

## IMPACT OF COVID-19 ON HOSPITALITY SECTOR

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### ABSTRACT

*Covid-19 has marshaled a global crisis which impacted hospitality sector on a large scale. The hospitality industry has never experienced the sudden downturn. The humans have never been faced and expected such a massive apprehension in their livelihood due to the containment of the virus. There is hardly any industry which is not contained and impacted due to the continuous spread of the virus, with the restaurants, food and beverages, lodging, travel and tourism. There is a massive decline in the tourism & travels due to the lockdown going on around the world. The study covers comprehensive research methodology of the hospitality industry and how to tackle the situation and be on the safe side after the virus is contained.*

**KEYWORDS:** Covid-19, Noval Coronavirus, Hospitality Sector.

### Introduction

Our world is coming to terms with the sudden outbreak of COVID-19 and industries are grappling with the consequences of the economic slowdown. The hospitality segment depends chiefly upon tourism which is debilitated due to the impact of pandemic. India's hospitality sector has confessed a severe constraint due to the spread of noval coronavirus which is going to deal with a lot of recreations in the sector's regime. The Covid-19 study has considered various aspects which reflect how the hospitality industry has been affected due to the virus and what restoration measure can revive it. With the happening of containment after the pandemic the major effect is on flights which are getting cancelled and a massive decline in travelling. One of the major reasons for such a massive decline in growth rate of hospitality sector is that due to lockdown most of the governments have restricted the visit of foreign travels and visa services are closed to avoid spread of the virus. The tourism industry not only includes tour and travels, hotels but a big chain is there attached with the sector which contains sea, land, air transportation, amusement parks all are having a great decline because of broadening of the virus. As the virus is containing on a broad scale so there is a little and limited scope that the sector will survive back soon in the given scenario. Since government has imposed a lot of restrictions on foreign tourists like cancellation of visas and flight bookings so there will be a tiny chance of streaming of foreign tourists. Now to pitch the hospitality sector the need arises to increase the domestic travel after the virus is contained. To uplift the hospitality sector government is aiding airlines and hotels so that they can rebuild strategies to deliver quality services to their customers. Hospitality sector has to cope up with the threat with the aid from government. The Covid-19 casualty has affected the Travel & Tourism Sector across the globe at the biggest level which is undoubtedly difficult to resume at the usual, as the tourism has been declined at a massive scale for an all time. The study is to analyze the impact of Covid-19 on the hospitality sector in India and the way forward.

### Objectives of the Study

- Studying the impact of COVID 19 on Hospitality sector in India.
- To study the way forward.
- To study the measures taken by government in relation to the crises that have affected the Hospitality sector.
- To study the immediate steps that are needed to help the sector get back on its feet.
- To compare foreign tourist inflow to India.

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### Impact of Covid-19 on Hospitality sector in India

A large number of people's livelihood across the globe depends on hospitality sector as this sector has ever been a remarkable contributor to employment generation. Further country's major source of foreign exchange earnings also depends on the growth of this sector. Not only urban workers livelihood is dependent on this sector but also rural workers across the globe is covered in this strata. The restrictions imposed by the government across the country and the measures for containment of the virus has led to a stiff drizzle in foreign and domestic travel. The major hit due to stiff drop of tour & travel in India is mainly in 11 markets which includes Mumbai, Kerala, Goa, Chennai, Delhi, Ahmadabad, Bengaluru. This hit has been started in late February and early march across the country when the hotels faced their resilient time due to the global announce pandemic. Due to financial crises and unable to meet the revenue several hotels has shut their operations permanently although the RBI has announced the moratorium period for repayment of debts but considering the long pandemic the period found to be inadequate for this sector as the expected duration for tour and travel revival will take a long distance ahead. After the pandemic the industry's occupancy rate is very much small and losses are at the hike. The recovery of the sector is contingent on corona vaccine which is far away till the early 2021. So the revival phase is about two or three quarters away. Effective occupancy would take around 2 to 3 years which is forcing the sector to indulge into different activities like converting the hotels into hospitals for the sometime till the demand resumes.

