

Uncertainty looms over hotel, aviation industry amid Omicron surge

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HOTELIERS and airlines are staring at uncertain times as Covid-19 cases, especially that of Omicron variant, continue to surge in India at a record pace. While hotels are witnessing cancellations in January bookings and declining enquiries for the next few weeks, airlines have seen significant fall in passenger traffic.

“With the emergence of the Omicron variant and sharp rise in infections, several states have imposed partial lockdowns. This will curtail travel over the next few weeks. We are witnessing cancellations and hotel enquiries have dropped. A month of complete lockdown will impact FY22 Pan-India occupancy by 4 percentage points,” said Vinutaa S, Assistant Vice President and Sector Head, ICRA.

According to the Federation of Hotel & Restaurant Associations of India (FHRAI), booking cancellations for Christmas and New Year celebrations, along with those of weddings and planned events have so far resulted in a loss of around ₹200 crore in the industry.

“From 25th (December) on-



wards, there has been a drastic plummeting of the rates and occupancies in city hotels which are back to the pandemic levels of 10 - 15% occupancy and rates have also crashed,” said FHRAI Joint Honorary Secretary Pradeep Shetty.

On Jan 4, daily domestic air passenger traffic fell below 3 lakh levels for the first time since Nov '21 and on Jan 5 it fell further to 2.58 lakh, a drop of over 1 lakh when compared to passenger movement few weeks back. According to data, the average number of daily passengers from Dec 1 to 20 was over 3.60 lakh.

According to analysts at Centrum Broking, domestic passenger traffic is likely to have grown by 63% QoQ to 30.7 million in Q3FY22, but the pace of recovery moderated in Dec-21. Recovery in the coming months hinges on the impact which Covid's 3rd wave has on travel.