

## **A STUDY OF GOVERNMENT INGENUITIES: A CASE STUDY OF TOURISM AND HOSPITALITY INDUSTRY IN MAHARASHTRA POST COVID-19**

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### **ABSTRACT**

India is a developing country which has a rich heritage of tourism enabled resources that can lead it to be the best tourism destination worldwide. Tourism has always been one of the prime contributors to the nation's GDP, employment generator, reason for infrastructure development and a mode of international integrity. Tourism can be a reliable source of sustainable development of a country. The role of the government of any country is very important to have a positive and sustainable growth of any sector. The government support in terms of policies, schemes, financial assistance, and expertise play a crucial part in the delivery of products and services to the consumers. The Government of India and State Government of Maharashtra have understood the importance of tourism and are striving to support, promote and motivate the industry. It has also recognized new avenues of tourism format that will lure the tourist and attract them. The researcher intends to highlight the various schemes and marketing efforts undertaken or launched by the government for the betterment of tourism in our country.

**Keywords:** Government Initiatives, Tourism and hospitality industry, Maharashtra, post COVID19.

### **Introduction**

An epidemic was first identified in China in Wuhan province in late 2019. It was recognised as a virus named SARS-CoV-2 which caused a severe respiratory ailment. Further it was professed to a Public Health Crisis of Global concern on 30<sup>th</sup> Jan. 2020. It went to become more and more severe resulting in a status pandemic by the World Health Organization on 11<sup>th</sup> March 2020. India registered its first case of COVID-19 in the month of January in Kerala of a person who had an international travel history to a country which was already infected with COVID-19. The number of cases of COVID-19 started increasing with a pace of nuclear reaction which compelled the Government of India to declare a nationwide emergency lockdown. Except vital services like hospitals, pharmaceuticals, police etc. all the industries were brought to a standstill. The citizens were forced to remain in their house and were discouraged to step out without very important reasons. The borders of the districts, states and the countries were sealed. International flights were suspended. Tourism and Hospitality industry was not an excuse. The hotels were asked to close totally. The tourist inflow was stopped totally at the tourist destinations. As far as possible all the industries were mandated to start with "work from home" mode. Eventually the restaurants were allowed to start with take-away as an emergency necessity service for survival of fellow citizens. The whole world was in a terrible sense of powerlessness due to the unseen and unknown enemy spasm. Gradually the Hotels were urged to perform as quarantine centres for the travellers as a precautionary measure.

The crucial component of socializing and travel was mandatorily constrained, this acted as a major impasse to the manoeuvres and up growth of the tourism, hospitality industry, travel industry and travel agencies.

The COVID-19 crisis was applicable worldwide; it economically spilled over almost all the sectors like automobile, construction, manufacturing, trade and commerce, capital market etc. The most adversely affected was the service industry like tourism, hospitality, and travels. They were at the threat of sustainability; their performance was at rock bottom with the burden of overhead expenses and liabilities (Bhat, 2020). The daily wages of workers and the local community who were dependent on the above industries were at jeopardy. They were totally panicked and frustrated (Gautam, 2021).

Tourism and the hospitality industry is a service oriented powerful vehicle that plays a pivotal role in the economic growth and creation of jobs for the nation. It directly or indirectly creates regional and infrastructural development, supporting numerous sub-industries. It influences refurbishment of local art and culture. It is the brand ambassador of Global integrity. India has a great geographical diversity to offer along with historical forts, monuments and palaces, attractive beaches, hill stations, 37 UNESCO World Heritage sites, 80 national parks, 441 sanctuaries and 10 bio geographical zones.

The earnings of India's Tourism and hospitality industry are forecasted to reach 50.9 billion USD by 2028 in comparison to 28.9 billion USD in 2018. The travel industry in India is estimated to reach 125 billion USD by 2027 from 75 billion USD in 2020. India's hotel industry in various formats viz. domestic, outbound, and inbound made an approximate 32 billion USD, which is expected to grow to 52 billion USD. The International tourist arrival is estimated to go up to 30.5 million in 2028. This all is driven through surging demand for India tourism, digital infrastructure in tourism and sustained efforts of all the stakeholders.

