase in disposable incomes and more leisure time at hand.

Contribution to T&T GDP by domestic and foreign travellers



The growth in spends on domestic tourism from USD 131 billion in 2012 to approximately USD 200 billion in 2018 was expected to double to approximately USD 406 billion by 2028, implying a CAGR of 7.3% between 2012 and 2028.

Growth in domestic expenditure



India's top domestic travel destinations

The contribution of domestic travel to Indian travel and tourism sector has been unparalleled for the last two decades, growing almost nine-folds. In a bid to accelerate the growth momentum, the central government and various state governments have made consistent investments into various tourist hubs across the nation.

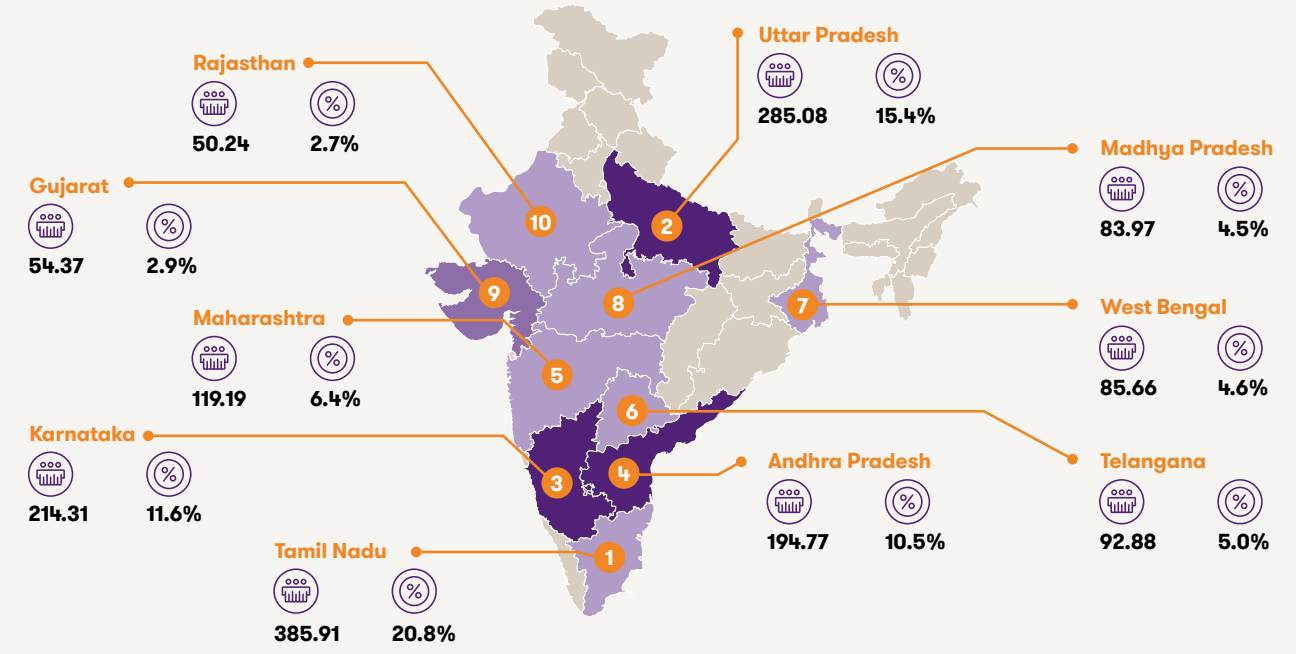
In 2018, Tamil Nadu secured the pole position with the largest share of domestic travellers (386 million people) visiting the state accounting for 20.8% of total domestic travel. This was a y-o-y increase of 11.84% from 2017. Uttar Pradesh and Karnataka were next with approximately 285 million and 214 million visitors, respectively. Uttar Pradesh was the largest gainer y-o-y, growing total domestic visitors by over 21% as compared with 2017.

Although Gujarat captured only 2.9% of the domestic tourist market, the state witnessed a huge increase of 12.5% over 2017, owing to the inauguration of the Statue of Unity in 2018 resulting in a revenue of USD 11.8 million.

Andhra Pradesh gained a steady increase in domestic travellers too, accounting for approximately 18% in 2017. This increase can be attributed to religious tourism, better air connectivity and tourist facilities provided by the state government. The state also has many heritage sites, which attract not only international but domestic tourists too.

While other states have increased their yearly domestic visit figures in double digits, states, such as Telangana, West Bengal, Madhya Pradesh and Rajasthan, showed single digit y-o-y growth of 9%, 7.5%, 7.6% and 9.4%, respectively.

Top 10 Indian states in domestic tourist footfall (in million)



Investment in infrastructure

- **USD 863.60 million sanctioned to develop 77 projects across 15 themed circuits** pan India under the Swadesh Darshan scheme
- **USD 120.19 million sanctioned to develop 51 sites across 28 states** in the country under the Pilgrimage, Rejuvination And Spiritual, Heritage Augmentation Drive (PRASHAD)
- **USD 7 million sanctioned by the Ministry of Tourism to support central agencies** to develop potential destinations under their purview
- **Airport Authority of India to invest USD 2.5 billion** over 2019-2020 to upgrade airport infrastructure and increase regional connectivity

Growth in demand

- **Increasing share of millennial travellers** trading in destination-based travel for experience-based travel
- Government initiatives, including **Incredible India** and **Dekho Apna Desh,** to boost domestic travel
- **Growing popularity of niche tourism** including medical and cruise tourism amongst others
- **Increased per capita earning** slated to reach USD 3277 by 2024 resulting in higher household incomes

Growth of travel and tourism in India

Enabling government policies

- **E-visa facilities** have been extended to visitors from 169 countries under five sub-categories
- **Draft national tourism policy** to aid collaboration between the Union and state minister of tourism to develop and promote India to domestic and foreign travellers alike
- **Web-based public service delivery system** to allow applicants to check their travel and tourism project applications online in real-time

Favourable fiscal conditions

- **100% FDI in travel and tourism** sectors under automatic route
- **Cumulative capital investment of USD 13 billion** until June 2019
- Several **international players looking to penetrate** the Indian market
- **International players** with existing presence looking to **increase market presence** through further investment in their India portfolio
- **Reduction of GST tax slabs** for various accommodation segments from 18% to 12% and 28% to 18%, respectively

Driving Indian tourism

The Indian travel and tourism industry is expected to be valued at USD 460 billion by 2028 (from USD 194 billion in 2019), accounting for 9.9% of India's GDP and attracting multiple stakeholders, both domestic and international to invest in its growth.

Investment in infrastructure

To promote India as a 365-day destination, the government initiated two schemes, Swadesh Darshan and PRASHAD, to boost the tourism infrastructure in the country.

Under Swadesh Darshan, 15 themed circuits were outlined to be developed into 77 projects. A cumulative sum of USD 863.6 million was sanctioned, of which USD 526 million was released as of December 2019 for the development of these circuits.

Under the PRASHAD scheme, a total of 51 sites were identified across 28 states. Since initiation, USD 120.2 million has been sanctioned for the development of 28 projects in 17 states. Until December 2019, USD 72.3 million has been released for the same.

The Ministry of Tourism, India, has also been collaborating with and supporting multiple central agencies, such as the Archaeological Survey of India, the Port Trust of India and the India Tourism Development Corporation, to develop potential destinations under their purview to increase tourism.

To facilitate the showcasing of regional tourism, the Ministry of Tourism released a total of INR 74.7 million to multiple states and union territories for the purpose of fairs, festivals and/or tourism-related events.

With continued efforts on increasing tourism, the Airport Authority of India will be spending USD 2.5 billion to spruce up airport infrastructure and provide regional connectivity to under-served regions in India. Capital investments into the Indian travel and tourism sector are expected to reach USD 95.3 billion by 2028.

Favourable fiscal conditions

Until June 2019, the travel and tourism industry had collectively raised USD 13 billion in capital investment.

