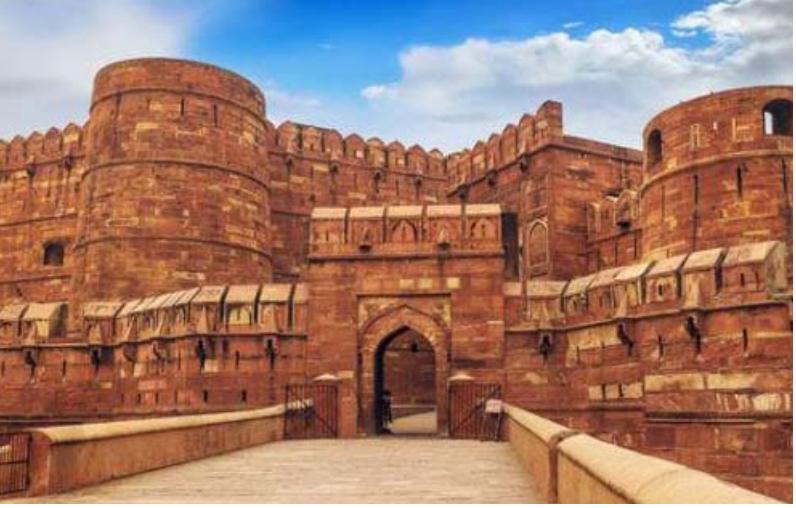






HOTELS AND TOUR OPERATOR'S SURVEY ON THE IMPACT OF COVID-19 ON THE TRAVEL & HOSPITALITY INDUSTRY



FICCI

by

nielsen

FEDERATION OF INDIAN CHAMBERS AND COMMERCE INDUSTRY

Mr. Dilip Chenoy
Secretary General, FICCI



MESSAGE

India's Travel and Tourism industry has been growing at 4.9% -- higher than the global travel and tourism industry at 3.5% -- and contributed USD 194 billion to the country's economy in 2019. This helped India gain the 10th spot globally, in terms of contribution to the global industry GDP. The industry also created about 40 million jobs i.e. 8% of its total employment, according to data by WTTC.

As the world is facing the COVID-19 challenges, the suspension of almost all economic and social activities has affected all sectors of the economy, especially Travel and Tourism. As the industry is struggling to survive and revive, the support by the Government of India is critical.

Domestic Tourism is the backbone of our country and is key to the revival of the Industry. The Centre and the States need to synergize for the seamless movement of Domestic travellers.

I am pleased to present the survey report by FICCI and Nielsen India on the challenges faced by the hoteliers and tour operators due to the 'Impact of Covid-19' on the Travel and Hospitality Industry along with the suggested recommendations for the survival and revival of the industry.

We would like to thank the hoteliers and tour operators for participating in the Survey and the Nielsen India team for preparing the report.

FICCI is confident that with the combined efforts by the Government and the stakeholders, Travel and Tourism will once again be a major contributor to the Indian economy.

Mr. Dilip Chenoy



MESSAGE

Tourism creates immense opportunities for inclusive growth and sustainable development through job creation and major contribution to the GDP.

Covid 19, has severely hit the entire economy wherein the travel & tourism being the worst affected all across the globe. Recovery measures are being taken in terms of lifting travel restrictions, putting in place standard protocols for each category of the industry, restoring traveler confidence and looking at new products which shall all be based on the duration of this crisis.

Nielsen India along with FICCI, the voice of India's business and industry is proud to be associated as the knowledge advisor to assess the impact of COVID 19 on the travel and tourism industry and in particular with regard to hoteliers and tour operators in India to assess the tourism breakdown during the pandemic and the support that the hotelier and tour operator segment require to sustain.

The report has been prepared based on the CAWI method of online quantitative data collection information from hoteliers and tour operators through structured questionnaire links mailed to them. The major information sought from them were relating to Effect on Business due to the lockdown, assistance provided to Employees during the lockdown due to pandemic, safety measures followed, future expectations post the lockdown and pandemic for tourism industry, plans to mitigate the impact of pandemic on business operations and required Government initiatives to boost the sector

We would like to thank our stakeholders, tourism experts, hoteliers, travel operators who participated in the study and the team from FICCI for their enormous support and help throughout the study.

Gaurav Singh
Director
NIELSEN (INDIA) PRIVATE LIMITED
15th September, 2020





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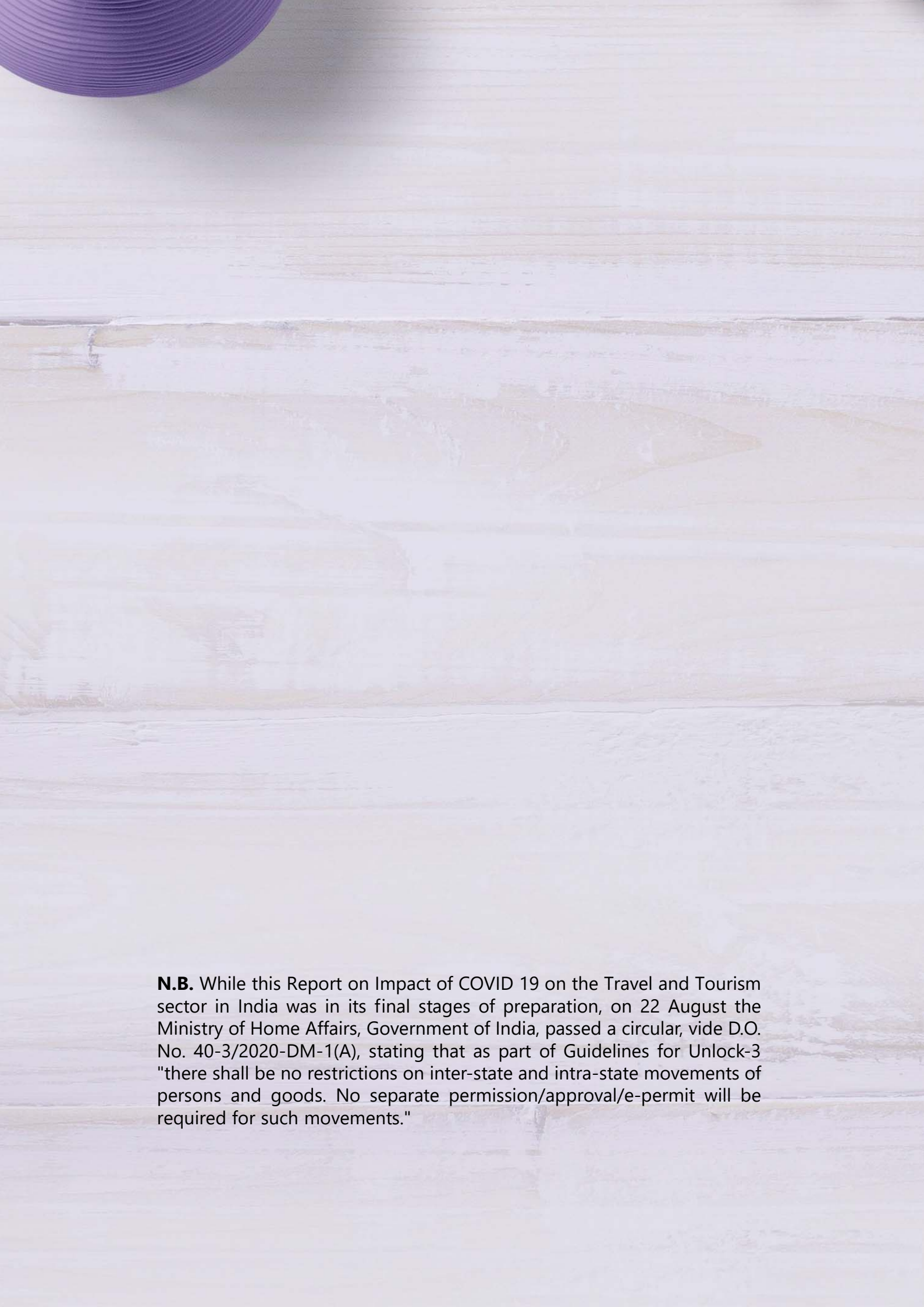
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N.B. While this Report on Impact of COVID 19 on the Travel and Tourism sector in India was in its final stages of preparation, on 22 August the Ministry of Home Affairs, Government of India, passed a circular, vide D.O. No. 40-3/2020-DM-1(A), stating that as part of Guidelines for Unlock-3 "there shall be no restrictions on inter-state and intra-state movements of persons and goods. No separate permission/approval/e-permit will be required for such movements."

Executive Summary

- The COVID-19 pandemic has brought the world to an unprecedented social and economic crisis. The Government has started a process of un-lockdown in stages, starting in June 2020. Suspension of all economic activities for a 4-month period has had a devastating impact on the lives of millions.
- Globally, the Travel and Tourism sector grew at a rate of 3.5 per cent, and contributed USD 8.9 trillion to world GDP.
- The Travel, Tourism and Hospitality sector is credited with creating 330 million jobs in 2019 alone across the world, which comes to one in every 10 jobs that were created.
- The Indian Travel and Tourism industry grew at a rate of 4.9 per cent year on year basis. It contributed USD 194 billion to the Indian economy in 2019. The Indian tourism industry employs 8.75 crore people, which is 12.75 per cent of the total employed population in 2018-19.
- 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.
- Like all MSMEs, those in the tourism sector require access to credit, of which, most vulnerable are the own account enterprises (OAEs). In order to improve the flow of credit to this sector, tourism must be included under priority sector lending (PSL). Furthermore, under the category of MSME for PSL, a separate sublimit for OAEs must be created to ensure that credit flows to the smallest of small businesses.
- we must make some fundamental changes in the way the industry works in various aspects of service. For this to happen, certain conditions must be met.
- The infection rates should continue to decrease in synchronicity with the unlocking measures. Faster rates of tracing and testing and isolating cases must be undertaken as a protocol.
- Continued government support for the sector in the form of removal of travel advisories and bans on non- essential international travel, which prevent insurance protection cover for travellers should be brought in.
- The central government should consider revisiting norms under tourism infrastructure development schemes, so that states may utilise funds under such schemes to develop health and safety infrastructure to ensure minimum chances of transmission of communicable diseases in future. For example, funds under PRASHAD or MICE may be used for developing health and safety measures at religious destinations.

- For the tourism industry, this is an excellent time to develop a common safety and sanitation standard for hosting and serving its customers. The industry must also utilise this opportunity to adopt ecological waste disposal practices and adopt environment friendly day to day practices.
- As estimated by various Travel bodies, the industry could see a turnaround in six months to one-year period given some fundamental support from the government.
- The Government should consider supporting the hotel and restaurant industry by subsidising their fixed costs. Additionally, applications and renewal of licencing fees should be absolved for at least a year and kept at minimum for the next two years for all such businesses.
- Similarly, transfer of licence should be made seamless so as to bring ease of doing business in the industry. State governments should consider waiving certain critical charges such as property tax and interstate transport taxes for a fixed period of time. Electricity and water charges for homestay owners should be billed at residential rates instead of commercial rates.
- Even though a significant part of the business travel will be lost to technology, India should aggressively campaign with state support to host a handful of the biggest and best global conferences and conventions to send out the message that India is safe and is back in business.
- The study finds the voice of the stake holders almost similar. The Hoteliers and Tour Operators, who were surveyed in 25 cities, were expecting a revival in 6 to 24 months' time. While some of them have accessed the MSME relief package, they need much more access to credit to sustain and revive. Most of the sector needed investments and cash inflow to meet the crisis.

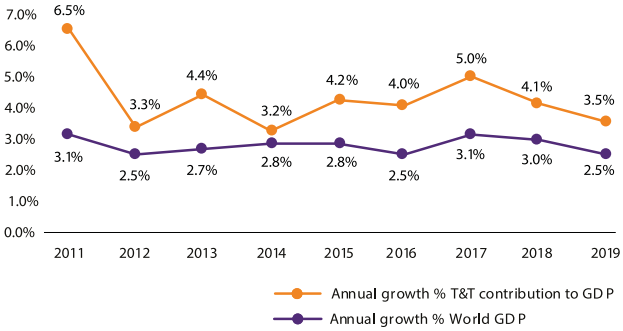


Introduction

The COVID-19 pandemic has brought the world to an unprecedented social and economic crisis. Till a vaccine is discovered and made available, the dilemma of remaining locked down and braving the virus will remain a challenge for mankind. While the pandemic pans out at different trajectories and pace in various parts of the world, in India, according to experts, it is reaching its peak. Accordingly, the Government has started a process of un-lockdown in stages, starting in June 2020. Suspension of all economic activities for a 4-month period has had a devastating impact on the lives of millions.