COVID-19 was an unprecedented and unpredicted event for the policy makers and the government authorities. The whole mankind was in a panic mode with no proven treatment, medications, or vaccination. The rapid increase in the number of cases and shortage in medical infrastructure to treat them with an increase in death cases strict lockdown seemed to be the only way to control the situation (Vijay 2021). The tourism and hospitality industry were very bad. Its contribution to the Global GDP dropped sharply from 10.4% in the year 2019 to 5.5% in the year 2020. The Travel and Tourism GDP contribution of India dropped down by 36.33%. Domestic tourist spending was reduced by 30.71% while the Foreign Tourists Spending was dropped by 61.03%. The tourism revenue of the nation fell from 2833 million USD in the month of Jan 2020 to 9 million USD in the month of April 2020. The Foreign Exchange Earning experienced a deficit by 76.8%. The revenue per available room of the hospitality industry showed a shortfall with 76% in economy hotels, 66% in mid-scale hotels, 63% in upscale hotels and 67% in luxury hotels. The food industry in India registered a substantial drop in estimated revenue by 40% that is just 2 lacs crores instead of 4.96 lacs crores.

Chaturvedi (2022) in the article in Economic times mentioned that Shri G Kishan Reddy acknowledged that there was a loss of 14.5 million jobs in the hospitality and tourism industry during the first wave. Furthermore, 5.2 million lost their jobs during the second wave and 5.2 million in the third wave.

The situation started improving with the drop in daily positive cases of COVID-19; citizens were educated about the precautions to be followed to prevent the spread of the pandemic. The defensive vaccination was developed and the Government successfully started vaccinating the people around the country. But the destruction which was caused by the first and second waves to the tourism and hospitality industry was so massive that the recovery seemed to be out of reach or very difficult and slow. It was only the government intervention and support that would serve as a salvation to the industry.

### Review of Literature

Senthilkumaran (June 2021) stated that the government of any country through its policies, persistent efforts and supportive initiatives can build a great flourishing ecosystem for the tourism and hospitality industry. It should understand and act on its role as a mentor, promoter, expeditor, instructor and financial consultancy (Qin 2011). The government assists the planners of tourism, that is, tour operators and operators of tourism like travel agents, OTA etc. to develop a country as a Brand. The government plays a vital role in developing tourism infrastructure, advertising the destinations, skill in human resource development and research work. The government influences the growth rate of the tourism and hospitality industry in a substantial way. They are responsible in creating an environment favourable for investment by domestic or foreign investors for hotels and restaurants by luring them with incentives and tax benefits. The government also provides accessibility through various modes like roadways, railways, airlines, water transport etc. It also provides telecommunication and digital infrastructure for the hospitality industry and the tourists (Uysal & Crompton, 1984).

Azizbek (2021) mentioned that the Tourism and hospitality sector is highly sensitive and is extremely vulnerable to external factors like natural disasters, political instability, social and economic crisis, terrorism, pandemics or epidemic etc. It is a worst hit to the countries that are totally dependent on tourism. Government support especially during the crisis like Covid-19 pandemic becomes more crucial and essential. It's efforts to retard the spread of the contagion like awareness and encouragement for maintaining safe distance, hand washing and wearing a mask was incredible (Justin, 2020). The government needs to be in communication with the tourism and hospitality industry, provide subsidies, reduction of taxes, incentives that will help the industry to revive. They also need to focus on the efficient healthcare facilities, strict inspection, and vigilance. The protection and trust of the tourist should be of paramount importance.

The government incentive packages, and interference will act impressively for the reviving productivity of the industry. The government can also consider a public-private collaborative approach towards boosting the tourism and hospitality industry. The government measures have a significant contribution towards the tourism and hospitality industry's pursuit for the suppleness towards revival from the trauma of the Covid-19 pandemic (Sharma 2021)

### **Expectations of the hospitality industry from the Government:**

Hoteliers India Magazine in its article that represents the views of expectation of the hoteliers to the government. The Hoteliers Association of India put forth some rational relief support measures that will benefit the hospitality industry to endure and resuscitate.

1. Postponement of all statutory accountabilities including EMI for at least a year at central, state and local government level.
2. Government should provide a subsidy contribution of half the salaries of the employees for a quarter year.
3. Government should suspend property taxes, excise fees, rentals, lease, and license for the period right from declaration of lockdown till the end of Covid-19.
4. Permit the hospitality industry to use the GST collection as working capital for half a year.
5. Utility costs like electricity, water bills etc. should be charged on the basis of actual usage rather than the load.

The FAITH (Federation of Associations in India Tourism & Hospitality Industry) requested the Government of India with following measures to boost tourism:

1. A yearly moratorium on the EMIs on the loans and working capital from banking and non-banking financial institutions.
2. Working capital limit should be raised to double and on non-collateral terms and interest free.
3. As a precaution to avoid bankruptcy, the Government should permit a year of postponement on Advance Tax, Employees Provident funds, GST, custom duty, excise fees, security deposits, water and power bills and license renewal.
4. Postponement in increase of premium for various types of insurance like standard fire or special perils for loss, etc.
5. Deferment of policy approved in Finance Bill 2020 about collection of taxes at the source on travelling, to be levied from 1<sup>st</sup> of April, 2020.
6. Exemption up to 200% on the expenditure to national corporations while hosting exhibitions, inducement trips and conferences.