India's FDI policy allows for 100% investments through the automatic route for all travel and tourism sectors whether it be hotel construction, road infrastructure or tourist activities. The year also saw numerous international players with a slim presence in India shore up their India portfolio.

- Airbnb invested USD 75 million in OYO to leverage Indian users
- Radisson Hotel Group announced plans to double its India portfolio from 94 to 200 by 2023
- Hilton Group announced its plans to add an additional 18 hotels in India by 2021
- Louvre Hotels Group acquired the Sarovar Hotels and Resorts network in 2017 in order to further penetrate the Indian hotel industry. They plan to increase their business in India to 10-15 hotels by 2021.

India has entered into 47 Memorandum of Understanding (MoUs) for bilateral tourism cooperation agreements with countries, including Maldives, Finland, Korea, Qatar and Paraguay, to encourage free trade agreements (FTA) and subsequently Foreign Exchange Earnings (FEE) from these countries through a mutual sharing of data and knowledge.

After the introduction of Goods and Services Tax in 2017, heavy taxes on accommodation curbed travellers' enthusiasm. However, the GST council altered tax slabs for room tariffs. GST on room tariffs of over INR 7,500 was reduced from 28% to 18%, while those between INR 1,000 and INR 7,500 was reduced from 18% to 12%. Room tariffs of below INR 1,000 do not attract GST.

Enabling government policies and measures

Strict visa norms hindered India from reaching its true foreign travel influx potential. A facilitative visa regime increased India's inbound tourism by extending the e-visa facility to the nationals of 169 countries under five sub-categories. In 2019, 2.93 million foreign tourists availed the e-visa services, a y-o-y growth of 23.6%.

Visa fees were also rationalised with different fees for lean and peak seasons to overcome seasonality challenges.

The draft National Tourism Policy 2015 was envisaged with an objective to increase India's foreign arrivals and boost tourism in the country. The policy outlined the importance of robust core (air, road, rail and water) and tourism infrastructure (Swadesh Darshan, PRASHAD, etc.) in addition to enhancing the positioning of India as a safe, secure and clean holiday destination besides creating employment and increasing community participation.

The Ministry of Tourism also launched a 24×7 toll-free tourist helpline available in 12 languages to support travellers in obtaining information and lodging complaints. In addition, certain states have instated Tourist Police to support travellers and ensure their safety.

In order to educate stakeholders in the tourism industry, the Ministry of Tourism signed an MoU with the Eco Tourism Society of India to conduct workshops on sustainable and responsible tourism practices.

Growth in demand

With an ever increasing millennial population, higher disposable incomes (per capita earning expected to increase to USD 3277 in 2028 from USD 2036 in 2018) and more affordable options for both travel and accommodation, trends in tourism have shifted from destination-based tourism to experience-based tourism.

Shifting its focus from the generic Incredible India campaign, Ministry of Tourism launched the Incredible India 2.0 campaign to boost specific products within niche tourism such as cruises, adventure tourism, wellness and sports tourism amongst others.



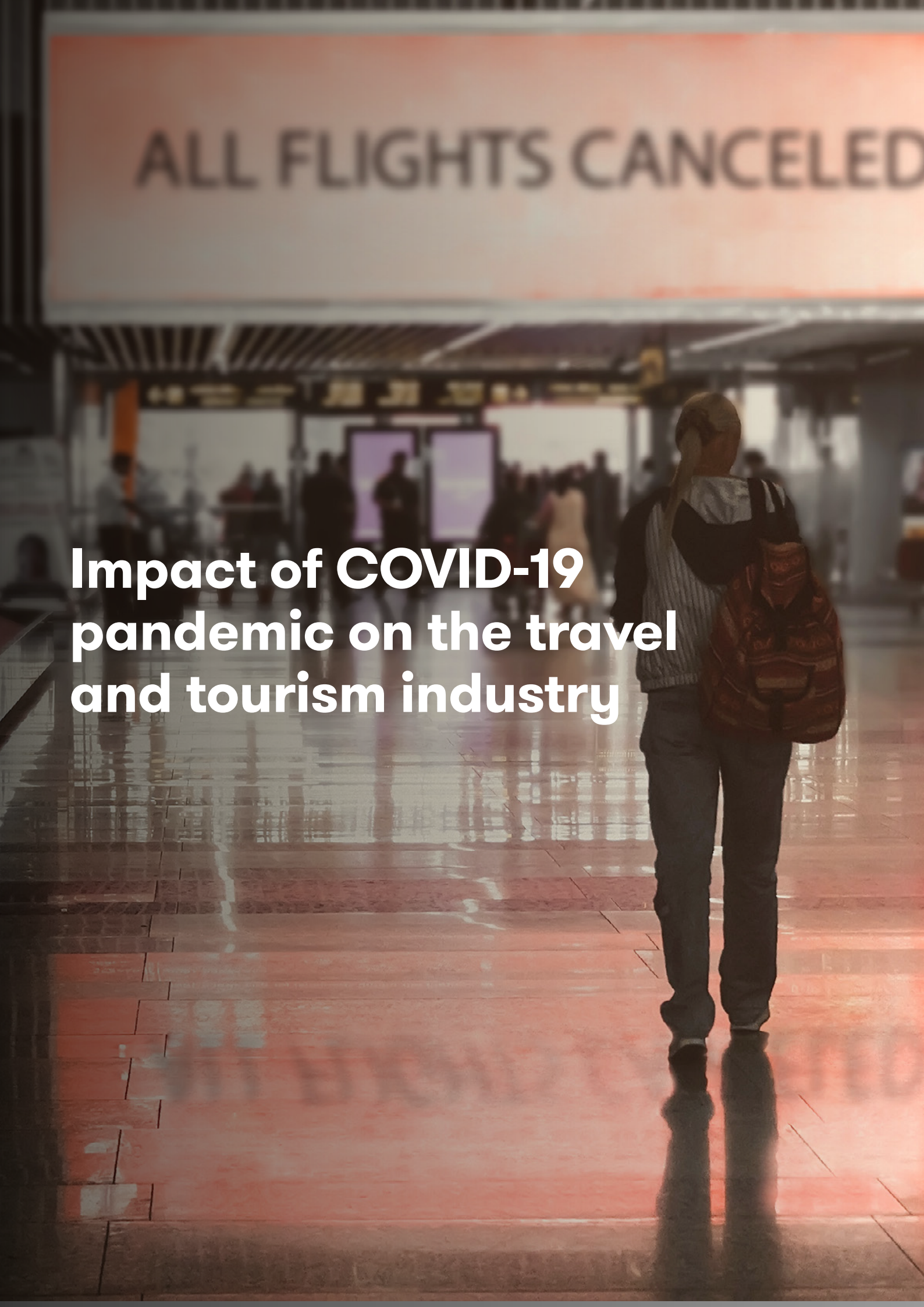


Indian Government's key policies to boost the sector (pre-COVID-19)

The government has been consistently providing support to the travel and tourism industry. The Ministry of Tourism formulates all national policies and programmes to aid and promote tourism in the country. In the last five years, the Ministry of Tourism has undertaken several initiatives to boost the sector. Other ministries, such as Ministry of Civil Aviation, Ministry of Railways, Ministry of Road Transport, work alongside the Ministry of Tourism.

