

A Study on Economic Impacts of COVID-19 on Tourism Industry in Kerala and Resilience of State Government

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ABSTRACT

Kerala is a prime high-end tourism destination in the Indian sub-continent. Over the past three decades, tourism, one of the largest and fastest growing sectors of the Kerala economy, has undergone continuous expansion and diversification. Tourism sector helps in the creation of jobs and enterprises, export revenues, and infrastructure development. As tourism alone contributes 10 per cent to the state's economy and employs 23.5 per cent of the total workforce. But the outbreak of the epidemic has seriously affected the economy of Kerala. As a result of this pandemic, Kerala has imposed many restrictions like quarantine, entry ban and other travel restrictions. These restrictions have adversely affected the tourism sector. According to the Kerala Tourism Department, the total tourist arrivals in the state slumped by 72.8% from 18.99 lakh in 2019 5.33 lakh in 2020. Consequently, the total earnings from tourism declined by 75%, the revenue generated from tourist footfall were 11,336 crore in 2020 as compared to Rupees 45,019 crore in 2019. In order to revive the tourism sector, the State Government has announced various schemes such as the Chief Minister's Tourism Loan Assistance Scheme (CMTLAS), Tourism Working Capital Support Scheme, Tourism Employment Support Scheme, Tourism Houseboat Support Scheme and Tourism Guide Support Scheme etc. In this context, this study analyzes the economic impact of the COVID-19 on the tourism sector in Kerala and also describes the important schemes taken by the state government to revive the tourism sector. This study is based on secondary data.

Keywords: COVID-19, Tourism, Tourism Houseboats Support Scheme, Tourism Working Capital Support Scheme, Tourism Employment Support Scheme, Bio bubble tourism

OBJECTIVES OF THE STUDY

Kerala is a prime high-end tourism destination in the Indian sub-continent with its moderate climate, rich art, colorful festivals, diverse natural and cultural attractions are causing tourism industry to flourish in Kerala. Kerala is named as one of the ten paradises of the world by the National Geographic Traveler Kerala is famous especially for its ecotourism initiatives. Its unique culture and tradition coupled with its varied demography, has made Kerala one of the most popular tourist destinations in the world. Several international agencies, from UNESCO to National Geographic, have recognized the tourism potential of the state. Kerala has been selected by TIME Magazine as one of the 50 Extraordinary Places to Explore in the list of World's Greatest Places in 2022. In 2023, Kerala was listed at number 13 on The New York Times' annual list of places to visit, and was the only tourist destination listed from India.

Kerala tourism has been a significant contributor to the economy of Kerala for decades, generating revenue of Rs 45,019 crore to the sector in 2019 and employing 1.5 million people (directly or indirectly). Kerala received over 1.19 million foreign tourists and over 18.4 million domestic tourists in 2019, an annual growth of 8.52% and 17.81% respectively. However, the COVID-19 pandemic has brought the entire tourism industry to a standstill. The ban on all domestic and international flights, cancellation of trains and all local transport has reduced the tourism industry to almost zero. All stakeholders such as tour operators, hotels/resorts/ restaurants, Ayurvedic centres, homestays, houseboats, tourist guides and transport providers had lost their daily bread due to this pandemic. Many of the employees of the tourism establishments faced layoffs/unpaid leave/reduction of wages due to lack of work and they faced a lot of hardships. Tourism stakeholders, who had no income for several months, found it difficult to operate without working capital support. There was a great need for the state government to come up with various schemes to help Kerala's tourism industry. Department of Tourism, Government of Kerala in collaboration with SLBC Kerala has envisaged various loan schemes to support the tourism industry in Kerala to mobilize working capital to propel the industry in the face of severe losses caused by the COVID-19 global pandemic.

OBJECTIVES OF THE STUDY

1. To analyze the impact of the COVID-19 pandemic on the Kerala tourism sector.
2. To review state government intervention in tourism sector against Covid-19

METHODOLOGY

The present paper is based on secondary data obtained from various literary sources, including various research papers, news articles, websites and Department of Tourism Kerala.

IMPACT OF COVID-19 ON KERALA TOURISM

As tourism alone contributes 10 per cent to the state's economy and employs 23.5 per cent of the total workforce. The outbreak of the epidemic has seriously affected the economy of Kerala. According to the Kerala Tourism Department, the total tourist arrivals in the state slumped by 72.8% from 18.99 lakh in 2019 to 5.33 lakh in 2020. Here the foreign tourist arrivals in the state slumped by 72% from 11.89 lakh in 2019 to 3.40 lakh in 2020. Similarly, the domestic tourist arrivals declined by 71% from 1.83 crore in 2019 to 49.88 lakh in 2020. Consequently, the total earnings from tourism declined by 75%, the revenue generated from tourist footfall were 11,336 crore in 2020 as compared to Rupees 45,019 crore in 2019 (12 percent of GDP). Tourism generated foreign exchange revenues was 10,271.06 crore in 2019 and domestic tourist revenues was 24,785.62 crore. But it declined to 24785.62 crore and 6,025.68 crore respectively in the subsequent year. All these shown in the Table 1.1