Globally, the Travel and Tourism sector grew at a rate of 3.5 per cent, and contributed USD 8.9 trillion to world GDP. This pace of growth was higher than the rate of global GDP growth. Further, the Travel, Tourism and Hospitality sector is credited with creating 330 million jobs in 2019 alone across the world, which comes to one in every 10 jobs that were created. This sector accounts for more than one-third of the global services sector. Its growth rate facilitated the creation of more and better jobs requiring a diverse portfolio of skills and capabilities. Hence, this sector has achieved the distinction of being a growth engine globally for nine consecutive years due to a variety of reasons -- higher disposable incomes, technological advances, affordable travel and better work/life balance, amongst others. It is worthwhile to note that the global economy/ growth rate of GDP did not match the same pace of growth for the same period . This shows a certain level of resilience of the sector, which has contributed 10.3 per cent to the global GDP in 2019.

Importance of travel and tourism in global growth



Source: Travel and Tourism – Survive, revive and thrive in times of COVID-19, June 2020

India, with its geographically and culturally varied landscape, attracts travellers for a multitude of reasons: business, leisure, health, pilgrimage and

being the home to 38 UNESCO World Heritage sites. The Indian Travel and Tourism industry grew at a rate of 4.9 per cent year on year basis. It contributed USD 194 billion to the Indian economy in 2019. The Indian tourism industry employs 8.75 crore people (12.75 per cent of the total employed population in 2018-19), such as people from the hospitality industry, tour operators, travel agents, homestay owners, drivers, guides, small traders, artisans and craftsmen among a host of other service providers. The sector also has strong forward and backward linkages to other sectors such as agriculture, transport, handloom, and FMCG to name a few. This rate of growth was helped by positive incentives and policy push by the Government, professionalization of the industry and tremendous growth in domestic travel spending. 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.

While the INR 20 lakh crore economic recovery package announced by the Prime Minister has assuaged some apprehensions, some sectors that have been more affected than others, and sectors that could help with economic recovery have been overlooked. Tourism, is one such industry which has been ignored in this recovery package. The ongoing pandemic, travel restrictions, and the country-wide lockdown have brought the entire tourism industry to a standstill, and unlike other sectors, tourism will take longer to recover, especially leisure tourism. But history suggests that this is one industry which could see a faster turnaround than many other sectors and still play a pivotal role as a growth engine of the economy. Instead of attempting to narrowly forecast and control outcomes, we need to design systems that are robust and adaptable enough to weather a wide range of possible futures in the post Covid era.

"Our focus is to take steps that will create demand. Historical data has proven the resilience of tourism. We feel that once the economy kickstarts with the Atma Nirvar package, demand for travel will look up."

– Prahlad Patel, Union Minister for Tourism,
The Indian Express, 23 August 2020.



The Economic Impact

It is quite evident that the tourism sector in India needs a redoubled and renewed push for its revival in the post Covid world. In a sector that is so intricately connected with so many other sectors of the economy, such as, agriculture, transport, health, FMCG, small and medium level export industries and finally, human resources across the chain with forward and backward linkages, there must be a focused and detailed assessment of its sustenance and recovery.

Travel and Tourism sector contributed 6.8 per cent of the total economy, i.e. about USD 194.3 billion (INR13,681.1billion). It created 39,821.8 (000's) jobs, which is about 1 in 10 jobs created during 2019. The most significant part is its contribution to foreign exchange reserves of the country, which stood at INR2,130.5 billion (about USD 30.3 billion) through in-bound visitors spend. This is approximately 5.6 per cent of India's total exports earnings in 2019. In 2019, 1.09 crore tourists visited India, which was 3.1 per cent higher than the figures of 2018. The federation of tourism and hospitality pegs the losses due to Covid at INR 15 lakh crore, resulting in about 4 crore job losses. The states that are most dependent on tourism generated revenue, like Uttarakhand, Rajasthan, Kerala, Himachal Pradesh, Goa, Sikkim and other north eastern states, are expected to suffer most.

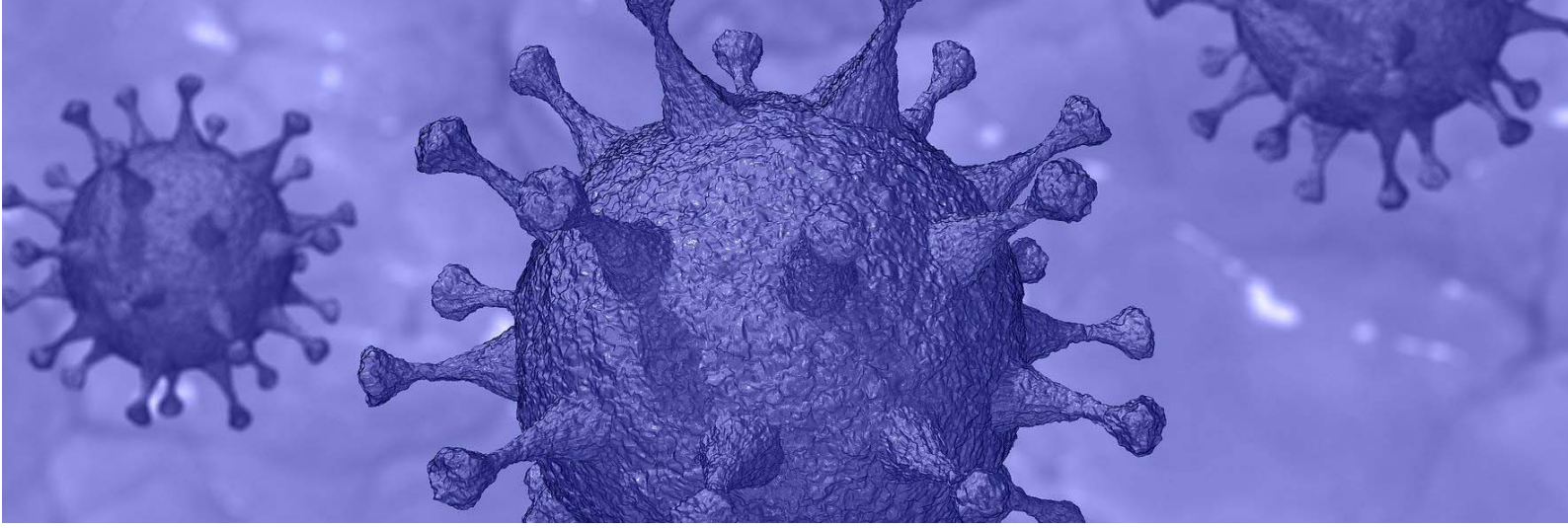
But the domestic travellers were the actual drivers of the travel and tourism sector in India in 2019. The contribution of domestic travel to Indian travel and tourism sector has been unparalleled for the last two decades, growing almost nine-folds. In a bid to accelerate the growth momentum, the central government and various state governments have made consistent investments into various tourist hubs across the nation.

Domestic spend in the sector stood at 83per cent of the total income of the sector. Apart from ease of travel policy of the union Government and push from the state governments, this share was driven by an increase in disposable incomes and more leisure time at hand. Though many economists may disagree with the reasoning, the numbers tell the tale.

In 2018, Tamil Nadu secured the pole position with the largest share of domestic travellers (386 million people) visiting the state accounting for 20.8per cent of total domestic travel. Uttar Pradesh and Karnataka were next with approximately 285

million and 214 million visitors, respectively. Although Gujarat captured only 2.9 per cent of the domestic tourist market, the state witnessed a huge increase of 12.5 per cent over 2017, owing to the inauguration of the Statue of Unity in 2018, resulting in a revenue of USD 11.8 million. This increase can be attributed to health, religious, leisure, millennial tourism, better and affordable air and transport connectivity and tourist infrastructure provided by the state governments.

With a population of more than 1.3 billion and an unemployment rate of 7.8 per cent, the Travel and Tourism Industry holds the key to kick start the economy and provide sustainable employment to a large number of educated unemployed persons. This potential has been scarcely utilised. Given the way the sector is so intricately connected with so many other tertiary sectors of the economy, it is structurally of immense importance that tour operators and facility providers play a holistic role in helping the recovery of this sector. But these are the cash strapped segments of the industry. Like all MSMEs, those in the tourism sector will also require access to credit, of which, most vulnerable are the own account enterprises (OAEs). In order to improve the flow of credit to this sector, tourism must be included under priority sector lending (PSL). Furthermore, under the category of MSME for PSL, a separate sublimit for OAEs must be created to ensure that credit flows to the smallest of small businesses. Any chance of recovery lies in the infusion of investment, moratorium on loans, deferment of dues, and measures like tax holidays. On the other hand, these subventions by the government could be easily recovered by the expected tourist spend flow. Simply they need to keep it pocket friendly and have a long-term vision of this sector's growth potential in view.



Social Impact and Future Outlook

Much of the impact of the pandemic is on the mind of the traveller. It has created a fear which cannot be wrestled with without a vaccine. Yet, if we are to speculate about the recovery of the sector, we must make some fundamental changes in the way the industry works in various aspects of service. Fear of the virus must be strongly countered by instilling measures which make the traveller feel safe without being foolhardy. For this to happen, certain conditions must be met.

The infection rates should continue to decrease in synchronicity with the unlocking measures. Faster rates of tracing and testing and isolating cases must be undertaken as a protocol. Travel corridors and bubbles that enable faster border opening must be adopted across the country sans the containment areas. A coordinated approach across countries, and between public and private sectors in country should be developed, so that there is real time flow of information. Adoption of global health and safety protocols during travel and boarding places must be strictly adhered to. Continued government support for the sector in the form of removal of travel advisories and bans on non- essential international travel, which prevent insurance protection cover for travellers should be brought in. Finally, there should be no quarantines. The whole idea is to instil confidence of the traveller against the undue spread of the virus.

For the tourism industry, this is an excellent time to develop a common safety and sanitation standard for hosting and serving its customers. The industry must also utilise this opportunity to adopt ecological waste disposal practices and adopt environment friendly day to day practices.

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), Meetings, Incentives, Conferences, and Exhibition (MICE) and Adopt a Heritage. The main objective behind these schemes is to increase footfall, enhance tourist experience and employment opportunities in a sustainable way. The central government should consider tweaking norms under tourism infrastructure development schemes so that states may utilise funds under such schemes to develop health and safety infrastructure to ensure nil or minimum chances of transmission of communicable diseases in

future. For example, funds under PRASHAD or MICE may be used for developing health and safety measures at religious destinations. Already the Government of India has provided detailed guidelines for operators, hotels, home stay owners and MICE (Meetings, Incentives, Conferences, and Exhibition) tourism. These guidelines may be reconsidered from time to time as the virulence of the pandemic decreases.

Recovery of the tourism sector is closely related to recovery of the economy itself. Since the wanderlust in human nature would be difficult to be locked in. The Indian travel and tourism industry was expected to witness an annual growth rate of 6.9 per cent during 2019-2028 to reach USD 460 billion, approximately 9.9 per cent of India's GDP in 2028. As estimated by various Travel bodies, the industry could see a turnaround in six months to one-year period given some fundamental support from the government. The growth prospect was based on job creation and greater footfalls. Each of these was being strengthened by skilling and creating better infrastructure for tourists. The Government should consider supporting the hotel and restaurant industry by subsidising their fixed costs. Additionally, applications and renewal of licencing fees should be absolved for at least a year and kept at minimum for the next two years for all such businesses. One-time rescheduling of principal and interest dues of borrowers in Hospitality Sector may be permitted in line with the revised estimated cash flows of each project. While the proposed capping of extension in repayment tenor is 2 years based on the assumptions on which the projections are made, if the situation does not improve as expected, a provision should be made to extend this to 3-4 years. Further, the requirement of additional provisioning should be linked to the tangible security available with lenders, viz., additional provisioning at '5%' for Security Cover more than/equal to 1.5-Times.

The one year moratorium granted to the industry ended in August 2020. In view of the current situation, the moratorium on all working capital, principal, interest payments, loans and overdrafts need to be extended by another 1 year.

Similarly, transfer of licence should be made seamless so as to bring ease of doing business in the industry. State governments should consider waiving certain critical charges such as property tax and interstate transport taxes for a fixed period of time. Electricity and water charges for homestay owners should be billed at residential rates instead of commercial rates. All state governments should look to create a state-run e-commerce platform, which will allow for showcasing and sale of state specific cottage industry products and provide the necessary market connect to consumers. State governments must also think of ways to incentivise domestic tourists to boost local tourism. The pandemic may have delayed the process, but most of the operators and facility providers are optimistic about the prospective growth.

