

COVER STORY

The 2nd Wave Long and Winding Road to Recovery

The domestic hospitality industry, which has been severely affected by the COVID-19 related disruptions, has witnessed a decline of over 65% in 2020-21. For the last 15 months, the Indian hospitality industry has been struggling with occupancies. Towards the end of 2020, for a few months, the industry had seen a gradual comeback of occupancies, although not as good as pre-COVID levels, but now with the second wave of the pandemic, things have started to look grim again for the industry. With this wave, people under the age of 45, a key customer base for the industry, have been severely affected by the pandemic, leading industry experts to believe that recovery could take much longer. With no signs of immediate recovery on the cards, the industry has once again gone into panic mode. **Asmita Mukherjee** spoke with industry experts to know the extent of damage caused by the second wave of the pandemic to the balance sheet of the Indian hospitality industry.

The hospitality industry is now reeling under immense financial losses and weak demand. Satyen Jain, CEO, Pride Group of Hotels said, "Currently, the government has discouraged travel; hence leisure resorts are ill-affected. There were many wedding dates this season, but all have been cancelled due to government-laid protocols. Unlike last time when urgent funds were available to tide the lockdown, this time

the sector is crippled with low cash reserves. Despite various cost-cutting measures, it would be very difficult to make ends meet, which would, in turn, lead to rising debts and huge losses."

Lamenting about the tough times that the Indian hospitality industry is going through, Nandivardhan Jain, CEO, Noesis Capital Advisors said, "Industry is going through a tough time as from April onwards there is negligible business available due to lockdown in a majority of the states. The industry has already learned from the last lockdown so most of the hotel owners and operators took decisions swiftly to reduce the operating cost which was quite lean in most of the business locations."

"We are going to see a temporary job loss and pay cuts for the hotel staff as majority of the hotel's balance sheets have minimal reserves to support the operating costs without revenues," he added.

Commenting about the burden of losses that the Indian industry is facing currently, Vishal Lonkar, General Manager -Brand Development, Renest Hotels & Resorts said, "The losses will potentially be more this time around. However, coming to jobs being lost in the industry, I believe that over the past one year, we have adapted to operating & running hotel operations with a lean manning system. Thus, in terms of loss of jobs, I do not believe it will be as devastating as the previous wave since most hotels now are already working with limited manpower and are well versed with facilities like working from home."

Not only hotels, but eateries also face a slow recovery this time, fears Vibhas Prasad, Director Leisure Hotels Group. He said, "The losses may be far-reaching this time around with a higher level of uncertainty with prospective travel since all are faced with doubt. Recovery will be even slower in this second year and the hotel industry is anticipated to recover slower and the F&B industry even slower, which will, of course, impact employment opportunity adversely."

VACCINE POSITIVITY

The second wave has again led many states to impose lockdowns or lockdown-like restrictions. Due to these severe restrictions, the travel and hospitality industry has been the first to bear the brunt, and this time the impact has been severe. There have been reports that a third wave is expected in September this year. While commenting on the cautious measures taken by administrators, Satyen said, "The 3rd



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wave can be controlled if the first dose of vaccination is administered to as many people as possible. However, a slowdown in the immunization drive will become a serious issue paving way for the third wave of infections. Post vaccinations there is hope that travel will resume. Hence preparedness, futuristic steps like registered testing, and cautious protocols will help. The government needs to allow foreign travellers by then in India, to ensure business travel resumes."

Lonkar fears that the damage caused by the second wave is still ongoing and it has seriously affected both the city as well as leisure hotels. He said, "If we were to make predictions based upon previous stats & trends, i.e., as soon as the wave is on the declining stage, the restrictions would also start getting eased. If the third wave were to hit India in the months of July-August, the business would not get drastically affected as these two months fall under the off-season time and see lesser sales."

According to Param Kannampilly, Chairman & Managing Director, Concept Hospitality Pvt Ltd vaccination is the only answer to these devastating effects of the pandemic, he said, "The occupancies which were already bad had taken a severe hit. Once this wave subsides and vaccination drives across the country gain speed, the situation will start improving."

Adding his views, Nandivardhan said, "Covid 19 is a reality of life, and we have to live with it. The only solution to it is a speedy vaccination drive for which all the state governments are trying their best. At present, our country produces approximately 100 million doses of vaccine and if foreign vaccines are cleared sooner, like the recent clearance of Sputnik V, then the availability of vaccines can increase, and hopefully, as a nation, we can target to vaccinate the majority of our population by the end of this year. In the western world, some of the countries have already issued advisory to take off the mask for the people who have already got two jabs of the vaccine."

Advising hoteliers, he commented, "Next two quarters are going to be challenging for the hotel industry, and we need to be prepared for it. Hotels need to keep working on a lean operating model. Train staff for multi-tasking and keep them motivated. Initiate dialogue with your financial institutions to get your hotel debt restructured."

OCCUPANCY PROMISES

As many states are imposing lockdowns and lockdown-like restrictions, the hotels are seeing a surge in cancellations resulting in almost nil occupancy. Speaking about the dismal state, Amruda Nair, Founder & Director, Araiya Hotels & Resorts said, "We have received some recent cancellations as a reaction to announcements of border-closures between states and curfews in our key source markets resulting in a sudden drop in occupancy. On an industry level, it will be a few years before occupancy gets back to pre-Covid levels, as a majority of the branded inventory is dependent on corporate and international travel."

Predicting better times, Lonkar said, "At present, it very difficult to predict when the occupancy will reach back to the pre-COVID-19 levels. However, with the prevalence of an aggressive vaccination regime, and other measures taken by the states to curb the spread of the virus, we expect to see a relaxation in restrictions in another 20 to



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40 days and eventually, occupancy should start picking up." While giving information regarding the bookings, Prasad said, "Bookings fell by more than 75% in April because of the second COVID surge and new state government restrictions."

"Given the current state of new cases and the trajectory of the curve, it will be a few months before the industry returns to the rate seen in the previous year (Post COVID 19) first wave, and it may take another two years to return to pre-COVID levels since this will be mostly dependant on the vaccination drive both Domestically and Internationally for a level of normalisation to come into play," he added.

LOOKING FOR SUPPORT

The hospitality and travel industry is now tired of battling pandemic for the last 15 months alone. The industry is now fervently looking for support from the government.

Satyen is optimistic that the government will manage this in a planned way. "The industry is looking for government support, in waiving property tax, license fee, excise fee, electricity charges, and low-interest rates on loans. We are also seeking financial aid to pay frontline workers and mid-level employees as they have been serving selflessly despite being susceptible to the risk of infection. They're taking an equal risk on health as any medical professional. Hence hotel employees should be considered as front-line staff and given priority for vaccination drive. We wholeheartedly extend our support to this noble cause and stand together with the government to fight the war against the pandemic. Our team has been serving all references from hospitals and arranging homestays for doctors and other medical staff," he added.

Sharing his thoughts, Vishal Kamat, Director, Kamat Group of Hotels said, "The current wave may seem less fatal statistically, but when you consider the actual number of sick, it's an overwhelming number. The State Governments have not been supportive of our industry at all. Central Government support to our industry is missing at a financial and higher function level."

With several factors such as speedy vaccination drives, lockdowns, government support, and efficient hotel revenue management becoming key parameters in the survival theme of hotels, they must undoubtedly keep their spirits high and support each other through this terrible time. There is a promise of rising occupancies at the end of the tunnel and hoteliers have to keep their positivity levels up to reach there through constant dialogues with the government and financial institutions, multi-tasking staff, and exercising alternate revenue streams. ■

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