Key initiatives to enable the sector's growth by GoI include:

Ministry	Key initiatives/policies
Ministry of Tourism	• E-Visa extended to 169 countries • Incredible India 2.0 campaign focusing on niche tourism in order to promote India as a 365-day destination to overcome seasonality challenges • Dekho Apna Desh campaign to incentivise frequent domestic travel within one year • 100% FDI under automatic route for travel and tourism-related activities, including hotel construction projects • USD 983 million sanctioned for PRASHAD and Swadesh Darshan schemes • Key focus on promoting North Eastern states as well as Jammu and Kashmir in the National Tourism Policy • Generating adequate manpower and developing necessary skills by providing training and professional education at institutes across the country • Toll-free, 24×7 helpline for tourists in 12 languages
Ministry of Civil Aviation	• Regional connectivity scheme UDAN (Ude Desh Ka Aam Nagrik) to make flights available at affordable prices through concessions by central and state governments as well as airport operators to improve connectivity. 8 out of 46 proposed routes have been operationalised • Encouraging the use of water aerodromes and helicopters in tourism • Nabh Nirman: construction of 19 green-field airports with an investment of over USD 14.3 billion over the next 5 years • Launch of AirSewa to address customer grievances and disseminate real-time data to enhance travel experience
Ministry of Railways	• 100% FDI in railways infrastructure • Railway operations made more environmental-friendly with adoption of cleaner technology and afforestation of vacant railway land • National Rail and Transport Institute to improve the quality of training of railway employees • Indian Railway Catering and Tourism Corporation (IRCTC) offering specialised train tours catering to various types of travellers • Agreement between Indian railways and UNESCO to connect all eight state capitals in the North East with countries like Bhutan, Myanmar, Bangladesh and Nepal
Ministry of Shipping	• E-visa facilities at Mumbai, Mormugao, Mangalore, Kochi and Chennai ports have been set-up to ease immigration • Biometric requirements have been waived off for cruise passengers arriving at the aforementioned five ports with e-visa • Action plan drafted for development of cruise tourism in India • Development of 78 lighthouses under PPE • Modernisation of Indian ports under the Sagarmala project • Development of river cruise circuits
Ministry of Road Transport and Highways	• 100% FDI in road and highways sector allowed under automatic route • Launch of Bharatmala Pariyojna to optimise efficiency of freight and passenger movement and improve the quality of 34,800 kms of road, with focus on improving connectivity in the North East • Development of wayside amenities to provide travel comfort to highway users
Ministry of Culture	• Launched 'Adopt a Heritage' project to engage public and private sector companies as well as individuals to create and maintain state-of-the-art facilities at various heritage sites and monuments • 100 monuments protected by the Archaeological Survey of India are being developed and maintained under the Adarsh Samarak scheme with the objective of improving tourist experience, especially for the physically challenged
Ministry of Environment, Forest and Climate Change	• Collaborated with the Ministry of Tourism to develop policy on niche tourism such as ecotourism and wildlife tourism • Launch of the National Mission for Green India (GIM) to increase forest cover, density and conserve biodiversity



Impact of COVID-19 pandemic on the travel and tourism industry

Key highlights

- The global travel and tourism industry is estimated to lose USD 2.7 trillion in 2020 with 100 million jobs at risk
- The India travel and tourism industry is facing an overall loss of USD 16.7 billion with up to 50 million jobs (both direct and indirect) at risk
- The aviation sector globally has been impacted the most facing losses up to USD 314 billion in the current scenario. Up to 25 million jobs are at risk in the global aviation market
- In India, the aviation sector is looking at an estimated loss of USD 11.2 billion with up to 2.9 million jobs at risk
- The Indian hotel industry has also been hit by the pandemic; estimated losses for 2020 increased to USD 6.3 billion and may reach USD 14 billion depending on the persistence of the lockdown. This includes hotels and accommodation in both organised and unorganised segments

COVID-19 has disrupted international travel trade and supply chains in an unprecedented way. Several countries have suspended tourist and business visas and banned both domestic and international air travel, bringing economies to a screeching halt. The International Monetary Fund predicts a shrinkage of the global economy by 3% during 2020 due to the novel coronavirus.

With many economies yet to hit their infection apexes, experts predict economies around the world to shrink in the first quarter of 2020, with ripple effects expected to be felt in the following months. The travel and tourism sector is the worst hit.

Of all the segments of the hospitality sector, the Meetings, Incentives, Conferences and Exhibitions - popularly known as MICE segment - has been hit the most with major international business events cancelled including Mobile World Congress (MWC), Google I/O, and Facebook's F8 event, leading to huge economic losses.

Impact of COVID-19 on the travel and tourism sector in India

The pandemic is estimated to have a debilitating impact on the Indian travel and tourism sector, which includes hotels, travel agencies, tour operators, destinations, family entertainment venues, restaurants and air, land and sea transportation, amongst others. Overall, losses are estimated to total up to USD 16.7 billion. Being a large employment generator for the country, 40-50 million jobs will be at risk in 2020, both directly and indirectly employed in the industry.

The Ministry of Tourism has constituted a National Tourism Taskforce, to be headed by the Minister of State (I/C) for Tourism to meet the challenges posed by COVID-19 and will include state tourism ministers, joint secretary level officers of the concerned central ministries, and representatives from associations, such as FICCI, CII, ASSOCHAM and WTCII, as well as heads of tourism and hospitality associations.

With large scale cancellation of travel plans by both foreign and domestic tourists, there has been a drop in both inbound and outbound tourism of approximately 67% and 52% respectively from January to February as compared with the same period last year.

The aviation sector, which contributes 2.4% of Indian GDP, is among the worst affected sectors due to COVID-19. The spread of the pandemic across the country, in the last two months, has led to a 47% decline in the passenger traffic. Following the lockdown in March, airlines have been incurring parking charges as nearly 650 planes of Indian carriers are now grounded. These airlines are liable to pay a lump sum amount of INR 6 million of parking and housing charges. Airlines are also refraining from increasing prices for the summer season. According to the Centre of Aviation (CAPA), the Indian aviation industry could bear losses up to USD 3.6 billion during April-June 2020 alone.



The travel ban has largely impacted tour operators and travel agencies as the restrictions have not only affected current bookings, but future bookings too. With March and April being peak season for Indian travellers heading to both domestic and international destinations, nearly 90% bookings of hotel and flights have been cancelled for the same period. Among these cancellations are cruise bookings for destinations such as Thailand, Singapore and Malaysia. According to the Indian Association of Tour Operators (IATO), the hotel, aviation and travel sector together may incur losses of about INR 8,500 crore due to travel restrictions imposed on foreign tourists by India which further puts at risk the survival of smaller to medium sized organisations including the jobs of several thousand, if not lakhs of individuals. For tour operators and travel agents across the length and breadth of the country, average losses in revenues compared with the same period last year have been in the range of 50-80%.

India has a total of 3961 centrally protected sites either under UNESCO as a world heritage site or the Archeological Survey of India (ASI). Monuments, such as the Taj Mahal and Agra Fort in Agra and Qutub Minar in New Delhi, are the highest revenue earners grossing annually INR 77 crore, INR 34 crore and INR 26 crore, respectively. The livelihoods of approximately 1.75 lakh daily earners, including tour guides, rickshaw pullers, photographers, etc., have been affected in Agra alone. Tour guides with licenses from the government are not allowed to take up alternative jobs, adding to their challenges.

Various pilgrimage sites, including large temples across the country, have been closed in the wake of the pandemic. Tirumala Venkateswara Temple, the richest Hindu temple has incurred losses of nearly INR 125-130 crore so far. Other temples in Tamil Nadu have also incurred losses due to the lack of daily offerings. Closure of pilgrimages has also had cascading effects on hotels, homestays, businesses of travel agents as well as floriculturists.

Negative impact on the Indian Railways has also been witnessed ever since the nationwide seizure of rail services across the country. The Indian Railways facilitate the movement of goods as well as passengers. The Indian Railways is expected to witness losses amounting to INR 17 billion due to COVID-19; almost 13,000 passenger trains have come to a standstill.

Employment

Globally, COVID-19 can result in up to a 30% loss in jobs, with up to 100.8 million jobs in the travel and tourism sector at the risk of being affected as per the economic impact from COVID-19 report published by the World Travel and Tourism Council.

The travel and tourism sector in India employs around 87.5 million people, directly or indirectly. This pandemic could render up to 40-50 million people unemployed, which is up to approximately 57% of this sector's entire workforce. Due to COVID-19, the Indian tourism industry is looking at pan India bankruptcies, unemployment and closure of businesses.