GUIDELINES
Operators: http://tourism.gov.in/sites/default/files/Operational%20Recommendations%20forTourism%20Service%20Providers.pdf
Hotels: http://tourism.gov.in/sites/default/files/SOP%20Hotels.pdf
Homestay Owners: http://tourism.gov.in/sites/default/files/Operational%20Recommendations%20for%20%20Homestay.pdf
MICE: http://tourism.gov.in/sites/default/files/MICE%20Guidelines%20and%20final%20formats%20CSSS%20PDF%20FORMAT.pdf



Policy Refocus and Adaptation: What We Need to Do

For the tourism sector in India, it is no longer going to be business-as-usual and we will need to redefine, refocus and change the game plan going forward. It is essential to measure the impact of Covid-19 and prepare a cogent strategy involving both the government and the industry stakeholders, with a focus on: Survive, revive and thrive.

The twin challenges in the survive stage are to save businesses and save jobs. The Centre must provide businesses with institutional access to working capital and enable liquidity through a deferment of loan repayments. The Centre may help small businesses to access working capital by underwriting a part of the loan amount.

On the demand side, India has a robust domestic market which could soften the impact as compared with nations that rely largely on international tourists. India receives 11 million foreign tourists, which is miniscule compared to its size and potential. Dubai receives well over 16 million tourists. At least 24 million Indian tourists travel abroad each year and spend an estimated USD25 billion. We must incentivise domestic travel to retain these high-spending tourists, which should not be difficult given the international travel restrictions in place. Critical to the success of this would be to allay the anxieties of tourists by ensuring that robust protocols for safety and hygiene are in place. In the revive phase, the slow easing of international travel restrictions will result in intense competition as all countries will target the same markets. This calls for an aggressive strategy for specific markets focused on intense localised communication through social media. We need to prioritise products and destinations that would be of interest in the target market and ensure that these deliver value for money.

India should enter into a travel arrangement with Russia i.e. a travel bubble specifically between Russia and Goa, wherein people can fly in on a charter, stay in Goa and then fly back. Going by the

number of Russians that come to Goa (almost 1.3 lakh in 2019-2020 out of the 2.1 lakh foreign arrivals) it would be a win-win situation for all as Goa has the hotel inventory as well as the flight inventory to cater to these tourists.

There are 11 Russian regions from where we get the maximum number of tourists and the bubble can be specifically between these regions and Goa. The 11 regions in Russia are Moscow, Kazan, Perm, Ekaterinburg, Ufa, Rostov, Samara, St Petersburg, Novosibirsk, Krasnodar and Krasnoyarsk.

There should be no quarantine, travellers should be required to bring with them a Covid-negative test report, which would be good enough for them to board the aircraft. If this travel bubble succeeds, it can be replicated in other parts of the country.

Even though a significant part of the business travel will be lost to technology, India should aggressively campaign with state support to host a handful of the biggest and best global conferences and conventions to send out the message that India is safe and is back in business.

The thrive phase calls for an adaptation to a fundamentally changed tourism sector post-Covid-19. Consumer preferences and tourism policies the world over are expected to evolve towards achieving greater sustainability and community orientation. We will see a trend towards taking cognisance of environmental costs beyond economic costs; destinations that will move towards a zero carbon foot print, along with higher levels of hygiene; tour operators and hoteliers gravitating towards more responsible and meaningful experiences of tourists; showcasing the local for the global; and positioning the host community as the centrepiece of the tourist experience.

The pandemic offers us an opportunity to make the tourism sector a sustainable engine for economic growth and development. We should not miss the chance to turn the crisis into an opportunity.



The Stake Holders Voice:
What does the Industry Say

This study was jointly undertaken by FICCI and Nielsen India Pvt. Ltd. to conduct a survey from mid-June to July 2020 on the Impact of Covid-19 on Travel and Hospitality Industry. The objective of the study was to assess the impact of Covid-19 on travel and hospitality industry of India. Data was collected from hoteliers and tour operators to assess the impact on tourism sector as well as the relief measures that the hotelier and tour operator segments require in order to recover. As is apparent, the study was conducted post unlock down 1, during the pandemic. The research approach was based on Computer Assisted Web Interviewing (CAWI) research technique. CAWI - (a web-based survey)- is part of a methodology based on a structured questionnaire being provided to the respondent with a link, in a panel, or a website. It's considered the most economical way to collect survey data during the pandemic and lockdown, since it does not pre suppose any direct physical travel or contact with the interviewee.

Research Method: The research method was a combination of structured interviewed response from randomly selected target groups of Hoteliers and Tour Operators in 25 tier one and tier two cities of India. The focus of the questionnaire was to determine the situation of the owners, employees and establishments during the lockdown; what support have been provided by the owners to sustain business, and whether they have accessed any governmental assistance. Another focus of the questionnaire was to determine how they foresee the recovery stages and what kind of help/support did they expect from the government. The disambiguation of the questions would reveal certain trends, which were further clarified or iterated through telecalls. The analysis thus, provides a frame work for assessing the policy interventions and financial support that the industry needs. By choosing Tour operators and Hoteliers, the survey kept in mind the back ward and forward linkages they bridge and hence could arrive at a complete picture of the sector. The Universe of the study was 248 Hoteliers and Tour

Operators in 24 major cities of India. Reader discretion is required with regard to the fact that tourist destinations and cities where the Hoteliers and Operators are mostly based may be different but serve the same purpose for the tourist. Care was taken to make the sample size representative and geographically relevant from the point of view of the sector.

Total Sample Size Covered

Target Respondents	Total Sample Size Covered
Hoteliers	113
Tour Operators	135
Total	248

Respondents destinations covered

Hoteliers and Tour Operators		
Agra	Guwahati	Patna
Ahmedabad	Hyderabad	Pune
Bhopal	Indore	Ranchi
Bangalore	Jaipur	Shimla
Chennai	Kochi	Surat
Chandigarh	Kolkata	Vizag
Coimbatore	Lucknow	Odisha
Delhi-NCR	Ludhiana	
Goa	Mumbai	



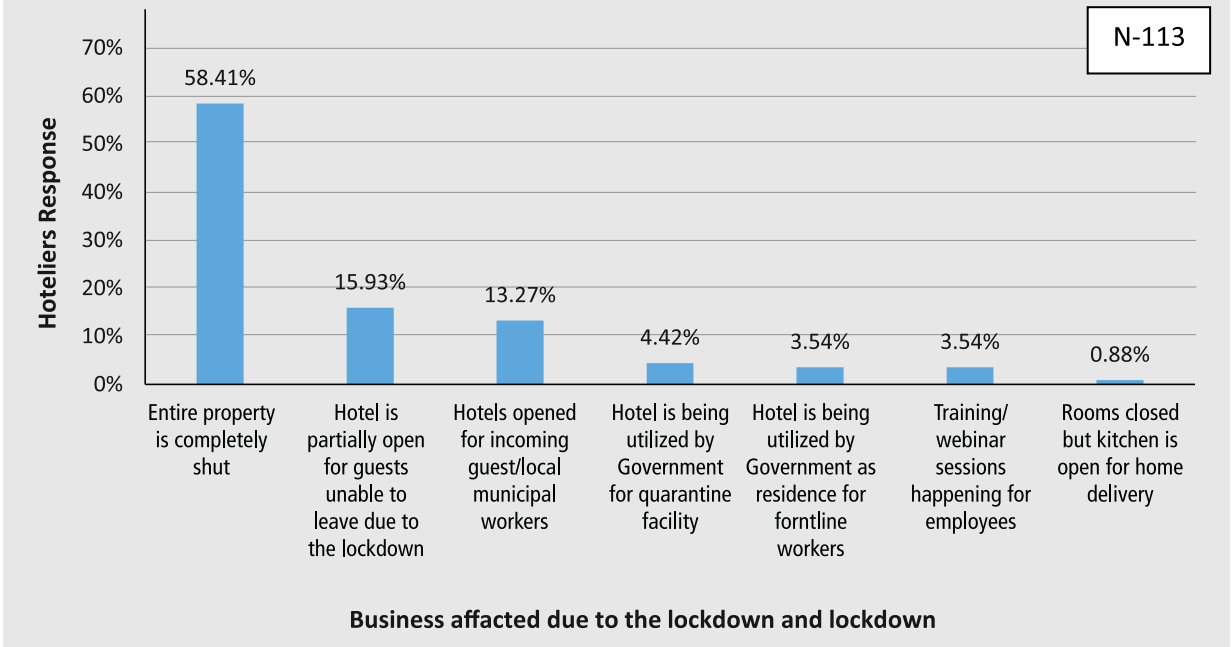


Major Findings of the study[1]

HOTELIERS

- **Impact on Business due to the lockdown and pandemic** – Out of 113 hoteliers, 58.41 per cent of the hoteliers from Delhi (which serves as a hub for destinations like Agra, Jaipur, Uttarakhand, Himachal Pradesh, Madhya Pradesh and Uttar Pradesh); Mumbai (which serves as a destination hub for Goa, Konkan, and part of Karnataka and Kerala); and Ahmedabad (which serves as a hub for Rajasthan and various destinations as Bhuj etc.), mentioned that the entire property/ hotel was shut down with zero operations. This also meant 48 per cent were open partially as being used by government Covid warriors' residential purposes and quarantine purposes during the lockdown. A very small number

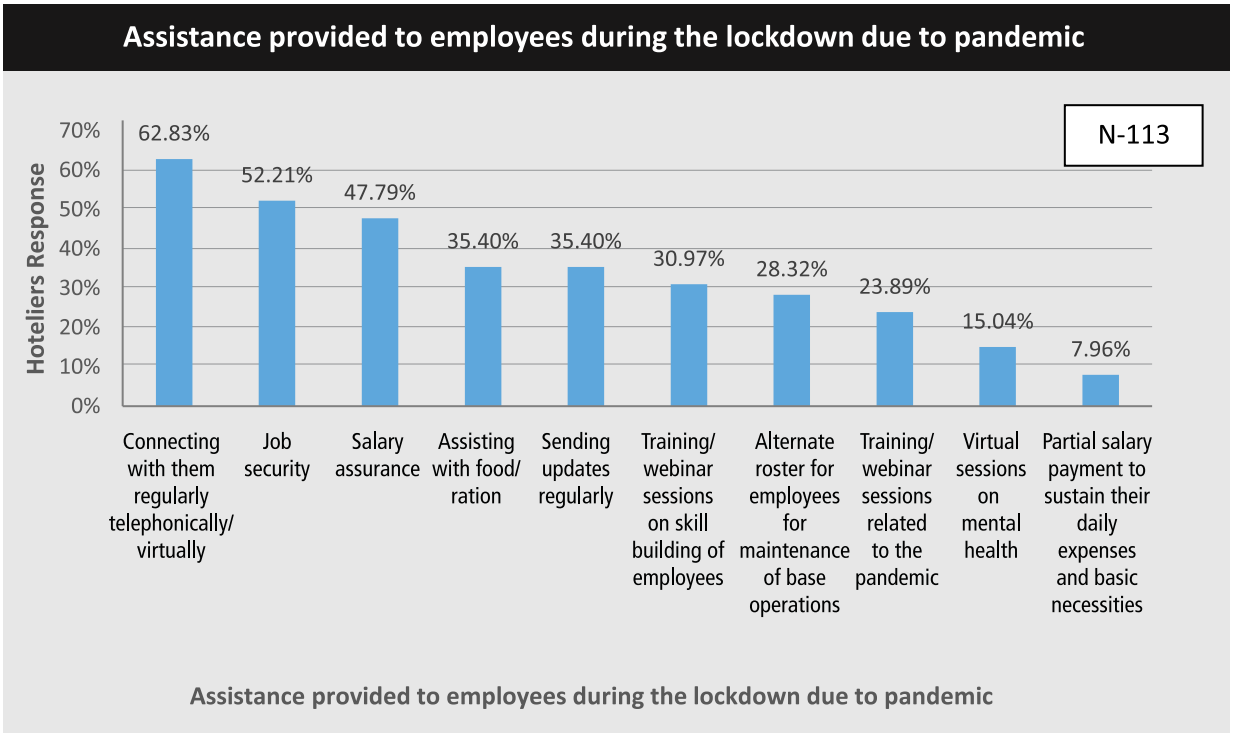
Impact of the pandemic and lockdown on Businesses



