

Covid-19 And Its Impact On the Hospitality Sector in India

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ABSTRACT

The global economy is expected to shrink by over 3% in 2020 – the steepest slowdown since the Great Depression of the 1930s. -----IMF Report

Overnight, millions of people all over the world have had their lives altered by the COVID-19. Businesses globally have felt the effects of this. Corporations, and the hotel industry in particular, have felt the effects of the COVID-19 shock. Countless establishments—from hotels and motels to resorts and restaurants—as well as amusement parks and other similar structures are all part of the hospitality industry. Everything was shut down during the COVID-19 pandemic, but this industry took the most hit. Many nations and regions have tightened their policies regarding residents and visitors from the worst hit regions due to the pandemic. These measures include quarantines, admission bans, and other limitations. Some parts of the world have banned travel to all countries or territories, while others have applied universal travel restrictions that affect all countries and territories. There has been a detrimental economic effect on the hospitality industry in those areas as a result of the limitations and a general decline in travel. People stayed home and prepared their own meals when the COVID-19 pandemic hit, rather than eating out. There had a significant impact on the hotel sector.

Keywords: COVID-19; hospitality; pandemic; travel; restrictions

1. INTRODUCTION

As the COVID-19 pandemic spreads, governments and corporations worldwide prioritize public safety. Despite this, concerns about the impact on corporate profitability and economic growth have prompted stock markets around the world to collapse. The additional challenges caused by the epidemic have had a significant impact on both the supply and demand sides of the Indian economy.

The tourism, hotel, and aviation sectors have been particularly hard hit by the current pandemic. Due to the lockdown effect and the consequent shutdown of shopping malls and movie theaters, retail sales of amusement and needs have plummeted. Slow economic activity in a number of sectors, such as building, retail, transportation, entertainment, etc., lowers income levels, which in turn lowers consumption. For those who earn a daily pay, this is particularly true. Because all private businesses, educational institutions, and universities have opted to function from home, the lockdown effect has a substantial

impact on the transportation industry by limiting travel. The hospitality sector suffers when conferences, seminars, workshops, internships, business trips, vacations, and other events are cancelled.

One of a business's most valuable assets is its workforce. This is regrettable because it is one of the areas where the coronavirus has been most devastating. The blog article "Managing People during COVID-19" outlined a number of plans for dealing with this asset and coordinating Combating the global pandemic was also on the table. Important topics covered included whether the reporting is happening in real time or online and the nature of the communication. Staying in touch with employees and taking the initiative to thank their efforts is crucial in these challenging times.

Impact of COVID-19 on hospitality workers

Those in the service sector have felt the effects of the COVID-19 pandemic the most. Not only have many employees in the field lost their jobs, but the ideal path to promotion has also changed significantly. The essay explores the different methods in which COVID-19 can be transmitted to those working in the hospitality sector, both during and after the outbreak. From the very beginning, we find out that the hotel business has been hit particularly hard by several countries, such as Europe, India, and China. Similarly, the United States has witnessed an unprecedented amount of cancellations and a precipitous drop in revenue in the past six months.

In some way, the worldwide pandemic has affected every hotelier. The global impact of the coronavirus on hotels and their employees is seen in the sector's reaction. Many hotels throughout the world were forced to close their doors for good as a result of this unprecedented power outage, which was the first of its kind. A brief lull in activity can have a catastrophic impact on companies with extremely thin profit margins.

We are relieved to see that our leisure and hospitality clients, who are among the first to experience the harsh weather, are moving quickly and remaining focused on what matters most: assessing the complete scope of the operational and financial impacts on their business. The huge and still-unknown consequences will radiate outward into supply chains and income. A number of factors disrupt the travel ecosystem, including the closure of hotels, restaurants, theme parks, and movie theaters, all of which have a significant impact on tourism globally. The Operators and Investors are striving to resolve the issues with working capital and cash flow by closely collaborating with their stakeholders.

Many countries and regions have instituted quarantines, entrance bans, or other restrictions on citizens and visitors from the areas struck the hardest by the pandemic. While some regions and countries have instituted travel prohibitions that apply to everyone, others have placed restrictions that are specific to their own citizens only. The restrictions have resulted in a decrease in travel enthusiasm and have economically hurt the hotel businesses in certain places. Worldwide, individuals stayed indoors more and consumed home prepared food during the COVID-19 pandemic. Because of this, the hotel industry was affected.

International visitors were 67% fewer in March 2020 compared to the prior year. The entire revenue of the Indian hotel business in FY2019–20 was Rs 1.82 lakh crore, as stated by the Federation of Hotel & Restaurant Associations of India. For the fiscal year 2021, the country's hotel industry lost around Rs 1.3 trillion due to the COVID-19 pandemic. The numbers show that in FY2020-21, the industry lost about 75% of its revenue. The revenue dropped by nearly 1.30 lakh crore rupees.

Throughout COVID-19, non-performing assets (NPAs) rose and businesses steadily went out of business. Some hotel chains have temporarily suspended recruiting, and some hotel floors and restaurants have been partially closed. Some cases had also begun to see layoffs. The second wave of the pandemic has forced the temporary closure of over 20,000 rooms across 270 branded hotels in India. Famous corporations' eight hotels have closed their doors for good. Although no properties in the ITC Hotels chain were briefly shuttered in April or May owing to the second wave, COVID-19 is causing tourists to stay indoors, and motorable getaways are expected to make a comeback, according to ITC Hotels COO Anil Chadha.