Several hotel businesses and travel operators in India including Ixigo, MakeMyTrip, OYO, Mariott International, Treebo Hotels, FabHotels, and Lemon Tree Hotels have announced plans to reduce senior employee salaries and introduced unpaid leave options in order to cope with the financial impact caused by the crisis.

Approximately 8-10% of the total staff strength of the global cruise liners comprise Indians and approximately15-20% of employees across the branded hotel chains in India are contracted or casual staff. With the industry facing financial woes due to COVID-19, these employees may have to face layoffs.

The COVID-19 pandemic has also affected the livelihood of workers in the Indian amusement parks that not only hires 80,000 people directly, but also employs 5,000 people seasonally and indirectly supports various other industries. Due to the nationwide lockdown and social distancing guidelines imposed by the government, the main season to generate revenues for these parks is ruined. Top players apprehend a downslide in 2020 with losses amounting to approximately INR 11 billion.

The aviation industry in India is also expected to see job reduction due to global travel restrictions to contain the spread of COVID-19. The International Air Transport Association (IATA), the global airlines association, estimates over 2.9 million jobs at risk in the Indian aviation space and its dependent industries.

Furthermore, domestic airlines, including GoAir and SpiceJet, have resorted to measures such as 'leave without pay' and pilot layoffs.

Health

Despite facing serious impact from reduced public demand, Indian hotel chains have also offered several rooms to serve as makeshift quarantine facilities for the government in various cities including Delhi and Mumbai.

In addition, branded hotels have been offering rooms to healthcare workers at discounted rates and providing food to affected migrant workers in the country through their kitchens.

This, however, poses a health risk for the hotel staff working on the frontlines to provide these services, despite health and safety measures in place

Events

In light of the pandemic, multiple events, conferences, conventions and trade shows have been cancelled or postponed indefinitely across event categories including sport, cultural and geo-political events, impacting not only the venues but host countries too. Some of the larger events that have borne the brunt of the pandemic include the 2020 Tokyo Olympics, the EURO 2020 football championship, La Tomatina festival in Spain, Dubai Expo 2020 and the 36th ASEAN Summit. Certain conventions such as the TED2020 have leveraged technology to move the event online.



Relief measures and recommendations by FICCI to the Government of India

With coronavirus impacting the Indian economy, the travel and tourism industry is looking at up to 50 million jobs at risk. For the industry to tide over this crisis, several relief measures have been recommended to the Government of India by FICCI.

Key highlights

- Six-month moratorium to be extended to a minimum 12-month moratorium period on all working capital, principal, interest payments, loans and overdrafts
- Permit one-time rescheduling of principal/interest dues in line with the estimated cash flows of each project post recovery from COVID-19 without treating it as restructuring, re-classification/downgrading in asset qualification and requirement of additional provisioning.
- 12-month waiver of all statutory dues including customs, excise and license fees and increase in insurance premiums
- Stimulus package to provide salary support to businesses
- ESI contribution to be deferred for 12 months. Insurance corpus of ESI should to be used to provide wages to all covered workers
- Waiver of GST on products and services offered by the industry for 12 months followed by a standard 5% GST on all products and services till 31 March 2022
- Direct cash support for the aviation sector (airlines, ground handling and airports)
- Waiver of parking and landing charges
- Short-term, interest-free or low-interest loans for rebuilding businesses in the form of term loans and working capital loans
- Create a separate tourism fund under the aegis of Ministry of Tourism, accessible to the industry as a collateral free, 10 year loan, interest free for the first two years and minimal rate of interest for the remaining eight years to support businesses stabilise in this time of crisis

There is an urgent need to take immediate steps to not only contain the spread of the virus but also to address the key pain areas of the industry to minimise the impact of the outbreak on the Indian economy and businesses. A combination of monetary, fiscal and financial market measures is needed to help the businesses and people cope with the crisis. Therefore, to be able to frame correct actions and policy measures, it is important to understand clearly the specific problems that people and businesses are currently facing. This alone can enable the government to take appropriate measures.

Measures recommended for the survival and revival of the travel and tourism sector

- While a six-month moratorium has been granted to the industry, a minimum 12-month moratorium period is needed on all working capital, principal, interest payments, loans and overdrafts. Collateral and interest-free loans for five years for SMEs in the sector to help them sustain and rebuild
- A 12-month waiver of all statutory dues with respect to license fees, property tax and excise fees
- Defer GST and advance tax payments at the Central Government level and removal of fees for any upcoming licenses, permits and their renewal
- Bailout packages to fund and support salaries in the sector
- Remove e-visa fees for tourists till 31 March 2022 to encourage inbound travel
- Grant export status to the industry under Section 2 (6) of IGST Act for foreign exchange earnings
- Grant infrastructure status to hotels to allow them to avail better infrastructure lending rates with access to larger amounts of funds as external commercial borrowings. It will also make them eligible to borrow from India Infrastructure Financing Company Limited (IIFCL)



- Make Indian embassies responsible for promoting tourism like they do trade. It must be one of the Ambassadors' key responsibilities to work with private sector players to ensure their host country grows as a source market for inbound tourism to India
- A 12-month deferment in the increase of insurance premium related to standard fire and special perils rate for fire, loss of profits
- SGST to be waived off till the situation becomes normal
- Tax rebates by the government for encouraging spending on domestic holidays (for example, LTA) and GST relief and other incentives for corporates to organise meetings, incentives, conferences and exhibitions (MICE) within the country

Regulatory measures

- Permit one-time rescheduling of principal/interest dues in line with the estimated cash flows of each project post recovery from COVID-19 without treating it as restructuring, re-classification/downgrading in asset qualification and requirement of additional provisioning
- Permit sanctioning of additional facilities in the form of working capital term loan for meeting cash flow mismatches during the period affected by COVID-19. The tenure of such facility shall be assessed based on the individual project cash flows. Such additional facilities to be treated as standard assets
- In case of projects under implementation, the banks/institutions/NBFCs be permitted to extend the Date of Commencement of Commercial Operations (DCCO) by one year without treating it as restructuring as it would be difficult for promoters to raise funds from other business/services for project completion.
- Lending to tourism sector to be treated as 'priority sector lending' at least for next one year which will enable access to bank finance
- Amendments to Master Direction -Reserve Bank of India (Relief Measures by banks in areas affected by Natural Calamities) 2018-SCBs to include:
  - COVID-19 in the definition of natural calamity and permit use of this circular for tourism sector
  - Enabling NBFCs to use this circular (presently only applicable to banks)
  - Removing additional provisioning requirement for the restructured portion of loans under this scheme

Policy measures

- Stimulus package to be formed to stabilise and support the sector in the near-term, including a workforce support fund to ensure that there are no job losses
- Waiver of all statutory dues such as advance tax, custom duties, excise duties, etc. at central and state level for 12 months
- Provision of a 12-month corporate tax holiday to travel, tourism and hospitality sector and deferment of payment of all statutory dues, such as custom duties, excise duties, PF and bank charges, at central and state level for 12 months
- Extension of annual renewal of licenses paid for in 2020 until the end of 2021 without any incremental fee or charges
- Advise credit rating agencies to maintain last-assigned ratings over the next six to nine months due to the expected volatility of the business in the short- to medium-term
- Extension of subsidies on Heat-Light-Power (HLP) costs, as HLP is among the largest fixed cost for the sector
- Waiver of GST on products and services offered by the industry for 12 months followed by a standard 5% GST on all products and services till 31 March 2022
- Provision of soft loans/interest subventions/cash
- Incentive/interest subsidies to ensure continuity in business operations
- RBI should re-look at the Foreign Exchange and Management Act with respect to Indian travel companies such that they may be able to source and service customers who are not based in India for services in third-party countries. This may allow forex remittance into India to increase, as margins will reside here, and allow Indian companies to expand to a bigger base
- Urgent need for the Government to draft and release a new tourism policy with immediate effect to not only promote this industry but catalyse the economic growth of India post the pandemic