### Measures taken by Government of India

The pandemic has affected the country to a large extent particularly the hospitality sector. Tour & travel, entertainment, amusement events are the pulse of hospitality sector which has a bad hit. In order to battle the economic effects of the virus on the country the government of India has announced its plans and made a squad to undertake the necessary measures in the country.

- **Monetary Support**
  - In order to ensure that the people of the country remain employed in the sector supporting packages are induced.
  - Moratorium of EMIs for of 6 – 12 months which include housing loans, vehicle loans etc.
  - It is also ensured that CIBIL score will remain unaffected due to this moratorium of EMIs, grade rating of businesses will also remain at par.
  - As there is a fall in prices of oil therefore subsidies on Heat-Light-Power (HLP) costs has been increased, keeping in mind that HLP is one of the largest fixed cost for the sector.
- **Fiscal Support**
  - Government has declared a corporate tax holiday for 12 months to travel, tourism and hospitality sectors.
  - Deferred all central and state statutory dues like advance tax, custom duties, excise duties, PF, bank charges etc. for 12 months.
- **Direct Support to Revive Demand:**
  - To resuscitate demand a think tank has been appointed which is evaluating and deciding the required measures for the revival of the sector.
  - Products offered by the sector has been categorized under NO GST for period of one year.
- **Policy Support:** Auto renewal of licenses till the end of 2021 has been granted without charging any fee.

### Foreign Tourist Inflow to India March 2020

Important highlights regarding foreign tourist arrivals (FTAs) and FTAs on e-Tourist Visa during the month of March, 2020:

- **Foreign Tourist Arrivals (FTAs):** FTAs in March 2020 were 3,28,462 as compared to 9,78,236 in March 2019 registering a growth of -66.4% due to Covid-19. Whereas FTAs during the period January-March 2020 were 24,62,244 as compared to 31,79,792 in January-March 2019 registering a growth of -22.6%.

The percentage share of Foreign Tourist Arrivals in India during March 2020 among the top 15 source countries was highest from Bangladesh (26.07%) followed by UK (10.63%), USA (10.03%), Russian Fed (5.12%), Canada (4.12%), Sri Lanka (3.98%), Malaysia (3.14%), Australia (2.64%), France (2.50%), Germany (2.31%), Nepal (2.24%), Thailand (1.95%), Afghanistan (1.66%), Myanmar (1.56%) and Singapore (1.49%).

- **FTAs on e-Tourist Visa:** During the month of March, 2020 total of 98,918 tourist arrived on e-Tourist Visa as compared to 2,81,765 during the month of, 2019 registering a growth of -64.9% due to Covid-19. During January-March 2020, a total of 8,37,721 tourist arrived on e-Tourist Visa as compared to 9,07,528 during January-March 2019, registering a growth of -7.7%.

#### **Guidelines of Safety and Hygiene for COVID-19 for Tourism Sector**

##### • **For Hotels**

- Activities in containment zones shall be prohibited. The hotels which shall come outside containment zones will be allowed to open.
- It is advised to have hygiene and sanitation equipment at pro-active replenishment Thermal Gun thermometer for checking the temperature of visitors and their own employees. Reception area must be equipped with Hand Sanitizers, Hand Gloves and Masks. Separate Garbage Bags for used masks and other PPEs as per CPCB's guidelines should be there and use of sodium hypochlorite as disinfectants.
- The management is advised to have Gowns/ Aprons & Personal Protective Gears available on twenty four by seven.
- In public area, all touch points like door handles, elevator buttons, counter tops, tabletops, railings, etc. must be cleaned on regular intervals with sanitizer/disinfectant. Use of Sodium Hypochlorite 1% solution having at least 70% alcohol is also recommended to clean these frequently touched points.
- To create awareness and for information it is advised to put Posters/standees at various locations:
  - Emergency helpline numbers - at the reception.
  - Social distancing (6 feet) – Reception other strategic places.
  - Dos and Don'ts – At all appropriate places
- It is recommended to ensure that all employees wear mask & hand gloves which should be changed/ disinfected after each and every handling of customers to avoid cross contamination.
- Use of thermal gun thermometer to check the temperature of staff daily.
- All employees must be having Aarogya Setu application in their mobile phones. Respiratory etiquettes must be followed by all staff members i.e covering mouth and nose with tissue or with bent elbow while coughing or sneezing. It must be ensured that these used tissues are disposed of immediately in a covered bin.
- It must also be ensured that their staff is maintaining social distancing with guests as well as among themselves. No hand shaking and hugging with guests and with other member of staff must also be ensured.