The Effects on the Economy

The economic fallout of the COVID-19 epidemic put a heavy burden on hotel owners, threatening the long-term viability of many enterprises in the hospitality industry. The COVID-19 pandemic has put a significant financial burden on the hospitality industry, prompting some lenders and hotel owners to consider ways to reduce their debt or even leave the business entirely. Lenders have the option to initiate a flood of insolvency proceedings against hotel companies. Possible outcomes include hotel loan portfolio trading, proprietary transactions, one-time settlements of debts secured by hotel assets, and strategic relationships with banks and other financial institutions. The Indian hospitality and tourism industry was not immune to the need to rethink, restructure, rename, and adapt to the new normal. The hotel and tourism industry had to step up to the plate as public health and safety concerns prompted ever-tightening travel restrictions.

Here are some things that the hotel sector should prioritise.

Learn how it will affect their bottom line, working capital, and cash flow.

Operational effect and mitigation.

- Get their finances in order for the next three to six months in advance. It takes reality and the development of Base and Downside scenarios to identify crucial cash points and any violations of credit covenants.
- Handle the payments to suppliers and operators.
- Spend as little as possible on operating and capital expenditures. If they are attempting to conserve money, they should not put off additional capital investments or hurry into maintenance.
- Construct a sophisticated system to manage pricing and revenue models, allowing it to swiftly adapt to changes in the market.

Cost implications

- If they anticipate a need for financing, they should conduct research into the various equity and debt funding options.
- Be forthright with existing lenders and include them in mitigation efforts and continuity plans.
- Look into alternative lenders that can process their loans faster if they are in a bind. However, there may be much higher interest and costs linked to these.
- Be sure to seek out any available financial aid, including tax refunds.

What needs to be prioritized and accomplished?

Figure out how to lessen the effect on Occupancy and RevPAR.

- Investors must be aware of the effects on operators and the applicable contracts (management or lease) in order to make informed decisions.
- Talk to the operators to get their thoughts on how this will influence performance.
- Operators should determine the impact on occupancy and revenue per available room to mitigate risk.
- To find out how long they can expect to feel the effects of the loss, if any. Investors need to know how this will influence operating costs.

Handle the important stakeholders with proactiveness.

- Interacting with vendors, financiers, project creators, and builders can help manage expectations and maintain trust.
- Get to work negotiating better deals with vendors and landlords.
- If the breach is temporary and won't impact their viability, it's important to contact their lender and get a waiver if they intend to violate any covenants.
- Human resources, people, and communications must be prioritized to keep employees engaged and motivated throughout this difficult period by providing them with clear information.
- Provide additional cancellation options to encourage repeat business.

Continuously evaluate plans.

- Within this context, everything is evolving at a breakneck speed. Staying informed means keeping oneself apprised of developments that may have an impact on oneself.
- Need to be prepared to respond quickly to changes that are not part of the normal business or operational processes.
- An autonomous system of leadership may be required for the rapid processing of decisions, dissemination of information, and execution of plans.
- Make the most of this downtime by doing an organizational audit, training employees, and coming up with new products. The ability to adapt and seize new opportunities will be enhanced by this.

Get Your Guests Trusted Again

- During this pandemic, any company's first priority should be restoring visitors' faith in its brand, as "trust" is the bedrock of every customer-brand connection. Communicating with various hotels will reassure guests about their safety, even when customer confidence is at an all-time low. The future of the hotel industry will also depend on how hotels improve the quality of information they deliver to their customers.

Evaluate Hospitality Services Again

- To accommodate the "new normal" and allow guests the option of a touch-free check-in, hotels will have to reconsider their current services. In order for this to materialize, hotels will have to disrupt their regular operations to reassure both employees and customers that everything is under control.

Wellness in the Workplace

- There will likely be a shift in mentality among hoteliers as a whole. Now that the hotel has "employee wellbeing" as its number one goal, it's time to assess the efficacy of the present

procedures. The top priority at the moment is providing them with safety kits and eliminating any potential points of contact with clients.

The Guests' Contactless Journey

- The operational goal is to ensure a seamless experience for both guests and staff by minimizing physical touchpoints. To begin, to avoid the long lines at the reception, all guests and employees are required to utilize touchless identification and mobile check-in upon arrival at the hotel. Digital keys might be utilized to access rooms or elevators, thus eliminating the need to physically handle the doors. Smart devices, like as sensor-based lighting or gesture control capabilities in the restrooms, can elevate hotel touchless ecosystems to a whole new level. Accessing these services is made possible through users' own mobile devices, doing away with the necessity for touch or any other potentially delicate surfaces. Even with the assistance of many solution providers, hotels still face the challenge of having their apps installed on visitors' devices. Next Generation Hotspots (NGHs) are one solution that hotels may utilize to address this issue and further their mobile-first strategy. Guests can securely access the hotel's services without installing any apps.

Preserving Personal Space

- By utilizing digital technologies, hotels can reduce their legal risk and ensure compliance with social distancing regulations. In addition to making customers' experiences better, redesigning public areas like salons, fitness centers, and restaurants can cut down on the amount of time customers spend engaging with employees. Technology also offers the possibility of alerting hotel staff or visitors of any violation so that they can respond appropriately. Here is a more sensible alternative. Intelligent Monetization Platform (IMP) and People Insights AI are two examples of the kinds of technology that can leverage a hotel's Wi-Fi and security cameras to provide guests with such capabilities.

Communicating in Real Time

- If the brand wants to provide its customers with timely and relevant information, it must be able to connect with them successfully. Hotels can do more with proximity marketing than just engage customers based on their locations. customers can be alerted when room service is about to be delivered, when their room is ready to be checked in, or even when there are too many people in the neighborhood.

Operations Conducted from a Distance

- It became abundantly evident during the epidemic that previous hoteliers had overlooked the significance of technical solutions that enable staff to remotely access and manage their properties. The hospitality ecosystem is anticipated to consistently assess and revise standard operating procedures and transition to cloud-based systems.

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