Relief measures requested for the aviation sector

- Immediate direct cash support to Indian carriers for them to meet their fixed costs at least for the period where loss of revenues and liquidity is directly attributable to the

Government's directive to cease operation without any reference to the airlines' cash reserves
- Minimum 20% contribution towards the total salary bill of employees with a gross salary of INR 30,000 or less per month, currently employed in airlines carrying out maintenance and repair work
- 100% waiver of parking and housing charges for the duration of COVID-19 for a minimum of 6 months
- Minimum six-month deferment of EMI on term loans
- Provide complete tax waiver, not deferment, for two years
- Soft term loans with 0% interest to meet fixed expenses (salary, wages, utility, maintenance etc), equivalent to 12 months requirement, repayable with a minimum moratorium time.
- Request for AAI to release Bank Guarantees from all RCS UDAN operators. The amount can ensure cash flow for 2 months
- Provide a 12-month moratorium for payments by airlines, MROs and other agencies to hanger or factory premises. The deferred amount may be recovered over a period of 24 months, after 12 months, without any interest on overdues
- Recommendation to consider deferment of payment of GST for the airline industry as airline GST refunds are higher than the GST due

Relief measures requested for tour operators

- Restoration of Service Exports from India Scheme (SEIS) scrips for duty credit of 10% to the tourism industry.
- Develop more destinations across the country to ensure the income and employment generated by tourism is not limited to the tourist hotspots. The central and state governments can work together to identify 'aspirational districts' that have the potential to come up as tourist destinations owing to natural beauty and cultural history of those regions whilst ensuring they are easily accessible by road and/or rail.
- No landing fees for Goa, i.e. charters land for free to encourage flights to come back
- Same ticket prices for foreigners and Indians for entry to historical monuments.

Relief measures requested for online travel agents

- Short-term, interest-free or low interest loans for rebuilding businesses and immediate transmission to all independent travel agents, tour operators and online businesses in the form of term loans and working capital loans. Besides, existing overdraft limits can be doubled for the industry and immediate cash relief to be provided to avoid mass layoffs
- For the revival of travel agencies, a GST holiday for tour packages and all reservation services rendered by travel agents in line with the tax holiday requested for civil aviation and hospitality sectors
- Tax Collected at Source (TCS) exemption for online travel aggregators (OTA) in line with the GST holiday. OTAs are liable to collect TCS at 1% under GST while remitting payments to airlines and hotels. Estimated TCS liability for the entire OTA sector would be INR 460 crore
- Union Budget 2020 proposed a new TDS levy similar to TCS under the GST law, whereby OTAs are required to withhold 1-5% TDS while remitting payments to airlines, hotels etc. Considering how the industry is heading towards a loss year, the proposed provision should be rolled back
- The proposed TCS on sale of overseas packages in the Finance Bill 2020 can harm the tourism business in India. The proposed TCS will not only increase the cost of packages sold by Indian tour operators, it will also shift all sales of outbound tourism to overseas suppliers, denying the government of all Income tax and GST revenues. Therefore, in order to allow domestic tour operators a level playing field and a chance to revive their businesses, it is recommended that proposed TCS should be rolled back
- Payments of other statutory liabilities by travels agencies which should be deferred are:
  - TDS under income tax including salary TDS: INR 1,570 crore
  - PF and ESI deposit including employee contribution: INR 446 crore



Relief measures requested for travel agents

- Support fund majorly for salaries and establishment costs through the following:
  - Government to contribute 33.33% of take home salaries to all employees of registered travel agencies.
  - Government to use funds of ESIC to pay salaries of employees covered under the scheme.
  - No deduction of TDS on salaries for employees of the trade till March 2021
  - Subsidise electricity by 33.33% to give relief to 53,000+ travel agents, more than 1.3 lakhs tour operators (domestic, inbound, adventure, cruise and outbound), more than 2,700 MICE organisers and 19 lakh plus tourist transporters
- PF contribution to be waived off for all categories of employees for the next 12 months
- Employees to be allowed to withdraw a fixed sum of INR 10,000 for up to six months from their EPF accounts
- ESI contribution to be deferred for 12 months. The insurance corpus of ESI needs to be used now to provide wages to all organised workers for all accumulated days from non-availability of work and the act needs to be amended immediately
- Professional tax to be waived for all companies as well as employees up to March 2021
- Refunds of cancellations and advances of travel agents and tour operators from AIRLINES/IATA: MOT and MOCA immediately advises them to refund. Advances/float accounts also to be refunded in full immediately as they are of money in float/advances for not issued tickets
- Billing period for IATA carriers to be extended to 15 days. MOCA should underwrite these payments to travel agents & tour operators which will be securitised against these receivables from IATA and low-cost carriers/non-IATA airline
- Complete GST and income tax holiday for tourism, travel and hospitality industry for period of twelve months:
  - IT Holiday effective FY2019-20
  - Reseller model for air travel agents to be permitted for corporates/customers with GST number with the agents directly on payment basis since airlines don't pay on payment/receipt basis and credit GST only on flown basis
  - Unlock inter-head credit of GST across IGST, CGST, SGST for tour operators. Permanently allow tour operators to claim IGST for hotel reservations/other services interstate basis as input credit to claim ITC
  - Roll back of TCS introduced in Budget 2020 by the finance minister
  - LTA like tax benefit for Indians for two times a year for domestic and international travel. This will stimulate domestic travel by Indians

Relief measures requested for hotels

- GST rates on companies in hospitality should be slashed for at least two to three years. Currently, large hotels are charged a GST rate between 12-18% based on room rate. Now that hotels are almost empty, the GST rate should be brought down to 5-6% with immediate effect
- 500 units of electricity per month and water to be provided free of charge to companies in the sector. Thereafter, subsidised rates can apply on actual consumption and not against fixed load
- Export Promotion Capital Goods (EPCG) scheme to consider grant of extension in export obligation fulfillment period by an additional three years (beyond current limit of six years) for all the licenses expiring during current and within this and the next financial year, without attracting any penalty or interest
- Special package for the survival of heritage hotels
- The CSR initiatives for hotels, aviation, travel, tourism entities should be extended to Swatch Bharat, which in the case of tourism industry, should include monuments, tourist sites, and other facilities

Relief measures requested for amusement parks

- Employee State Insurance Corporation to pay the entire wages of the employees of units covered under ESI for the lockdown period. ESI is justified in meeting this commitment of employees as COVID-19 is a medical disaster
- Waiver on custom duties on import of spare parts to bring down the repair and maintenance cost
- Reduction of effective rate of interest on loans from financial

institutions by 200 basis points in effective interest rate being charged by financial institutions on term loans, working facilities and other facilities with immediate full transmission for working capital. This will reduce the burden on cash outflow
- Support fund for 12 months on the lines of Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) to support basic salaries with direct transfers to affected employees in the amusement park industry
- Provision of water and electricity to the amusement park industry for 6 months on concessional and subsidised rates
- Wavier of minimum/fixed cost charges levied by electricity department (as exempted for industries by the state of Maharashtra, Gujarat, Uttar Pradesh, and Punjab
- Waive off property tax/non-agriculture tax/gram panchayat tax of amusement park/water park/theme park as it is developed across huge land parcels for a period of 12 months
- Lower rate of income tax and early settlement of income tax refunds to enhance cash inflow and to reduce cash outflow
- Extend all existing licenses without charges for one year
- To make the entry prices economical to attract patrons, complete holiday for 12 months (central and state level)

Relief measures requested for the ground transport industry

Assistance to tourist bus owners/ operators

- The business of the tourist bus services is severely affected due to COVID 19. The bus owners should be supported by the government monetarily, to ensure their survival. Additionally, the opportunity of increasing inter-state pilgrimage tourism is large at this point where new routes and circuits can be encouraged
- The government should also look to host the inventory of state transport buses in addition to privately owned and operated bus tours on a digital booking and payment platform to increase accessibility as well as reduce crowding at ticket windows at bus stations

Assistance to taxi service providers

As of 2020, there are 1.6 million registered cabs/tourists cars in India. Of the 1.6 million cabs, 1.3 million are driver owned that have a huge lump-sum to repay via EMI for cars, carrying a cumulative debt burden of around INR 80,000 crores. COVID-19 is going to discourage development of the car model in India, given the liquidity crunch. Government needs to support the cab companies, who run and market these cars to ensure their retention as well as to promote domestic fixed circuits.