Other reputed hoteliers expected that the Government should invest in infrastructure to increase smooth connectivity till the last mile. They should not only link with popular destinations but also new unexplored destinations also. This will definitely boost domestic tourism and kick start the tourism economy. The GST rates to the hospitality industry should be reduced for a couple of years. The GST applied to large hotels should be reduced to 5% to 6% from 12% to 18%. Only the taxes should be levied on sale or purchase of the liquor while the fees levied should be completely waived off. The government should consider the implementation of the Troubled Assets Relief Program.

### **Efforts of the Central Government to boost tourism post Covid-19:**

The Minister of Tourism, Reddy G. K. in his answer to a question in Rajya Sabha on 16<sup>th</sup> December, 2021, briefly explained about the efforts of the Government to promote tourism during the post COVID-19 era. He mentioned that the Government understands its responsibility towards this most rewarding service sector and accordingly has introduced various economic stimuli to support the sector.

The Government has launched “DekhoApnaDesh” and promoted it through social media and tourism ministry websites. It has also conducted various promotional activities like online quizzes and webinars to create awareness amongst the citizens about different destinations across the nation, especially the unknown or less popular destinations. This intentionally focused on encouraging domestic tourism in the country.

Industry	Number of Guarantees issued	Amount of Guarantees issued (Crores)
Travel & Tourism	2372	1371.62
Hospitality Industry	3160	5430.96
Hotel, Restaurants and Tourism	218	3403.90
Tourism, Hotels and Restaurant	96219	3559.43
Total	102329	13765.92

Table 1: ECLGS support under 3.0, 2.0 and 1.0 schemes wise data as on 30.09.2021.

The Government has also declared several economic measures and relief measures to support the tourism and hospitality industry to revive from the impact of pandemic which are as follows:

- Under Atmanirbhar Bharat Scheme the government has initiated a provision for Rs.
- 3, 00,000crore to provide loans to MSMEs which will be collateral free and automatic.
- Government eased the organisations having lesser than 100 employees and 90% of their employees drawing less than Rs.15000 by waiving out Employees Provident Fund contribution for three months.
- It also reduced the EPF contribution of employee and employer by 2% for three months.
- Postponement in Tax Deduction at Source was done till October 2020
- The filing of returns was postponed for 3 months with our penalty of interest for organisations up to Rs. 5 crores while the rest were levied with reduced penal interest of 9% only.
- With an intention of business revival and sustainability the government gave relief from regulatory compliances for income tax, GST and Company Act 2013 for a variable period.
- The suspension on term loan was extended till 31<sup>st</sup> of December 2020 by the Reserve Bank of India.
- An Emergency Credit Line Guarantee Scheme was launched which covered hospitality enterprises, sports, travel and tourism. It helped them to meet with their operational liabilities and to restart their business.
- Financial support in terms of loans was extended to recognised Tourist Guides (up to 1 lacs) and recognised Travel & Tourism Stakeholder (up to 10 lacs) under Loan Guarantee Scheme for Covid affected Tourism Service Sector. This was provided with no processing fees, pre-closure/pre-payment charges and no –collateral.
- Issuance of 5 Lacs Tourist Visa free of charge after the opening of Visa issuance till 31<sup>st</sup> March 2022.
- On 26<sup>th</sup> April 2021, the Harmonized Master list for Infrastructure was made with the addition of Exhibition cum Convention Centre so that Tourism and Hospitality industry will be benefitted.
- On 28<sup>th</sup> June 2021, the Government with an intention to boost varied sectors of the economy declared an incentive package with 17 measures focusing on economical relief from the COVID-19 pandemic to revive travel and tourism industry.
- Government also initiated the Atmanirbhar Bharat Rozgar Yojana on 12<sup>th</sup> Nov 2021 to promote job creation during the post pandemic recovery period.
- Operational guidelines were formulated for safe resuming of travel and hospitality business and circulated amongst the sectors. It included COVID-19 hygiene and safety protocols.
- Furthermore, the Government also started SAATHI for creating awareness, training and assessing the hospitality industry workforce for effective application of the COVID-19 hygiene and safety guidelines in hotels, restaurants and various types of accommodations.
- Market Development Assistance scheme was initiated to financially support the hospitality service sector for promoting domestic tourism. It also included promotional activities like online marketing.
- The Ministry also channelized a series of webinars DEKHO APNA DESH to create awareness and motivate them for domestic tourism.
- The approvals or certification of hotels and other types of accommodation which were on the verge of expiry or expired were extended till 31<sup>st</sup> March 2022 by default. Similarly, the recognition of Tourist Transport Operators, Tour Operators and Travel Agents was extended by six months automatically.