1 The tables are self explanatory and provide the nuanced response of the subject group.

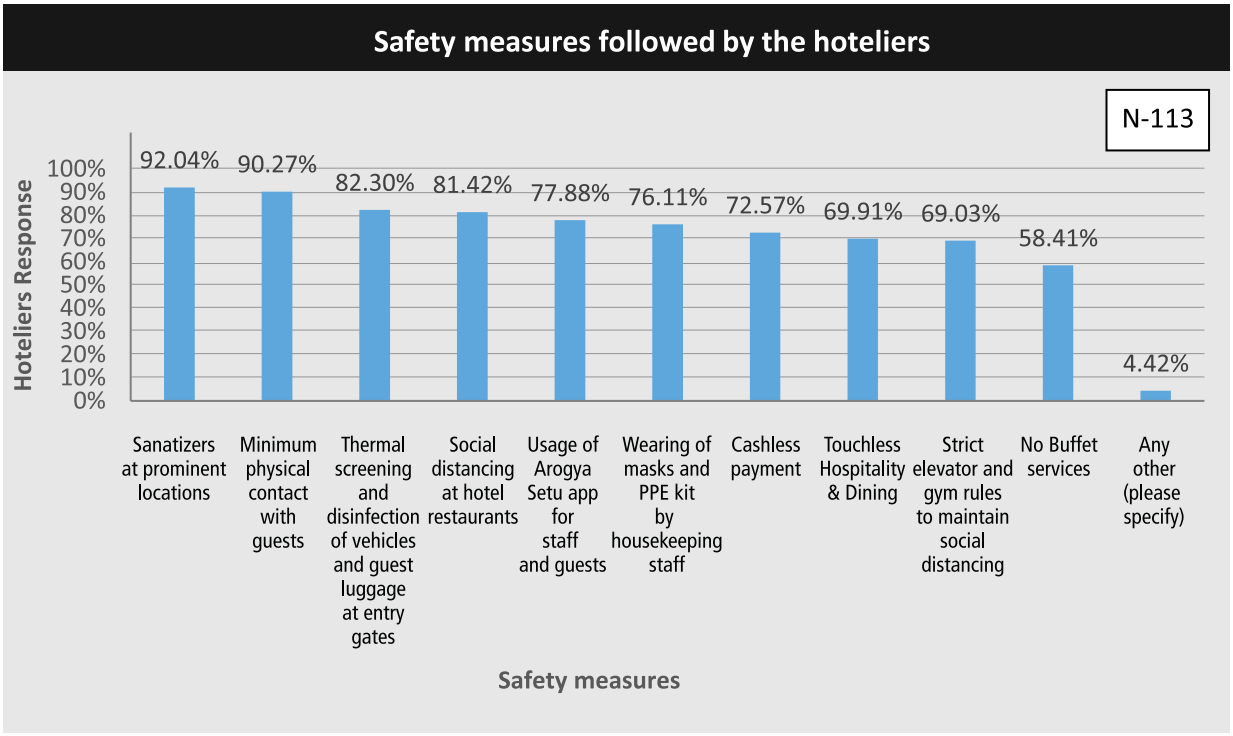
kept their kitchen services open for take away purposes. This was necessitated largely due to the Vande Bharat Mission, launched on 7 may to evacuate Indian citizens stranded in various country. According to the Aviation ministry sources around 17 lakh passengers were brought back by Air India. All of them were mandated to spend 14 days of quarantine. Hotels were roped in by the government to accommodate these passengers.Overall, the complete lockdown phase was a massive financial burden on these facilities, which require maintenance and upkeep.

- **Assistance provided to employees during the lockdown due to pandemic** – Around 52.21 per cent of the hoteliers stated that they assisted their employees in the way of job security. The rest 48 per cent provided curtailed pay; subsistence help; in dire cases, retrenchment while keeping basic staff on payroll. Most of them have given assurances to the staff about returning to their jobs as and when the unlockdown happens. Those with lesser burden are keeping the staff with provision for subsistence.

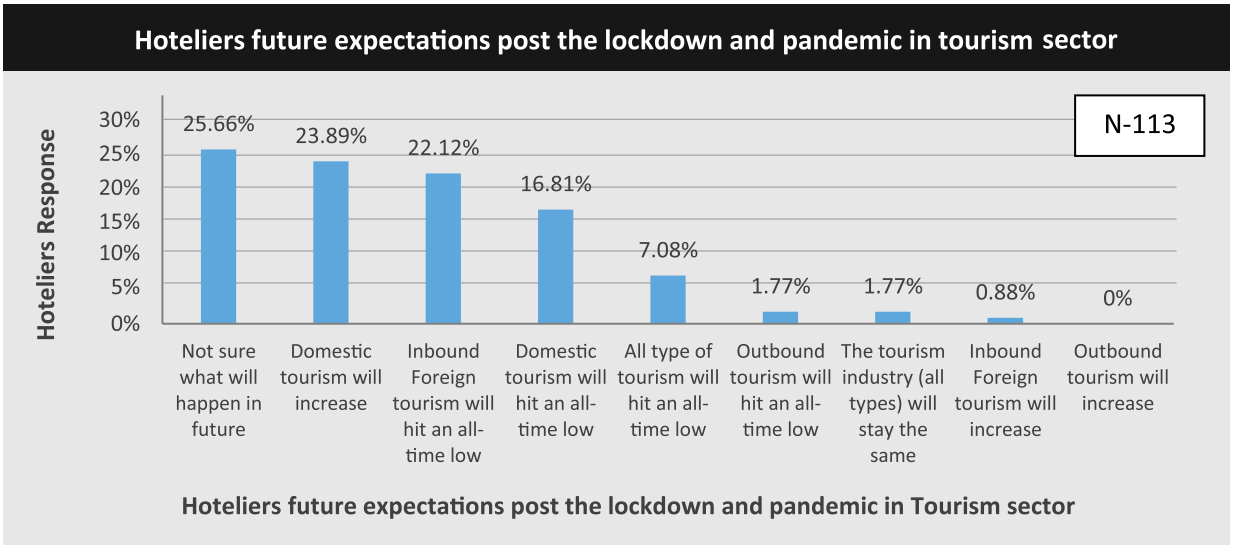


Assistance provided to employees during the lockdown due to pandemic

- **Safety measures followed by the hoteliers** – In the context of initiatives taken or planned to be taken in near future to make guests feel more comfortable in the new normal, post lockdown scenario, 92.04 per cent of hoteliers mentioned keeping sanitizers at prominent locations; 90 per cent prepared for contact less check in; 76 per cent for cashless payments and 58 per cent closed their buffet service. Most of the hoteliers followed or trained their staff to follow government guidelines about safety protocols in the premises, personal life, kitchen and of the guest. Most hoteliers conducted proper training of staff in this regard.



- **Hoteliers future expectations post the lockdown** – Out of 113 hoteliers, 25.66 per cent were not sure what will happen in the future; while 24 per cent were hopeful that domestic footfalls will pick up. A few believed that if the government provides a training and onground implementation of Standard Operating Procedure (SOP), that would be reassuring to domestic as well as foreign tourists. Some were pessimistic about the revival

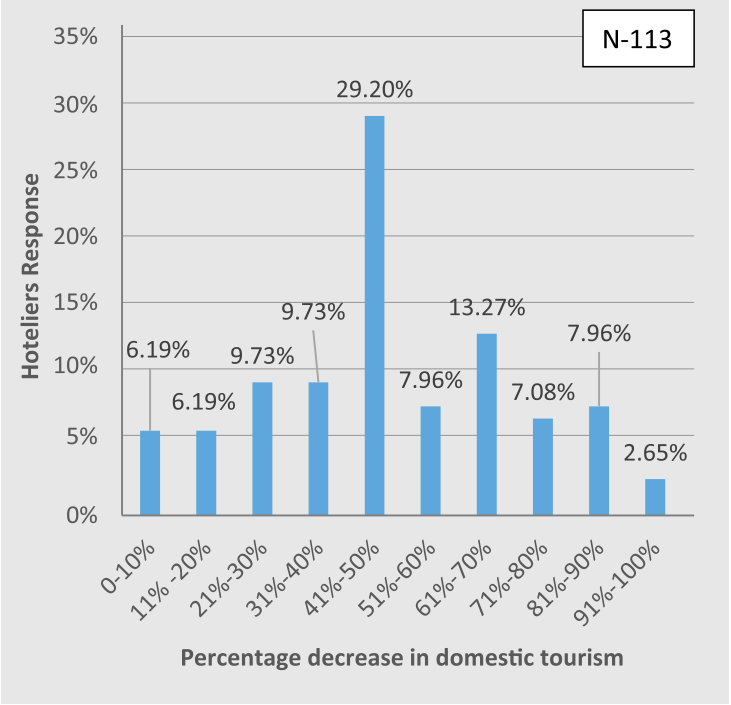


of the sector in near future.

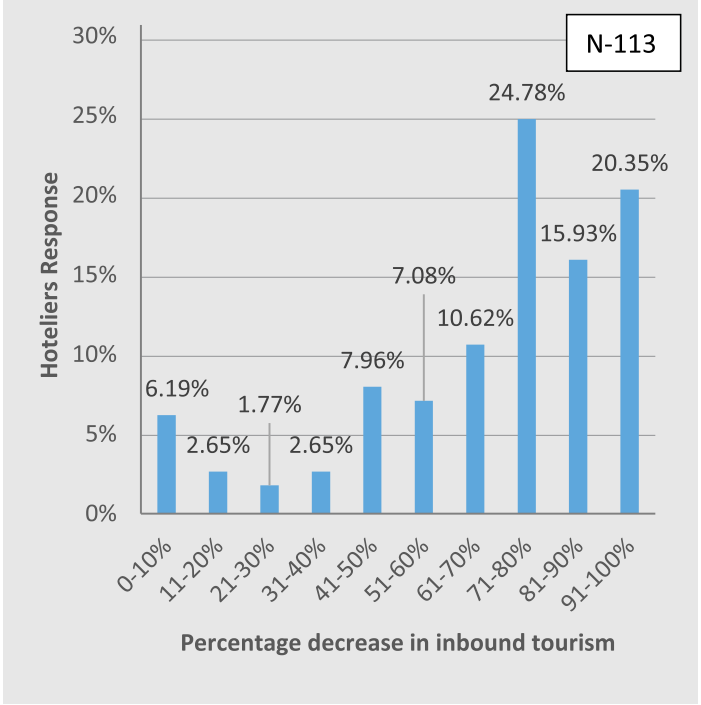
- **Expected decrease in domestic and foreign tourism in India due to pandemic** – Almost 30 per cent of hoteliers expect the domestic tourism sector in India to decrease by 41-50 per cent post lockdown. On the other hand, 25 per cent of hoteliers estimate the inbound tourism to decrease by a massive 71-80 per cent. Overall, the outlook of

Expected percentage decrease in domestic and inbound tourism in India due to pandemic

Expected percentage decrease in domestic tourism in India due to pandemic



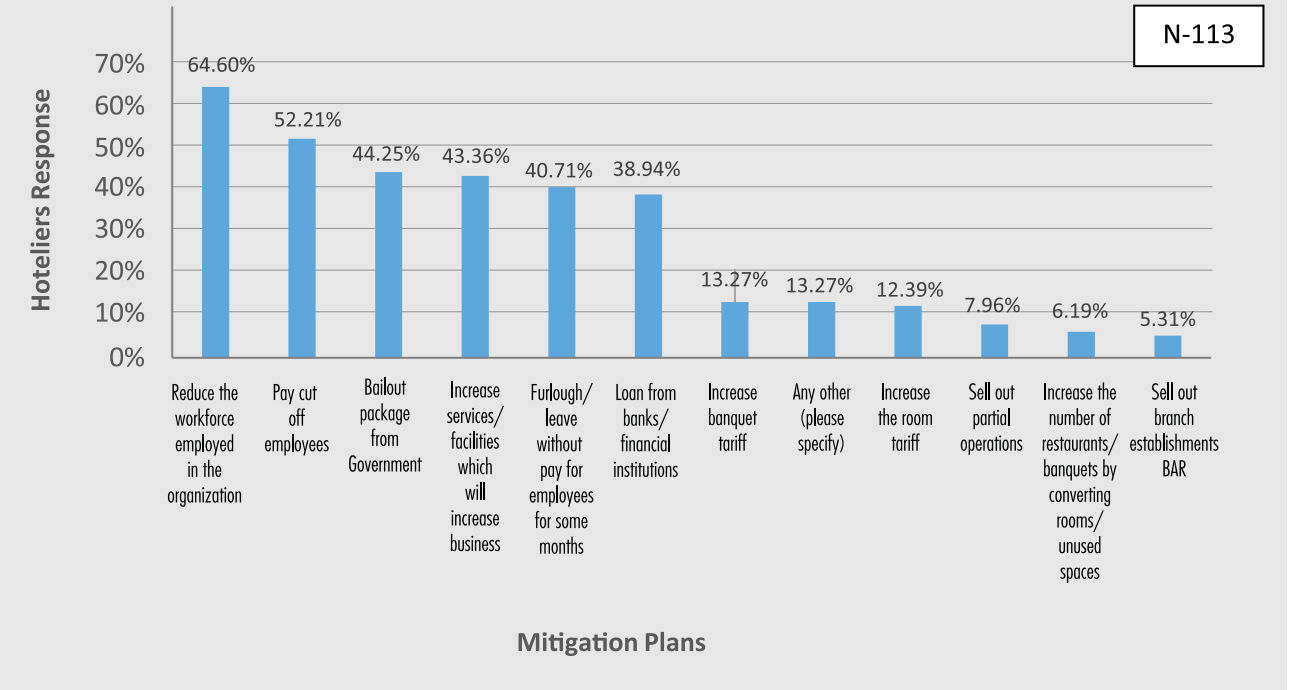
Expected percentage decrease in inbound tourism in India due to pandemic



Hoteliers in most places was bleak.