Table 1.1 Kerala Tourism at a glance 2019 and 2020 year - a comparison

1	Total tourist arrivals to Kerala in 2019	189,84,233 (Nos)
	Total tourist arrivals to Kerala in 2020	53,29,727 (Nos)
	% Variation	72.80%
2	Foreign tourist arrivals to Kerala in 2019	11,89,233 (Nos)

	Foreign tourist arrivals to Kerala in 2020	3,40,755 (Nos)
	% Variation	72%
3	Domestic tourist arrivals to Kerala in 2019	18384233 (Nos)
	Domestic tourist arrivals to Kerala in 2020	4988972 (Nos)
	% Variation	71%
4	Total Earnings from tourist arrivals (Direct & Indirect) in 2019	Rs. 45,010 crore
	Total Earnings from tourist arrivals (Direct & Indirect) in 2020	Rs. 11336 crore
	% Variation	75%
5	Earnings from Foreign Tourism in 2019	10271.06 crore
	Earnings from Foreign Tourism in 2020	2799.85 crore
	% Variation	72.74%
6	Earnings from Domestic Tourism in 2019	24785.62 crore
	Earnings from Domestic Tourism in 2020	6,025.68 crore
	% Variation	-75.69%

Source: KERALA TOURISM STATISTICS – 2020 – HIGHLIGHTS, Department of tourism, Government of Kerala.

The shocking collapse of the tourism industry in Kerala is reflected in the livelihoods of the people. According to figures released by the Travel Agents Federation of India (TAFI) Kerala, over one lakh people have lost their jobs in 2020-21 and more than 20,000 shareholders have terminated their ventures. More over the state's tourism industry is estimated to have incurred a loss of Rs 20,000 crore in 2020-21. (Source: Directorate of Tourism). The following figures show the total tourist arrivals in Kerala during 2019, 2020 (Figure No.1) and Total earnings from tourism during 2019, 2020 (Figure No.2)

Figure No.1

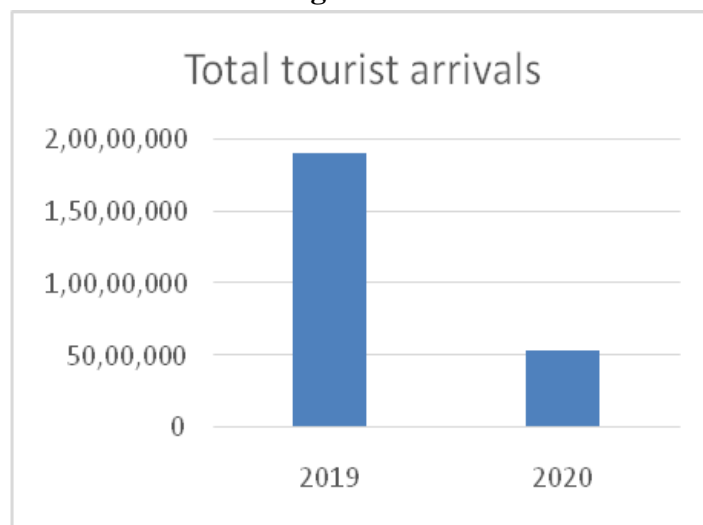
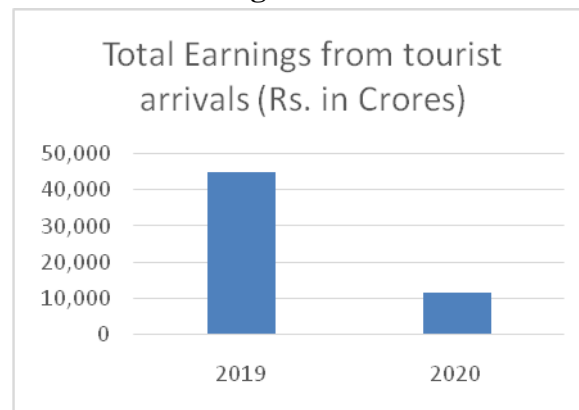


Figure No.2

STATE INTERVENTION ON TOURISM SECTOR AGAINST COVID-19

The tourism sector has been hit hard by the Covid-19, since it has direct effect on employment and livelihood of rural people involved in the sector directly and indirectly. In a bid to revive the State's travel and tourism sector, the State Government has announced the Chief Minister's Tourism Loan Assistance Scheme (CMTLAS), Tourism Working Capital Support Scheme, Tourism Employment Support Scheme, Tourism Houseboat Support Scheme and Tourism Guide Support Scheme. Few of them are discussed below-

1. Tourism Houseboats Support Scheme (THSS):

Houseboats are one of the favorite products of Kerala Tourism. Houseboats provide employment to a large number of people, thereby providing a livelihood for their families. Like all other segments of the tourism industry, houseboats suffered severe setbacks as a result of the COVID-19 pandemic. Although there are over a thousand houseboats plying in various backwaters in Kerala, the COVID-19 pandemic has been docked or inoperative for several months. These vessels are already exposed to severe damages. This will require additional investment to repair the damage caused to the houseboat entrepreneurs and to bring the houseboats back. So the government has implemented a financial assistance scheme (Tourism Houseboats Support Scheme) to help the houseboat sector. Houseboat owners can avail this Scheme (THSS) to obtain one-time financial assistance for emergency repairs and maintenance of house boats. Financial assistance for repair and maintenance of the houseboats were provided in three categories up to a maximum of Rs80000, Rs100000 and Rs120000 respectively.