- The new modified guidelines were given for the marketing to the Overseas Promotion & Publicity for the betterment of scope and reaching to the tourists worldwide.

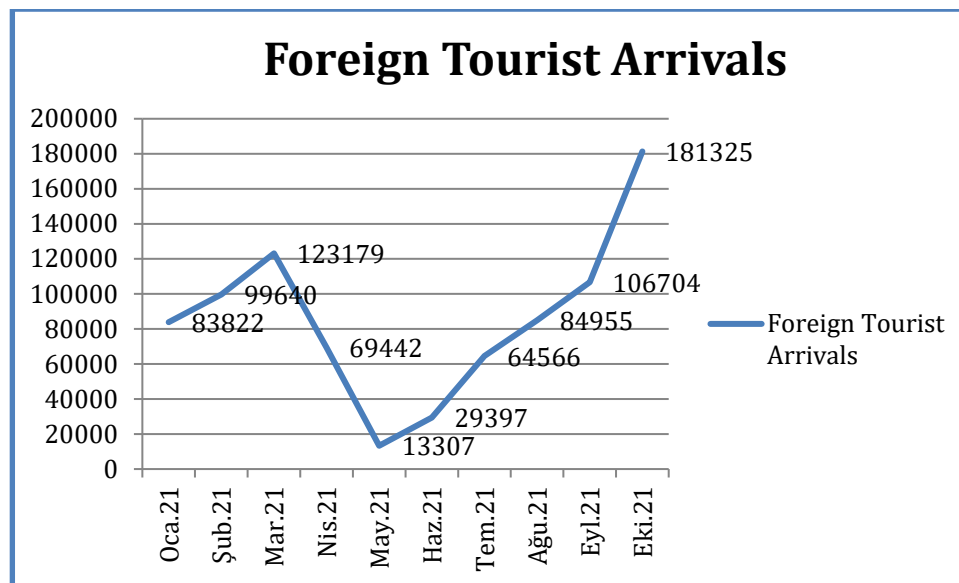


Figure 1: Impact of the supportive measures for Overseas Promotion & Publicity

The Ministry of Tourism with its intention to boost nouvelle type of tourism products has initiated the concept of caravans and accordingly are proposing and promoting Caravans and Caravan Parking parks. They have declared the plans of developing a world-class infrastructure in Kargil to develop it as an adventure and winter sport destination. Furthermore, the Road Transport and Highways Ministry has announced the scheme through which the tourist vehicle will receive an online All India Tourist permit within 30 days after submitting the application.

#### Efforts of State Government to boost tourism and hospitality industry post Covid-19:

The Maharashtra Government with an intention to promote “ease in doing business” approved new policies and became less stringent. This was basically towards recovering from the loss caused due to Covid-19 pandemic and uplifting the industry towards its dominance again.

The State Government reduced the number of licences required for the hospitality industry from 70 to 10. Initially, 15 NOCs were required from seven departments; this was changed to 9 self-certifications. The licence validity has been made for 5 years from the date of issue. These licences will be issued from a single window of the tourism department.

The state government also permitted 100% Foreign Direct Investment in Hotels via automatic route. Without any pre regulatory approval 100% FDI investment will be allowed in the hotel industry. 50% of the average foreign exchange earning value will be permitted on the duty of importing furniture and vehicles solely used for hotel, travel and tourism purposes. Hotels, tour operators and travel agents were provided a status of export house or trading house. Hotels ranging from one star and above categories were allowed for 5% duty credit equal to their foreign exchange earnings last year. Similarly, 20% of duty credit will be given to restaurants equal to the foreign exchange earned in last year. The hospitality industry and tourism sector was involved under the “Serve from India Scheme” under which they were allowed with Duty Credit Scrip. This credit can be utilized for importing capital goods like food items and alcoholic beverages from abroad.

Business Traveller (Aug 2021) in its article put forth the news of an announcement done by the Government of Maharashtra. It mentioned that the MTDC has upgraded its website and made it user friendly, it has also collaborated with online travel enterprises. State government has opened a boat club and shacks in Konkan introducing water sports. They have also signed anMoU with Make-my-Trip, Goibibo and Sky-high India to encourage adventure tourism. Government in collaboration with MSIHMCT, Pune is commencing with short term training programs for skills development of the workforce engaged in the hospitality sector.