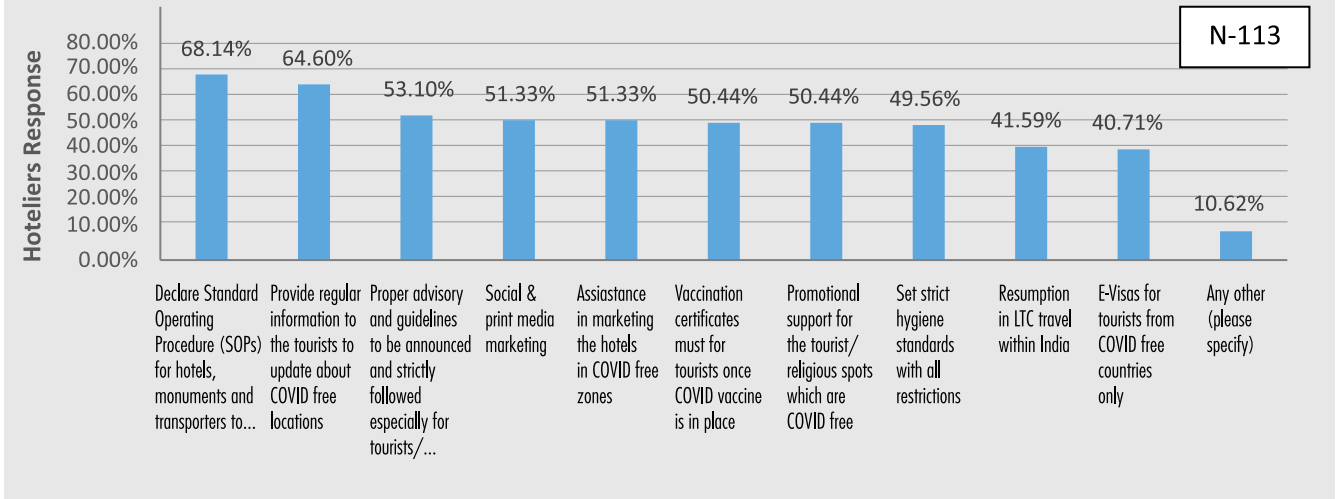
- **Plans to mitigate the impact of pandemic on business operations** – Around 64.60 per cent of the hoteliers mentioned that they have planned to reduce the workforce employed in the organization to mitigate the cash flow situation, while 52 per cent proposed reduction in salary. At the same time 44 per cent of the hoteliers were expecting a bailout package from the government. This underlies the fact that hoteliers mostly are looking forward to a comprehensive rescue package and unfettered investment from various government measures. Here, policy revision, credit access ad various moratorium on loans are the major expectations.

Plans to mitigate the impact of pandemic on business operations



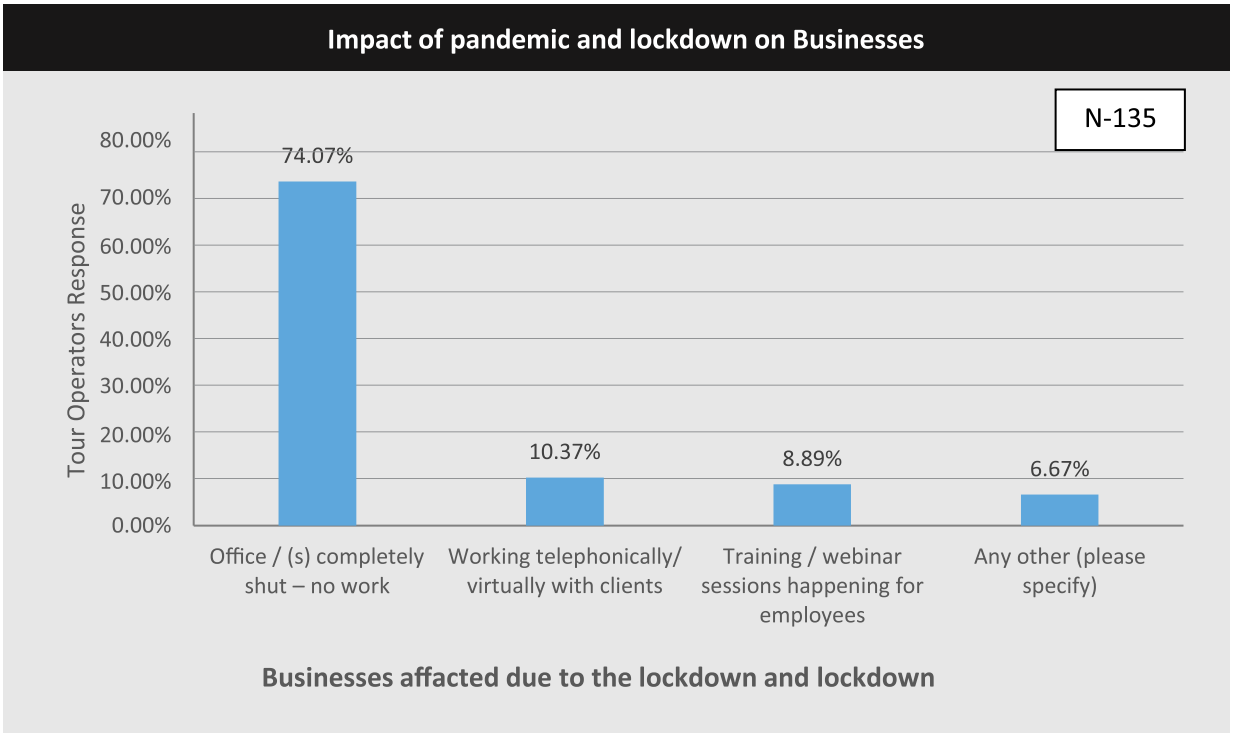
- **Required Government initiatives to boost the sector** – Majority of the hoteliers i.e., 68.14% hoteliers are waiting for the Government to declare training and onground implementation of SOPs for hotels, monuments and transporters; 64 per cent wanted the government to provide real time information about Covid containment areas, so that travellers confidence and safety is restored; and 53 per cent wanted strict guidelines for religious tourism, since they expected these to be opened first with larger domestic foot falls.

Required Government initiatives to boost the tourism sector

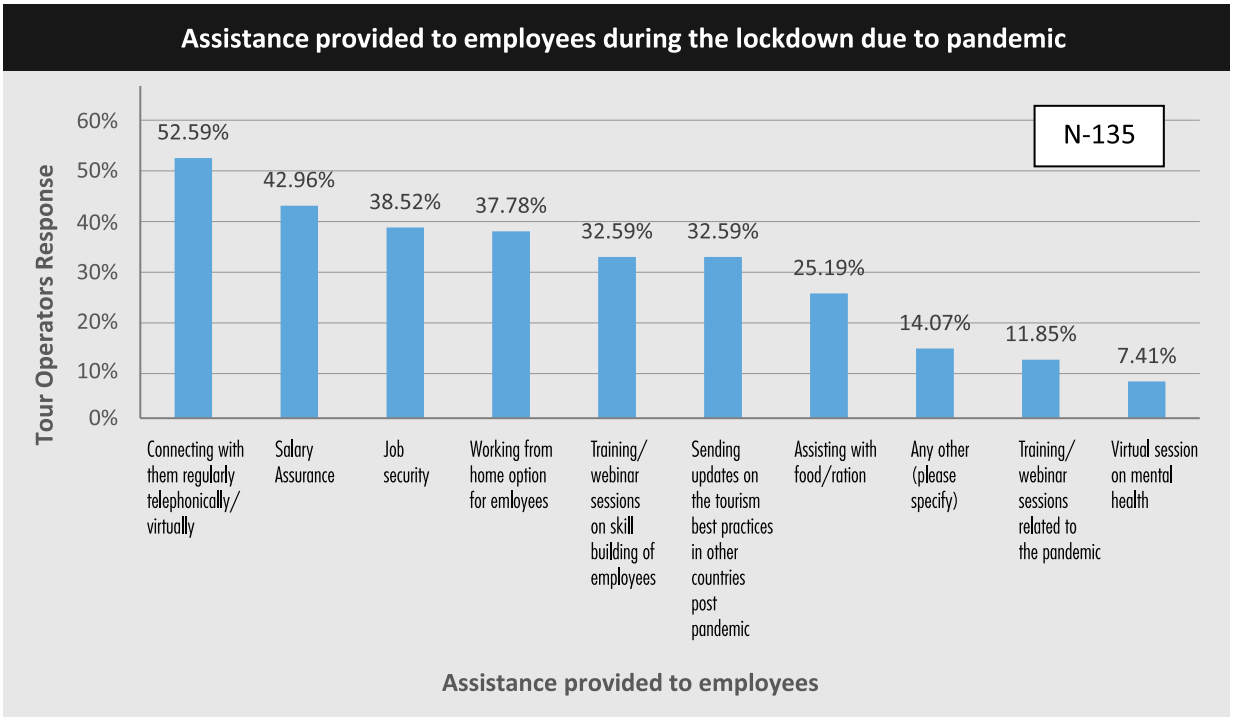


TOUR OPERATORS

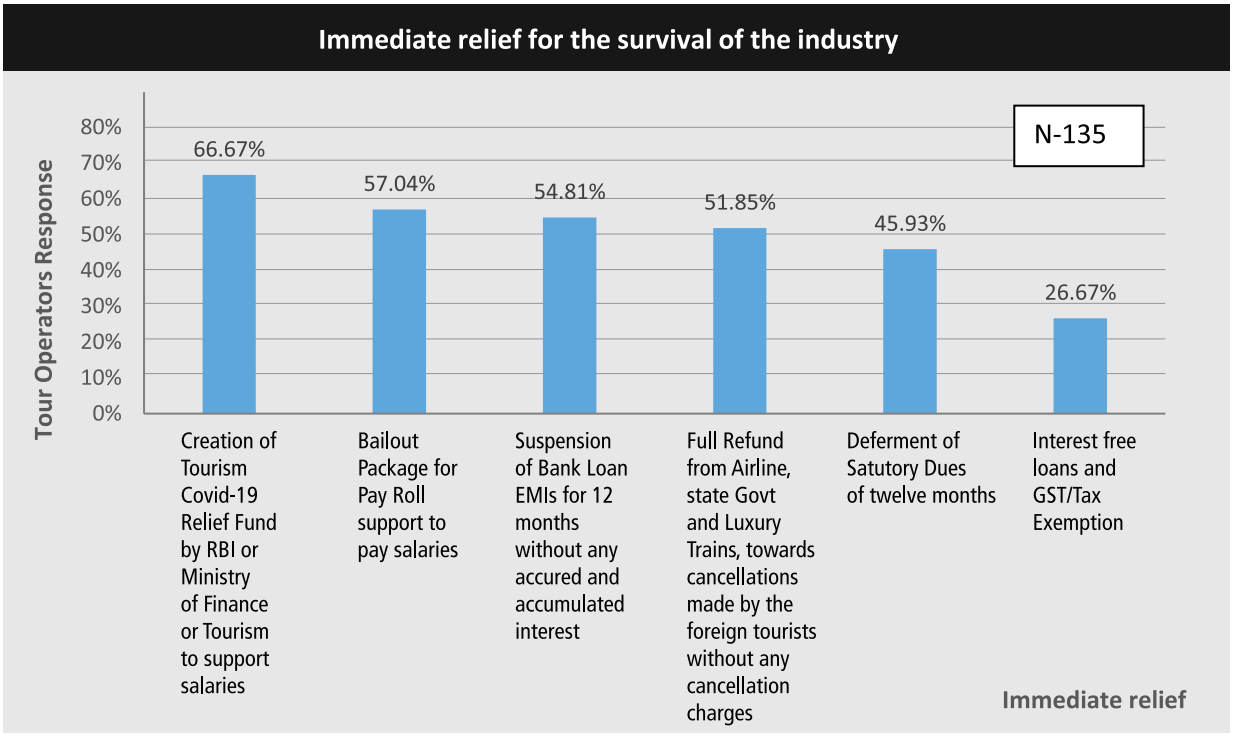
- **Impact on Business due to the lockdown and pandemic** – Out of 135 tour operators, 74.07 per cent of the tour operators from Delhi, Mumbai, Ahmedabad, Goa, Kolkata mentioned that the entire property/ hotel was shut down with zero operations. 10.37 per cent tour operators from Chennai mentioned that they were working virtually with clients. About 8.89 per cent tour operators from Bhopal mentioned that they were keeping training/webinar sessions for employees on health and other guidelines of the government during the lockdown.