Allow flexibility in commercial/taxi registration permit conditions

Registrations are currently categorized into local point to point movement/ inter-city travel/self-drive rentals. The government should allow for flexibility such that the owner of the vehicle has the option of servicing different use cases, rather than the permit it holds. It will help in his being able to earn a living and fulfil their commitments to the bank in terms of the EMI

Allow private cars to be rented on self-drive basis

Owners of private cars can earn their living and supplement the cost of owning a private car through renting them on self-drive basis. This may require taking appropriate insurance cover but can help in the development of self-driving in India

Opportunities for growth in the sector

Promote niche travel products under the Incredible India 2.0 campaign

- **Yoga and Ayurveda** - Promote wellness tourism as a key unique selling product which will gain a lot of attraction in the near future
- **Religious circuits** - Religious circuits is a highly unorganised travel market. A complete relook is required to formalise these offerings into circuits for all faiths. Even the NRI market can be tapped for this product, if institutionalised well. Government needs to play a unification role with state, private players, travel operators and other identified points of sale, including fin-tech companies. A feasibility study



should be conducted to connect the religious sites by modes of transport such as aerial ropeway and trollies. Rail, bus, and IRCTC need to all work in cohesion for the circuits to be a success

- **Culinary tourism** - It is a great opportunity to explore variety of cuisines in the country. Focus on creating culinary circuits and trails and promote it extensively through digital campaigns. Promote local food by partnering with online restaurant aggregators for showcasing dining in experiences of cafes/restaurants
- **Self-drive holidays** - Self-drive holidays, including hiring of self-driven cars need a complete re-look in the Indian market. Currently, only 10,000 self-driven commercial vehicles are registered in 30 cities across India. The base should be expanded to include a larger number of railways, airports and city gate ways. This will attract younger population who could combine their air/rail travel with self-driven cars. The self-driven cars should have an in-built application for navigation and facilities for the traveller/driver
- **Caravan tourism** - It should be promoted for road trip holidays as it will give a unique experience to visit many destinations while limiting contact with others. Government should come up with caravan circuits and identified camping spots. These camping spots should have the infrastructure for waste management and other basic services such as water and food. Petrol pumps on the highways can also expand their services for caravans to provide waste management and other basic services including cooking fuel. They can also provide parking space on a chargeable basis for overnight halts with CCTV for additional security.
- **Film industry** - Government must encourage film makers to shoot at Indian locales in order to showcase India further to both domestic and foreign markets and subsequently create demand. India should have a single window clearance for all shoots to reduce delay and uncertainties. India should also provide a cash rebate to reduce cost of shootings as movie shoots are a medium to increase footfalls across the country.

Increase beach tourism

With over 7,500 km of coastline, India has only one major beach destination – Goa. We need to increase our focus on building beach tourism in India as it potential to increase overall tourism receipts. We should incentivise industry stakeholders to build hotels and related infrastructure along the coastline with a 10-year tax holiday.

Greater investment in marketing campaigns

The government has accepted the importance of the industry and has invested heavily in developing new circuits as well as marketing niche tourism products through the Incredible India and Incredible India 2.0 campaigns. We suggest the government allocate INR 4,000 crores aggressively market India's rich cultural and heritage offerings including 38 UNESCO World Heritage sites.

Promote the corporate travel segment

Online travel companies and travel management companies in India must develop technology platforms to aid and develop the corporate hotel segment. This would ensure bookings and payments are made from India thus allowing revenues to sit in India rather than overseas as currently payments are made either by overseas associates or out of the per diem foreign exchange allowance for the traveller.

Current trends and patterns indicate bookings and payments are made by the traveller overseas, which can be brought in-house by the companies. Not only will it increase their penetration but will also contribute to government through GST collections.

Create a more conducive business environment

The government should re-visit their regulations, taxation and other norms to increase ease of doing business in India. Organisations are choosing to register their companies abroad citing stable regulations, subsidised tax rates and increased global investor interest as reasons. The Indian government should look at adopting foreign best-practices to ensure maximum Indian companies register in the country. With a foot in the door through large Indian technology firms already servicing global customers, this can be extended to the travel and tourism sector also.

The government should also consider a uniform taxation for licensed tourist vehicles to allow free movement of tourist vehicles across state borders in order to increase ease of doing business for ground transport operators.

Assistance to accommodation providers

Develop public-private-partnerships (PPP) for rating of hotels and other accommodation facilities to increase efficiency of said ratings spanning the entire nation using international benchmarking criterion recognised by domestic and foreign travellers alike. Current rating standards are inefficient and biased to a large extent and due to the COVID-19 outbreak due importance will need to be given to health and safety ratings as travellers will be more aware and finicky about where they stay while on holiday.

Increase number of tourist trains

Recommend the addition of one hundred tourist trains such as the "Tejas" as they are a great source of revenue and attract not only domestic but also international travellers and are priced higher as compared to regular passenger trains. The government can adopt foreign best practices to improve the quality of the train network and design a tourist train network that connects all major tourist spots.

Development of digital content

Digital content must be made available to potential travellers. This includes content about the destination, activities, experiences, dinning, hotels, mode of travel etc. Currently, digital content is difficult to find, and held by foreign private companies like Lonely Planet which increases the cost.

Digital content should be holistically facilitated by the government in a PPP model uniformly and made accessible to tourists as well as domestic and inbound tour operators. Digital content needs to come in an integrated manner through API/ web services so that tour operators, OTA, can use it for their customers in a holistic manner. The content is recommended to be in English as well as Hindi, Gujarati, Tamil, Telugu and Bengali to cater to all kind of travellers. The key focus should be on making India become an "Internet bookable" destination by fostering investments in this direction.

Investment in emerging technology and local skill development

- **Artificial intelligence and machine learning** - Study possible uses of emerging technologies, such as artificial intelligence, machine learning and virtual reality, in the travel and tourism sector in handling queries, providing more information to potential travellers, as well as saving business costs. Making the same available via PPP arrangements to the larger market rather than the handful who can afford it. Institutes under the Ministry of Tourism should add AI to the syllabus not only to educate students and professionals alike on the subject but to aid innovation. Private tour operators should be guided by the government and educated about the role artificial intelligence can play
- **Big data** - Government of India should invest in utilising Big Data via PPP arrangement as a means of identifying India's

unique proposition across various points in a customer journey. This would include the study of all possible touchpoints from booking at source to airline/GDS bookings, hotels, car rental services and many others to increase customer experience, allowing entities within the sector to do the necessary value add to attract more travellers

Guidance for companies in the travel and tourism sector

Airlines

- Stricter audit of compliance to rules, regulations and SOPs for operation, maintenance and other related activities to ensure safety of passengers and crew post lockdown.
- Temperature screening of passengers and crew, regular sanitisation and fumigation of terminals and disinfection of airplanes should be implemented
- Food vendors for airlines should follow extremely high quality and hygiene standards. If possible, on-board meals can be discontinued on short haul flights for the duration of a few months
- Hand sanitisers should be readily available on all aircrafts, and one or more universal precaution kits should be provided to protect the crew
- Passengers boarding and de-boarding the aircraft should be made to sanitise thoroughly, with temperature checks being conducted at both times
- Airlines should start operations by determining the optimal size of their networks and fleet and which routes to start first, based on demand
- Airlines can consider M&A opportunities including divestitures or the sale and purchase of minority equity stakes
- Instead of firing staff, airlines can reduce payroll profits for top level executives
- Instead of reducing the crew fleet size, the duration of flight hours worked per member can be reduced and distributed to a larger number of the workforce
- A project management team should be created to manage cash until operations start returning to pre-crisis levels. Airlines should also focus on a digital and data-driven approach