### Research Methodology:

**Primary Data:** The researcher has adapted a convenience sampling technique and interviewed 82 hoteliers based on a structured close-ended questionnaire. Their responses have been measured through a five-point Likert scale). The scope of the study was focused on the standard hotels and resorts in Raigad district which included Karjat, Matheran and Khalapur.

The data collected by the researcher is tested with the Chi-Square test.

**Secondary Data:** The researcher has collected the information from state government and central government websites, annual reports and internet websites.

### Objectives of Study

1. To know the hospitality industry's expectations from the government to revive from the impact of Covid-19 pandemic.
2. To understand the efforts of the Central Government of India and State Government Maharashtra to boost tourism post Covid-19.
3. To analyse the significance of government support for the revival of hospitality industries from the impact of Covid-19 pandemic.

### Hypothesis of the Study

**H<sub>0</sub>:** Central Govt. of India /State Government of Maharashtra efforts in post pandemic era of Covid-19 has no significant relationship with the sustainability of the Hospitality industry in Maharashtra

**Against,**

**H<sub>1</sub>:** Central Govt. of India /State Government of Maharashtra efforts in post pandemic of Covid-19 have significant relationship on sustainability of the Hospitality industry in Maharashtra

### Data Analysis and Interpretation:

#### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
MC * BS	82	100.0%	0	0.0%	82	100.0%

Table 2: Case processing summary of chi square test

#### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	21.543 <sup>a</sup>	1	.000		
Continuity Correction <sup>b</sup>	18.895	1	.000		
Likelihood Ratio	19.724	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	21.280	1	.000		
N of Valid Cases	82				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.12.

b. Computed only for a 2x2 table

Table 3: chi-Square tests

The above statistical table indicating the value column of the chi square tests table against the Pearson Chi-square static value is 21.543. The **p-value** is in the same row in the Asymptotic significance (two sided) is .000. The result is significant if the **p-value** is equal to or less than the designed alpha level (normally .05).

In the above case, the p- Value is less than 0.05. This indicates rejection of null hypothesis and acceptance of the alternative hypothesis that is "Central Government of India/ State Government of Maharashtra efforts in post pandemic of Covid-19 has significant relationship on sustainability of the Hospitality industry in Maharashtra.

The government confronted challenges to curb the losses of hospitality which was unbearable by the industry investors. The macro level efforts of the government had great positive impact on the sustainability of the hospitality industry.

### Conclusion

Tourism is a global industry which involves millions of people travelling either domestically or at an international level. It acts as a significant contributor to the employment generation, foreign exchange, and global integrity (Mason 2003) The Tourism and hospitality industry has undergone a great setback due to the standstill because of lockdown when the Covid-19 attacked mankind. The pandemic in true sense was disruptive across the tourism and hospitality sector. Furthermore, numerous restrictions were laid down by the government on the hospitality industry for operating when Covid-19 mellowed down. This resulted in enormous difficulties for the industry while resuming the situation started becoming so worse in terms of financial liabilities, they felt shutting down the business was more beneficial rather than running it. The Central/ State Government has a very significant role to support the hospitality industry so as to revive and sustain. With lots of expectations the hospitality industry urged the government to consolidate. The hospitality and tourism industry wished to get support and help on the ground level so they can rise up and revive. The micro things like utility bills as per usage, moratorium in EMIs, statutory taxes, licences, fees etc. They wanted initial working capital funds so they can smoothly come back to the operations in normal mode. If this support is not timely provided to the industry it will go through a lot of hindrances. The chain or group of hotels will somehow survive and revive. But standalone and independent hotels will have to face total closure if they are not able to sustain.

The Government did a great job in managing all the challenges and problems, even though Covid-19 crisis was very new for them too. They took commendable efforts at macro level in creating a very positive atmosphere for the revival of the tourism and hospitality industry. Various schemes and policy modifications were done to support the reviving tourism and hospitality industry. The impact of these efforts will take at least one or two years to be seen. It focuses on increasing the domestic as well as international tourist turnover in the state and the country. This will further get a good business to the tourism and hospitality industry.

The hospitality industry seems to be more grieved with the approach of the government towards them in comparison with the other sectors of the economy. They feel to be under supported and undermined by the government even though they have been significant contributors to the GDP, Foreign Exchange Earnings and employment generation in the country. Their basic demands were not fulfilled about the utility bills which created a heavy burden of financial debt on them. As per the credit rating agency ICRA, the industry will take at least 2-3 years to recover and get back to normalcy.

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