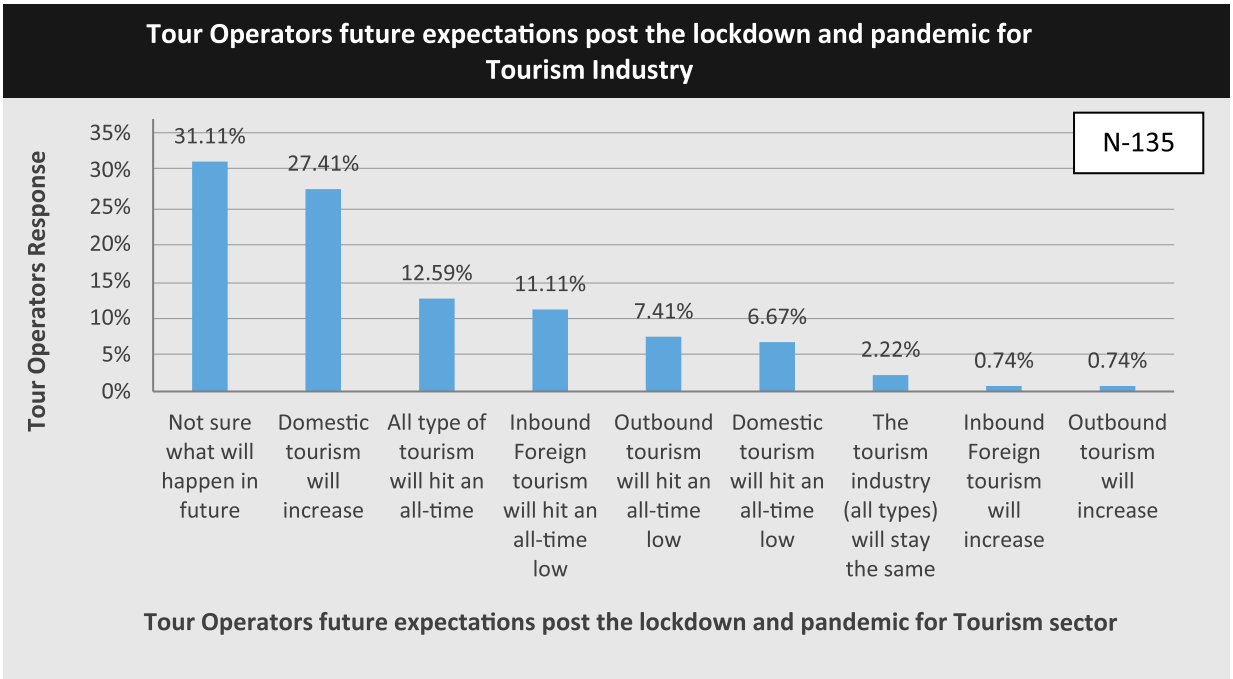
- **Assistance provided to employees during the lockdown due to pandemic** – About 42.96 per cent of the tour operators claimed to assist their employees through salary assurance. Around 38.52 per cent of the tour operators claimed to assist their employees in the way of job security and 25.19 per cent claimed to assist their employees with food and other basic necessities during the lockdown, so that they could retain their services and kick start business when the lockdown is over.



- **Safety measures required for immediate relief for survival of the industry** – Around 66.67 per cent of tour operators were looking for support from the RBI or Ministry of Finance or Tourism, mostly, to support salaries, fixed costs, such as electricity bills, rent, water bills, and other similar cost heads. 57.04 per cent tour operators were expecting for bailout package for pay roll support. About 54.81 per cent were expecting for suspension of bank loan and EMIs for 12 months without any accrued and accumulated interest as an immediate relief for the survival of the industry. Being a cash strapped industry, the financial subventions would go a long way in seeing them through the crisis.

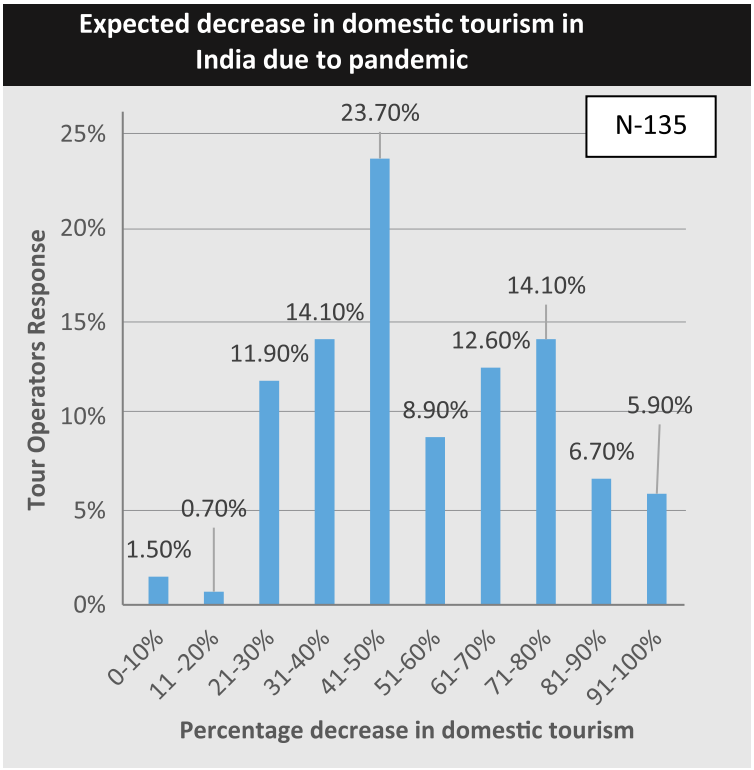


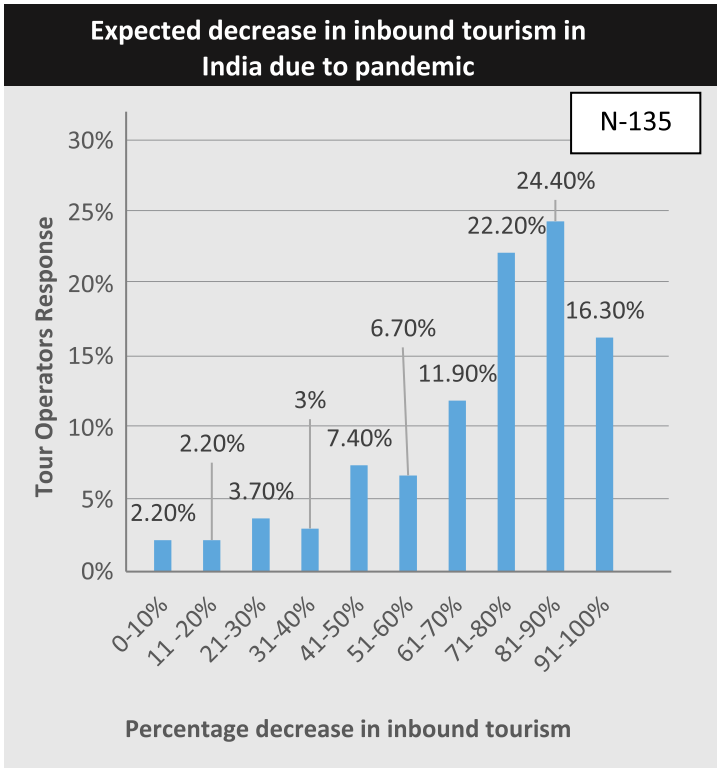
- **Tour Operators future expectations post the lockdown and pandemic for tourism industry** – Out of 135 tour operators, 31.11 per cent were not sure what will happen in the future. 27.41 per cent expect that domestic tourism will increase, while 11.11 per cent tour operators felt that inbound foreign tourism will hit an all-time low. The overall picture that emerges is one of confusion regarding which segment will pick up first. The majority though relied on steady increase in inbound travellers, as and when the confidence building measures are in place.



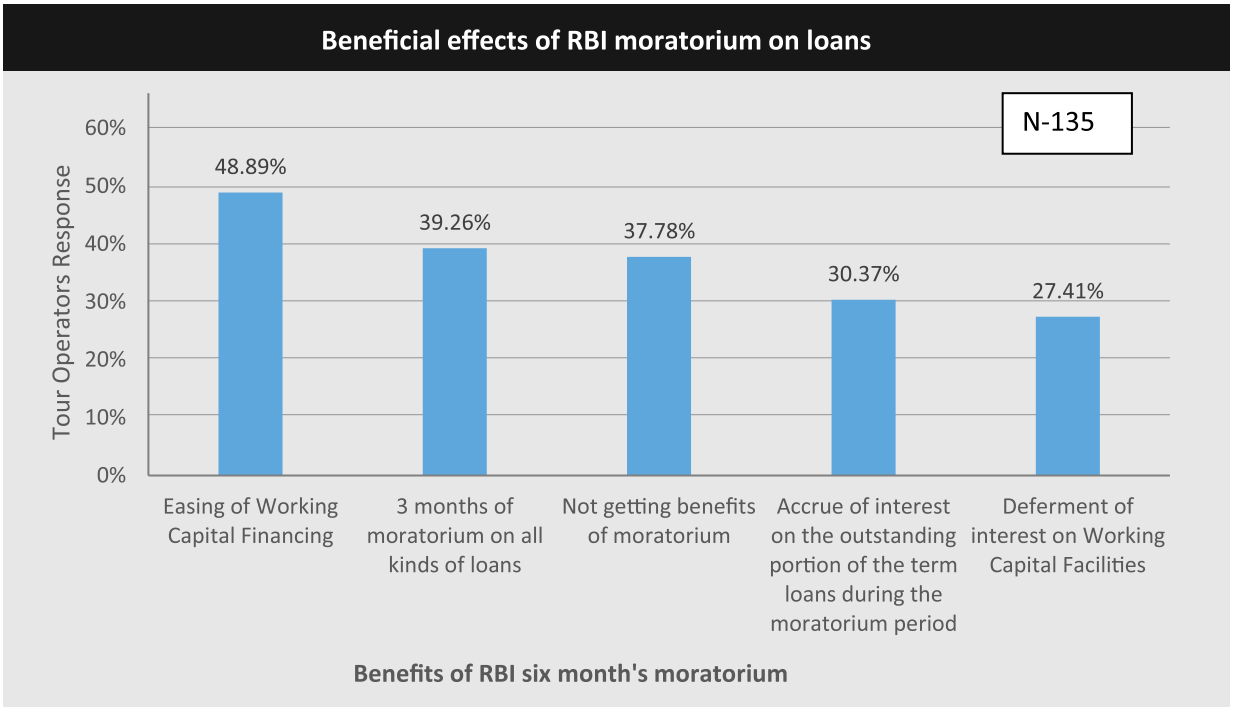
- **Expected decrease in domestic and foreign tourism in India** – Almost 23.70 per cent of tour operators expect the domestic tourism sector in India to decrease by 41-50 per cent post the lockdown situation. On the other hand, 24.40 per cent estimate the inbound tourism to decrease by a massive 81-90 per cent at the same time. About 16.30 per cent of tour operators expect complete halt in inbound tourism post lockdown. It can be assumed that domestic tourism is expected to be less affected post lockdown than the inbound tourism.