Tour operators and travel agents

- Creating holidays with farmers and rural India. A positive push is required to co-create holidays with farmers and rural India, which will help in wealth creation and distribution
- Come up with standardised guidelines for tour operators, on ground service providers, monuments etc. and work on a health certification model with frequent checks
- Operators should re-look at monuments and associated infrastructure such as toilets, steps, slopes to see how they can be made user friendly, especially for the differently abled, have railings for the elderly, etc.
- There would need to be a continuous monitoring of assets and properties through an app, so that the tourists have a proof of safety and hygiene before they enter a property
  - They need to focus on all touch points such as transfer cars, luggage, laundry etc. and work on creating a contactless experience

Hotels

- **Recognise essential workers**
  Companies are recommended to offer special packages to healthcare workers and other essential workers. These packages can be in the form of free or lower cost hotel membership offerings. Some hotels are already providing complimentary rooms and giving their highest tier of membership to these workers. Hotels can also consider donating food from the hotel restaurants to local hospitals.
- **Invest in hygiene and communicate with clients**
  Hotels need to revise their room cleaning protocols. They need to review how medical assistance facilities can be created/improved to assist travellers. Create a new standard operating process of safety and hygiene to maintain cleanliness in the hotel and train the staff to follow it. Identify all possible touchpoints and invest in contactless technologies to ensure that all these touchpoints are automated and interaction with hotel staff is minimised.
- **Encourage future bookings**
  Companies are suggested to encourage future and potential customers to consider booking travel packages/ hotel bookings in advance at a reduced rate.
  Companies could consider providing a discount on future bookings redeemable up to December 2022.
  For e.g. a hotel can offer to provide a 10-day holiday

package for 60% of its original sale price. They can offer it as a coupon which can be redeemed by the buyer any time before December 2022.

- **Flexibility instead of refund**
  Companies can offer to allow the customer to change their dates of bookings without any cost. Companies could also consider providing a reduced price if a customer chooses to re-book instead of cancelling their bookings.
- **Gift cards/vouchers**
  Companies can consider providing a gift card or a voucher with a benefit which can be used by consumers later.
- **Promote skill development for employees**
  Companies should focus on upskilling the staff to prepare them for the revival stage. Companies should support the employees by helping them develop new skills for the recovery and growth phase post COVID 19. Companies can also liaise with educational institutes to develop online training courses for your staff.
- **Loan staff arrangement**
  For staff less than a certain salary threshold (cleaning staff, maintenance etc.) companies could consider discussing feasibility of loan staff arrangement for the next three months with firms who are in the essential services industry. This could help companies in getting short term reprieve on salary cost, while beefing up personnel in essential services.
- **Vendor management**
  After assessing the supplier capability and categorising all operating supplies including perishables in order of importance, the procurement team must ensure proper stock piling.
- **Power and equipment**
  Before starting any equipment, a thorough service plan should be made to ensure that all equipment is fully functional and safe. Hotels can also shut down floors with no occupancy, thus helping them save majorly on-air conditioning costs as well as other operational costs.
- **Continuously contact your client base**
  Maintain contact with clients through digital marketing campaigns across channels and platforms. Hotels should also try and honour all client reservations and bookings that were cancelled or deferred due to the crisis. The hotels should leverage the opportunity to market the right products through promotional campaigns to cater to the domestic market.

Lodges

- **Compliances**
  Lodges need to ensure that they are meeting all revised government and brand norms. They should also continue to follow the health and cleanliness guidelines and reassure guests and employees by intensifying routine maintenance and increasing deep cleaning measures.

- **Investment in contactless technologies**
  Lodges should accelerate investments in "no touch" technologies such as eye scanners gesture controls and automation to personalise digital interactions while enabling social distancing.

Railways

- The Indian Railway Catering and Tourism Cooperation (IRCTC) should reduce the annual management charges from INR 12 to INR 6 per each ticket. At the same time, OTA's should be encouraged to invest INR 4-5 per ticket for domestic holiday demand creation and improving the experience of rail booking platform. IRCTC should allow private OTAs to advertise to boost domestic demand
- Currently, 10% of the rail tickets are hosted by IRCTC. A feasibility study should be conducted to add the same rail tickets to IRCTC inventory, the rail inventory enhancement will not only also assist towards booking and payment on digital platforms but also reduce government costs for selling





Government relief packages in other countries

COVID-19 has adversely impacted the global travel and tourism industry. The unprecedented nature of the pandemic makes it extremely crucial for government bodies to step up and provide relief to prevent further collapse of the industry.

United Nations World Tourism Organization (UNWTO) is working closely with the World Health Organization (WHO), government bodies and industry leaders in the travel and tourism sector to minimise the impact of COVID-19 on the industry globally. According to the UNWTO, small to medium-sized enterprises, which account for approximately 80% of the tourism sector, will be particularly impacted. The sector and all it's segments will require adequate political support and recognition to bounce back. Thus, the UNWTO has called for financial support and incentives in the affected economies.

Along with the UNWTO, the **World Travel and Tourism Council (WTTC)** is also urging governments around the world to support the sector and help save the industry, in three areas mainly:

1 **Protecting the Livelihoods of Workers** by providing financial assistance to protect the incomes of the workers in this industry.
2 **Fiscal Support** can be provided by the government who can extend vital, unlimited interest-free loans to global travel and tourism companies as well as the millions of small and medium-sized businesses as a stimulus to prevent them from collapse. The governments should also waive dues and other taxation requirements from the travel and tourism.
3 **Injecting Liquidity and Cash** by assisting players, big and small, of the Travel & Tourism sector with cash flow.

Countries worldwide are undertaking initiatives for the survival of industry. Some of these initiatives are as follows:

Hong Kong

An aid of HKD 2 billion (USD 258 million) has been released for airline and aviation operators. The Anti-Epidemic Fund's Travel Agents Subsidy Scheme was created through which 1,350 travel agents have received payments to help them tide over the financial difficulties arriving from the outbreak. Each eligible travel agent would receive a one-off subsidy of HKD 80,000 (USD 10,322). As of April 2020, 98% of all licensed travel agents in Hong Kong have registered for the payment. The government will also be providing relief to local employees by paying 50% of monthly salary capped at HKD 9,000 (USD 1161) for six months.

Italy

The Italian government enacted the "Cure Italy" package in April 2020. With EUR 10 billion out of the EUR 25 billion decree specifically to support employment and workers, the stimulus will help in freezing job cuts for 2 months. Under the package, the government will also pay for 80% of the employee salaries and self-employed or seasonal workers can apply for a special pay-out of EUR 600 (USD 654). Italy has also set up a EUR 500 million (USD 545 million) fund to deal with the damage suffered by the aviation industry. Further, affected families are eligible to apply for suspension of mortgage payments; caretakers of afflicted, disabled can take 12 days off, and parental leave has been extended by 15 days in March and April.

Germany

The government has pledged an unlimited amount of cash to prevent any company from going bankrupt. It is also suspending legal obligations for firms facing severe liquidity problems to file for the same, until September 2020. The government's liquidity assistance envisages a massive expansion of loans of approximately USD 610 billion, provided by the country's development bank.

Australia

The government has pledged AUD 1 billion (USD 632 million) to support those sectors that have been disproportionately affected by COVID 19, which includes travel & tourism. This includes a payment of AUD 1,500 (USD 948) per fortnight per employee which was initiated as of 30 March 2020. This includes waiver of fees and charges for tourism businesses that operate in the Great Barrier Reef Marine Park and Commonwealth National Parks. AUD 700 million (USD 442 million) has been dedicated to provide support for business investment to support 99% of businesses and every 3 in 4 workers until 30 June.