##### • **For Restaurants**

To restrict spread of the virus restaurants are instructed to remain shut in containment zones. Restaurants which are beyond the containment zones have been allowed to takeaways instead on dining. An advisory is issued to stay at home for persons above the age of 65 years and under the age of 10 years, pregnant women until and unless any emergency arises for essentials. Government of tourism has instructed all the restaurants to sanitize on an hourly basis all the seating furniture, major touch points etc. It has been advised to all restaurants to reduce their seating capacity to 50% and also the seating arrangement should be arranged in such a manner that social distancing can be maintained. It is also advised that every visitor and staff personnel needs to check the temperature first with thermal Gun thermometer.

##### • **The Way Forward for the Operators**

As the sector is badly hit by the virus and the scale of losses are rising day by day due to fixed costs. So operators are required to review and revise their fixed cost budgets in a fresh manner. The target should be to ensure the efficiency and work lighter. Lots of contingency measures for sudden decline or increase should be made.

###### ▪ **Expedient Plan**

After the pandemic the demand for travel will grow fast and there will be an upturn for the sector so the sector should be well enough to rape the opportunity. This plan should include:

- To launch some digital platform for marketing strategy.
- There should be enough operational staff to serve the quick upstream on revival of opportunity.
- To reacquaint with suppliers/vendors to compute their capacity to engage with the hotel on the resumption.
- Develop and maintain communication lines with key customers and team members
- To be touch and in discussion with relevant local government authorities
- To rehabilitate planning and developing activities.
- Do necessary advancement / Ken-fix-it in this period when the footfall is least to the extent possible.

A squad should be made to enough well to handle the Revival plan and for this necessary evaluation for team recruitment are advisable to bridge any gaps. There should be launched different channels to reconnect with the customers.

- **Sales and Marketing**

Due to spread of pandemic the demand for foreign tourism will fall so it's the best time to promote domestic tourism and heritage sites so go for local tour should be promoted. The drive is to boost the special domestic packages and promotions.

- **Flexibility**

Hotels should induce some flexible way to attract the customers like reducing the room day charges, refund of advance on cancellation of tour, normal charges on sudden bookings, discounting packages. Some additional value added services must be created to induce customers.

#### **Implications for Travel and Hospitality**

There is certainty that the sector will return back to the same position as before the pandemic. As the impact is worse so it is obvious that it will take a long time to recover as compared to other industries and also the recovery rate will differ across the various segments of the country. Now the next phase of this sector will be more towards hygiene to stay the consumers for long run. In the initial phase post pandemic travelling demand will differ from industry to industry, emergent travel and essential travel needs will generate the revenue first. Corporate sector are regularly making decisions to avoid business trips and travel for at least coming one year for safety of their employees due to this sector will be seen in a declining growth rate. Lot of corporate are preferring travel by self driven mode to maintain social distancing.

#### **Conclusion**

All this will impact GDP and further reduce yields to hotel owners. It is also indicated that the working capital of hotels will be stretched this year. Cost optimization at all operational levels will be the key. As the sector navigates turbulent times through the pandemic, growth and development of hotels in India is also likely to be impacted in the next two years. The transportation sector lined to tourism is likely to see a shift in demand from long-distance travel to domestic and local travel. Similarly, innovative solutions like check-in and check-out formalities must be processed digitally, redesign the interior of restaurants having less number of tables, lobbies of hotels are needed to be redesigned, suspension of buffet system in banquet halls, Sanitization after every two hours, training of staff as how to keep themselves and their surroundings hygiene, feel to customers about their safety is need of hour etc. These can be suggested measures to give acceleration to the hospitality industry keeping in mind that cost not to be charged from customers. Promising social distancing to tourist while travelling can expect high demand.

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