Expected decrease in domestic and inbound tourism in India due to pandemic

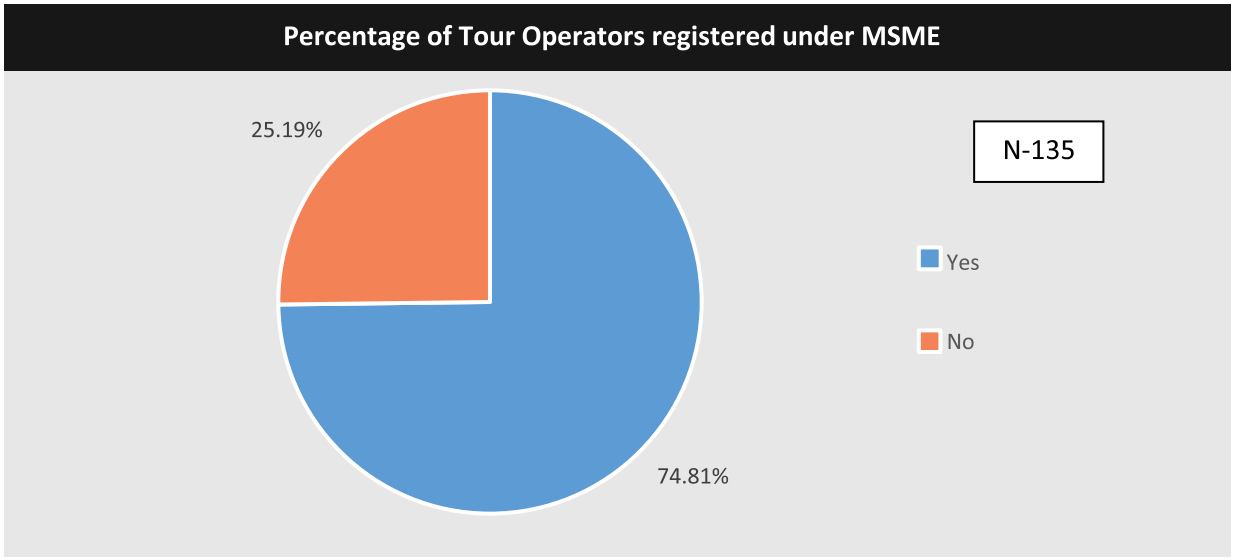




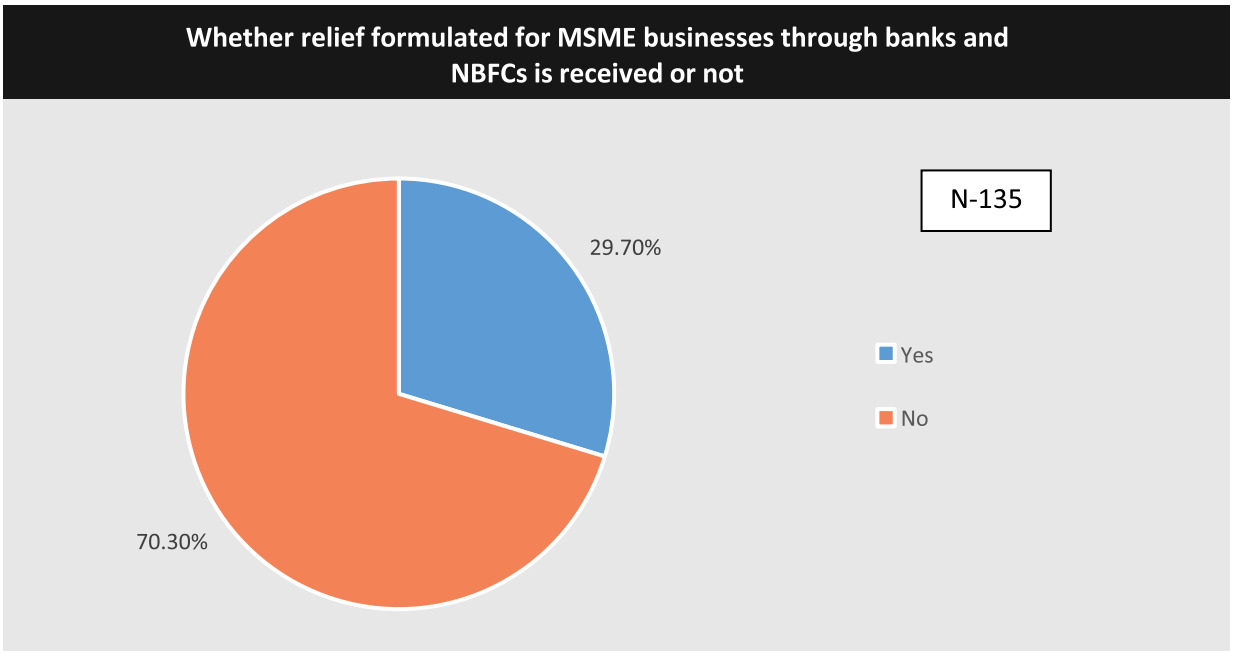
- **Beneficial effects of RBI moratorium on loans** – About 48.89 per cent of tour operators were getting benefits of easing of working capital financing. 39.26 per cent were getting benefits of 3 months of moratorium on all kinds of loans. This reflects that the government is on track in terms of helping the sector out, though more needs to be done in a long-term sense.



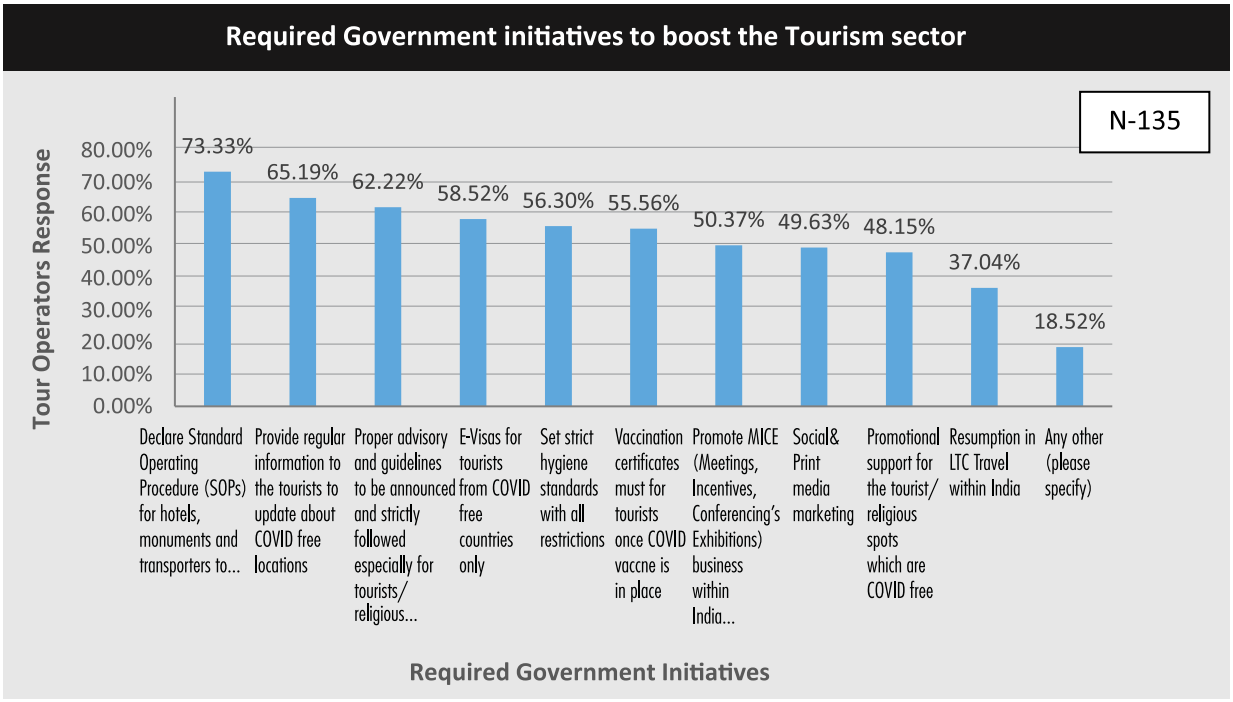
- **Companies registered under MSME and beneficiary of relief formulated for MSME businesses** – Out of 135 tour operators, 74.81 per cent were registered under MSME and were entitled to benefit from the relief package, though most of them have not accessed it. It means that 25 per cent of operators may not benefit from the package that the government has announced for MSMEs. These may be the smaller ones who may not survive the crisis, unless the norms of the package are revisited.



- **Relief for MSME businesses through banks and NBFCs** – Out of 101 tour operators who are registered under MSME, 70.30 per cent have not received any relief through the INR 3 Lakh Crore additional collateral free automatic loans for MSME businesses through banks and NBFCs. This infusion of loans would work like oxygen to the sector.



- **Required Government initiatives to boost the sector** – Majority of the tour operators i.e., 73.33 per cent tour operators are waiting for the Government to declare training and onground implementation of SOPs for hotels, monuments and transporters. 65.19 per cent of the tour operators want the Government to provide regular and real time information update to the tourists about COVID free locations. 62.22 per cent of the tour operators mentioned that there should be a proper advisory and guidelines announced and strictly followed especially for religious tourism spots. Overall, the tour operators are waiting for an training and onground implementation of SOP which would enable them in smooth conduct of business and instil confidence in the tourist.



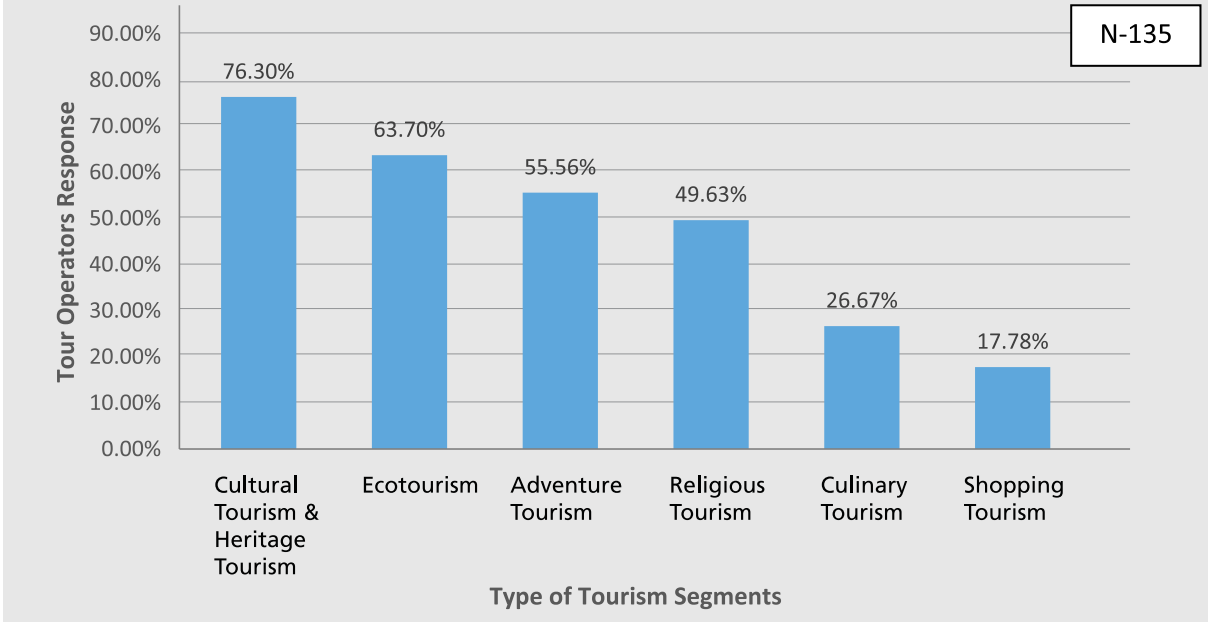
- **Segments and Types Tourism to promote in post pandemic times** – The Tour Operators interviewed, were more hopeful that domestic tourism promotion would bear quicker results in order to revive the prospects of the sector as a whole. About 89.63 per cent felt that this segment would be their focus in the post lockdown times. About 56.30 per cent felt that the key to revival was in the promotion of foreign inbound tourists. There were some who felt that equal stress should be given to both, since confidence building measures would be the same for both in terms of safety and ease of travel.