France

A EUR 2 billion (USD 2.2 billion) solidarity fund has been set up for eligible travel and tourism businesses. These include businesses whose activities have been closed, non-food trade, SMEs that have lost turnover by 70% compared to March 2019; SMEs with a turnover of less than EUR 1 million (USD 1.1 million). Under the solidarity fund, employees with at minimum wage salary or less are 100% compensated. Additionally, partial unemployment will be fully reimbursed by the State for wages as high as EUR 6,927 (USD 7620) a month (4.5 times the minimum wage).

Singapore

The government has rolled out a number of policies and measures, with a focus on providing assistance to the sector. The country has waived license fees for hotels, travel agents and tour guides, enhancing training schemes and subsidizing them up to 90%. The government will also provide salary support up to 75% of fixed monthly salaries for all sectors up to SGD 4,600 (USD 3248) per employee. The temporary bridging loan program enables cash flow, with rebates on aircraft landing and parking charges, rent rebates for shops and cargo at Changi. The Government has fleshed out the scheme for Enterprise financing- SME working capital loan and implemented a 25% corporate tax rebate ceiled at USD 15,000 per company and has also introduced a one-off wage support scheme to increase employee retention by businesses. For commercial establishments including hotels, tourist attractions and eateries, a 100% tax rebate has been announced for 2020. The government has also passed a bill to assist individuals or businesses who are unable to execute contracts and allows deferment of the same.

The government has also established a Tourism Recovery Action task force (TRAC) to enable recovery by developing and implementing strategies to aid the tourism industry.

United Kingdom

A stimulus package amounting to GBP 330 billion (USD 413 billion) has been set out by the government. It includes a 12-month business rates holiday for all retail, hospitality and leisure businesses in England; a grant funding of GBP 25,000 (USD 31,274) for retail, hospitality and leisure businesses with property with a rateable value between GBP 15,000 (USD 18,764) and GBP 51,000 (USD 63,800). Payment of VAT has also been suspended until the end of June. The government has also stepped in to pay people's wages with a new scheme under which a grant will cover 80% of wages up to GBP 2,500 (USD 3,127) for those employees kept on payroll. This grant will be available for three months, with the possibility of extension, and will cover businesses of any size. The first payments were made at the end of April. The Government has also implemented the Coronavirus Business Interruption loan scheme to provide easy credit and finance SMEs as well as enable fundamentally strong companies to continue without being affected by the short-term freeze.

Philippines

The travel and tourism sector will receive significant portion of the government's USD 523 million support package to combat the coronavirus outbreak. Specifically, USD 271 million aid from the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) has been earmarked for various programs and projects of the Department of Tourism in Philippines. To support workers, USD 23 million from the Social Security System will be used as unemployment benefits for workers from the private sector. To promote Philippines as a destination, once the sector is in the recovery phase, the Department of Tourism (DOT) is allocating approximately USD 118 million for a new campaign for domestic travel and to create content that targets emerging countries unaffected by Covid-19. In order to ensure employability, USD 58 million has been sanctioned

as a scholarship grant fund for the upskilling and reskilling of workers who have been temporarily displaced.

Spain

The Spanish government announced a financing line of EUR 400 million (USD 436 million) with guarantee from the ICO (Official Credit Institute of Spain), for self-employed individuals and tourism companies, domiciled in Spain in need of liquidity with a limit of EUR 500,000 (USD 545,270), including transport companies, taxis, hotels, restaurants, car rentals, travel agencies, museums among others. The funds will operate as a 4-year loan; with a fixed interest rate of 1.5%. The government is supporting temporary workers who lost their jobs by providing them with EUR 440 per month. For individuals on furlough, the government will be paying 70% of the workers' wages. Various tax payments have been deferred including VAT, company and personal income tax to May 2020.

Portugal

The government has placed particular emphasis on the travel and tourism sector by establishing a dedicated EUR 60 million (USD 654 million) credit line for micro-businesses in the sector and by working closely with stakeholders within the sector to respond to the challenges resulting from COVID-19. Other key measures include EUR 200 million (USD 218 million) credit line for large businesses, extraordinary support for the maintenance of employment contracts in a company in the amount of two-thirds of the remuneration, and ensuring 70% of Social Security, the remainder being borne by the employer, offering of training scholarships in the Institute for Employment and Vocational Training in Portugal (IEFP) and extending the deadlines for payment of taxes and other declarative obligations.

The tourism ministry has also introduced a scheme within which travellers forced to cancel their trips due to the pandemic will be eligible to reschedule their trips till December 2021. The scheme also states those unable to complete their trip will be eligible for a full refund in 2022.

United States of America (USA)

The country passed a USD 2 trillion stimulus bill to help the economy. The package includes USD 32 billion in grants for wages and benefits to the airline industry. The companies receiving this assistance are barred from making furloughs, pay cuts, or stock buybacks, and from issuing dividends to investors, through September. Limits have also been imposed on executive compensation. This stimulus package in the United States also includes USD 75 million for the National Endowment for the Arts and USD 25 million to support the John F. Kennedy Center for the Performing Arts. The U.S. travel and tourism industry is also seeking USD 150 billion in relief to help grapple with the coronavirus pandemic and maintain employee payrolls. USD 350 billion in loans for small businesses to provide for salaries, wages and benefits as much as 250% of the employer's monthly payroll.



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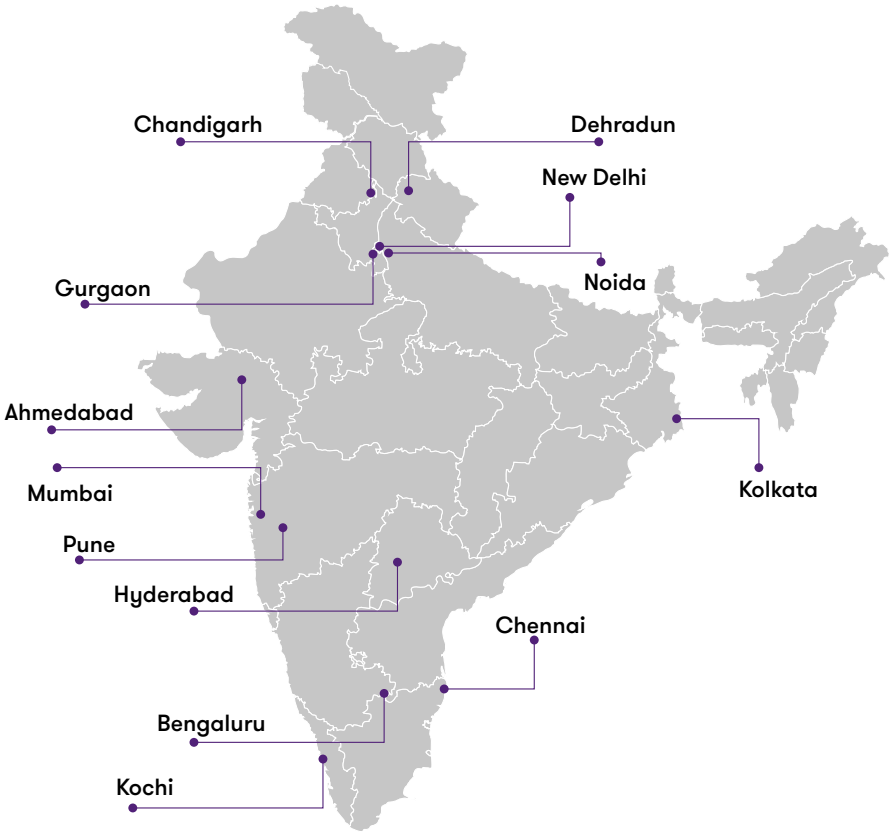
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We advise you to download the Aarogya Setu App, the official app developed by the Government of India, to ensure the safety of people across the country by informing users of the risks, best practices and relevant advisories pertaining to the containment of COVID-19

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