As per this scheme, Financial Assistance for repair and maintenance of the house boats were provided as follows.

For houseboats with 01-02 bedrooms up to a maximum of Rs. 80,000 / -

For houseboats with 03-04 bedrooms up to a maximum of Rs. 1,00,000 / -

For houseboats with 05 bedrooms and above up to a maximum of Rs. 1,20,000 /-)

The validity period for applying for financial assistance was till 30.11.2020. As a result, the additional financial commitment of the Government is `9.90 crore.

2. Tourism Working Capital Support Scheme (TWCSS):

The government has approved the Tourism Working Capital Support Scheme to help entrepreneurs in the tourism industry overcome the crisis following the outbreak of Covid-19. As per this, tourism entrepreneurs got a loan of `25 lakh as per the approved policy of the concerned banks. Department of Tourism absorbed 50 per cent of the interest, subject to a maximum of 4.5 per cent for the first 12 months.

The remaining 50 per cent will have to be borne by the borrower concerned. Repayment duration is 42 months, including six months repayment holiday. The total loan amount under this scheme is limited to Rs. 355 Crore. Resorts and hotels, Ayurveda centres, Tour operators/travel agents, Transport operators, Houseboats, Restaurants, Serviced Villas, Grihasthali Units, Homestays and Tourist motor boat operators that are Licensed/Classified/Approved/Accredited by State/Union Governments are eligible to apply.

3. Tourism Employment Support Scheme (TESS):

Many employees working in various tourism establishments have been made unpaid or underpaid, causing them severe hardship. Therefore, to protect and support the interests of the employees, the government has proposed Tourism Employment Support Scheme (TESS) for employees to the State Co-operative Bank of Kerala. Under this scheme, Kerala Bank will provide short-term loans (up to 18 months) at an interest rate of 9% up to Rs. 30,000 / - per annum to tourism employees. The Department of Tourism was bear 6% of the interest and the remaining 3% was be borne by the total and the remaining 3% was borne by the concerned borrower. For this the employer has to submit a list of permanent or daily wages working in their establishments.

4. Tourism Guides Support Scheme (TGSS):

Tourist guides are an essential part of the tourist industry and act as a bridge between the destination and the visiting tourists. It is through them that tourists learn about destinations, and like many other partners, they have been instrumental in making 'Destination Kerala' a popular tourism brand. Like all other segments of the tourism industry, tourist guides suffered severe setbacks as a result of the COVID-19 pandemic. Since the entire tourist center remains dormant for about fifteen months, it is very difficult for the tourist guides to make their living. In this context, the Government of Kerala has decided to provide financial assistance to tourist guides working in Kerala. The scheme aimed to provide financial assistance to tourist guides until the - tourism field returns to normal. National Level Tourist Guides approved by the Ministry of Tourism of India, State Level Tourist Guides approved by the Department of Tourism, Government of Kerala and Local Level Tourist Guides approved by the Government of Kerala are eligible for financial assistance under this scheme. The Department of Tourism has decided to provide a one-time non-refundable financial assistance of Rs. 10,000 each to the guides in the above categories.

5. Bio bubble tourism:

Bio bubble tourism is a positive response of Kerala tourism in the COVID-19 era. The Bio Bubble is a sanitized, safe and secure environment that provides immunizations to people who are likely to come in contact with tourists. Tourists landing at any airport in Kerala can only see the vaccinated ground staff. From the airport, they can drive to their chosen destination in cabs provided by authorized tour operators, and their drivers are vaccinated. This applies to the hotels, resorts and homestays where they stay during the holidays.

Through these relief measures, the Government of Kerala extended help to all the stakeholders of the industry to tide over the current crisis and start functioning as soon as the pandemic gets controlled. The State Government has always been actively supporting tourism sector.

CONCLUSION

Kerala is one of the most popular tourist destinations in the world. The COVID-19 pandemic has directly and indirectly affected all industries, including the tourism sector. According to the State Planning Board, the state's tourism industry had suffered unprecedented losses due to the shutdown situation after Covid-19. The tourism sector has been hit the hardest and the country's government has announced

various packages to revive the industry. In order to survive in the short term, the availability of funds for this sector had been very helpful. With that, the situation of tourism and related businesses improved and life returned to normal.

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