In the case of revival of the sector, the tour operators also felt that certain kind of tourismshould be given priorities and be promoted from the safety point of view of the tourists. About 76. 30 per cent felt that cultural and heritage tourism, along with 26.67 per cent believing that culinary tourism, should be promoted to kick start the sector. About 63.70 per cent felt that eco-tourism is best suited, while 55.56 per cent felt that adventure tourism should be promoted. As 49,63 per cent of operators felt that religious tourism

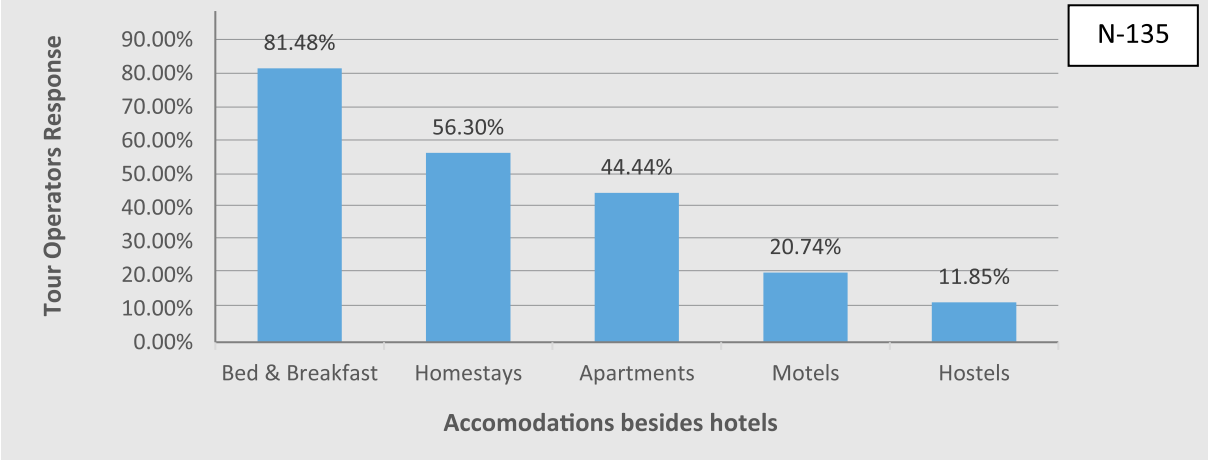
would start most quickly, they were also seeking for stricter guidelines for opening up this type of tourism.

When the operators were asked what alternative places for lodging other than hotels, an over whelming 81.48 per cent were in favour of promoting Bed and Breakfasts and 56. 30 per cent were in favour of Home Stays. About 44.44 per cent favoured Apartments and a meagre 11.85 per cent suggested hostels. This response is indicative of the possible decline of tourist confidence in safety measures and protocols being strictly adhered to by Hotels.

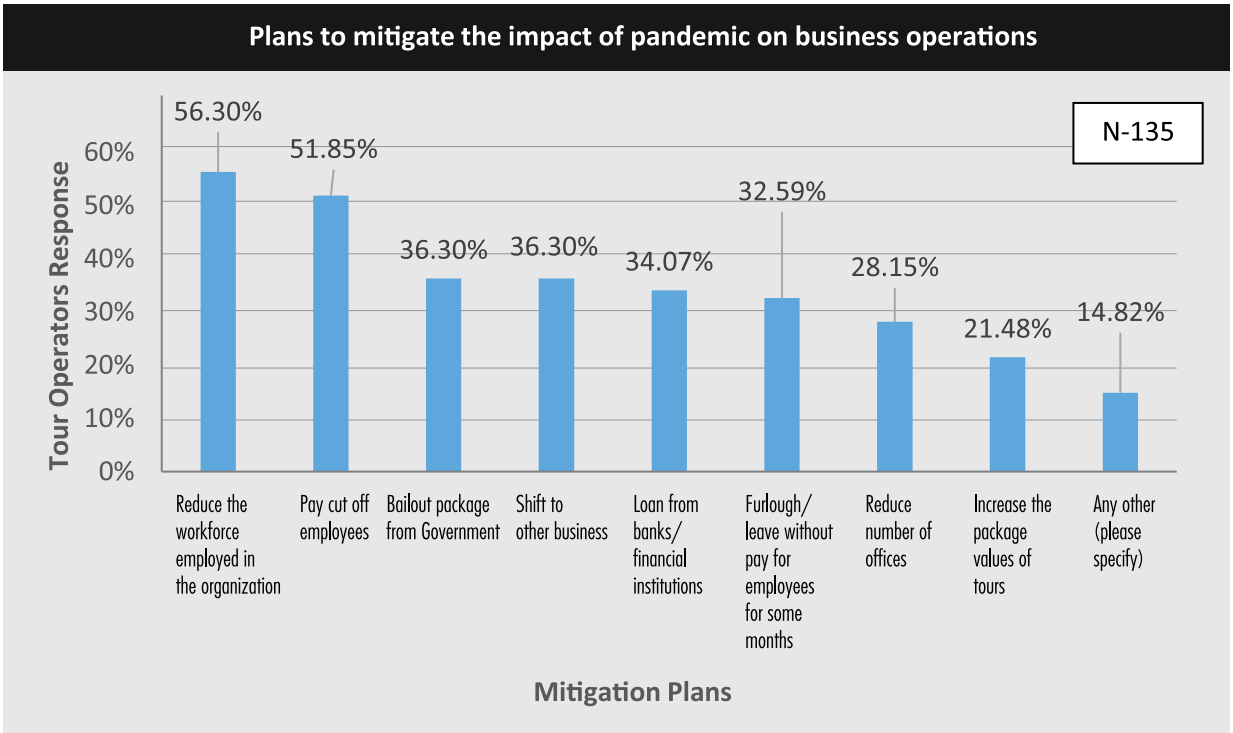
Types of tourism segments to promote post lockdown & pandemic



Promotion of an alternative accommodation besides hotels post lockdown & pandemic



- **Plans to mitigate impact of lockdown** – The tour operators clearly indicated that their business is cash strapped, hence about 70.37 per cent were looking for a government bail out package or easy credit access through banks and NBFCs. About 56.30 per cent were going to reduce the workforce and 51.85 per cent were ready to keep the staff with pay cuts, while 32.59 per cent were planning to let employees go on leave without pay till the business stabilises. This means reduction in branches and offices in various places, which was cited by 28.15 per cent operators. The disturbing part was that almost 36.30 per cent were planning to shift to other related businesses. These responses are prior to the unlock down 4.0 which is to be announced soon. There is great deal of expectation that the government would bring about some suitable measures to mitigate their woes.



Recommendations

The study provides us with a comprehensive idea about the current situation in the Travel and Tourism sector in India. In the light of the global experience it is worthwhile to note that there is a certain level of resilience in the sector. Given the facilities provided by major economies of Europe and North America and other major tourist destinations, the Indian Government has taken steps to ameliorate the needs of the sector. Yet much more is needed to revive the sector.

- The government has already in place schemes and funds to boost both foreign and domestic travel. Schemes like Swadesh Darshan Scheme, Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD), Meetings, Incentives, Conferences, and Exhibition (MICE) and Adopt a Heritage were well on their way till the Covid disrupted the pace. The main objective behind these schemes was to increase footfall, enhance tourist experience and employment opportunities in a sustainable way. The central government should now, consider revisiting norms under tourism infrastructure development schemes, so that, states may utilise funds under such schemes to develop health and safety infrastructure to ensure nil or minimum chances of transmission of communicable diseases in future. This will enhance confidence in tourists and the tourism sector.

- There is a need for continued government support for the sector in the form of removal of travel advisories and bans on non- essential international travel, which prevent insurance protection cover for travellers.

- Initially, all intra and inter state travel barriers should be done away with. This could be done by creating realistic containment zones and providing clear cut information about it. A coordinated approach across countries, and between public and private sectors in country should be developed, so that there is real time flow of information.

- Government should prioritise the industry and allow 100 per cent foreign direct investment in order to rejuvenate the industry. This can be done with a 15 years sunset clause, so that the industry is solely not dependent on foreign investment. Domestic investments, too should be encouraged, with possibly tax subsidies for a period of 5 years.

- The Centre must provide businesses with institutional access to working capital and enable liquidity through a deferment of loan repayments. The Centre may help small businesses to access working capital by underwriting a part of the loan amount.

- Like all MSMEs, those in the tourism sector require access to credit, of which, the most vulnerable are the own account enterprises (OAEs). In order to improve the flow of credit to this sector, tourism must be included under priority sector lending (PSL). Furthermore, under the category of MSME for PSL, a separate sublimit for OAEs must be created to ensure that credit flows to the smallest of small businesses. Any chance of recovery lies in the infusion of investment, moratorium on loans, deferment of dues, and measures like tax holidays.

- Adoption of global health and safety protocols during travel and boarding places must be strictly adhered to.

- There should be incentives for the travellers in form of tax rebates for tourism purposes, like travel, lodging and spending during holidays. The GST on certain travel related spending should be rationalised for a period of two years. The Government should provide tax rebate of upto rupees 1.5 lakhs for spending on Domestic holidays in the lines of the Leave Travel Allowance (LTA).

- There should be no quarantines. The whole idea is to instil confidence of the traveller against the undue spread of the virus.

- The Government should allow restructuring for companies that have defaulted for up to 60 days.

- At the end of the tenure of the restructuring, the interest which has accumulated should be converted into a Funded Interest Term Loan (FITL) and the payment schedule of the principal will continue as scheduled over the remaining period of the loan.

- In case of projects under implementation the sudden nation-wide lock-down and subsequent migration of labour etc. has seriously hindered on-going construction work of various projects. Therefore, considering for the locked-down period & the remobilization efforts, the Banks/FIs may be permitted to extend the DCCO by 1 year, without treating it as restructuring (in addition to the time period already allowed).

- Lending to MSMEs in the Hospitality sector may be treated as 'Priority Sector lending', which will enable increased access to bank finance. GOI may consider supporting borrowers in the hospitality sector with payment/reimbursement of Six Month's interest and providing 5% interest subventions for coming 2-3 years to ensure continuity in business operations/ survival of players in the Hospitality Sector.

- Electricity and water to tourism & hospitality units should be charged at a subsidized rate and on actual consumption against fixed load.

- There must be orientation in planning, policies and promotion for heritage, culinary, social, cultural, eco-tourism, rural, adventure, and textile tourism.

- The Service Exports from India Scheme (SEIS) scrips which is due to the tour operators for the financial year 2018-2019 must be paid at the earliest. This is only possible if the Government starts accepting the forms. This amount of SEIS will help all destination management companies in tiding over this crisis period with the much-needed working capital.

- Restoration of SEIS scrips for duty credit of 10% to Tourism, Travel & Hospitality Industry.

- Create a separate Tourism fund under the aegis of Ministry of Tourism to support the Hospitality and Travel Industry in this time of crisis. The fund should be accessible to the Industry as a collateral free 10 year loan. The first 2 years should be interest free and thereafter, a very minimum rate of interest should be applicable for the remaining 8 years. This will help businesses to stabilize till Tourism gets back on track.

- Grant infrastructure status to all hotels to allow them to avail electricity, water and land at industrial rates as well as 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). This has been a long standing request of the industry and in 2013, the Government granted infrastructure status only to new hotels with a project cost of more than Rs 200 crore each (excluding land costs). However, the status should be given across all hotels so that every hotel benefits from this status.

- All Hotels should open – hotels have hosted Doctors, passengers returning on Vande Bharat flights and have followed all required protocols. So, they would be in a position to host the public as well. Allied services of Hotels like Restaurants, Spas, Bars should also open. Hotels should be given permission to host all kinds of banquets and conference in the hotel, with a ceiling of 50% of venue capacity and maintaining social distancing norm to allow hotels to earn some revenue when other source of business has dried up._

- FICCI had also requested to create a separate Tourism fund under the aegis of Ministry of Tourism to help businesses to stabilize till Tourism gets back on track.

- Dekho Apna Desh is one great campaign that has captured and engaged with the audiences all across. A brand ambassador can be appointed to spread positive messages and overcome the safety concerns.

- India should enter into a travel arrangement with Russia i.e. a travel bubble specifically between Russia and Goa, wherein people can fly in on a charter, stay in Goa and then fly back. Going by the number of Russians that come to Goa (almost 1.3 lakh in 2019-2020 out of the 2.1 lakh foreign arrivals) it would be a win-win situation for all as Goa has the hotel inventory as well as the flight inventory to cater to these tourists. These tourists should be adequately incentivised.

About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

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