

# **Challenges faced by the Hospitality Industry in the Pandemic**

The hospitality industry has been severely impacted ever since the pandemic hit the country in early 2020. The first lockdown and restrictions brought the sector to a standstill for almost eight months. The industry was hoping for some revival post-November 2020, but the second wave hit in April-May 2021 and completely disrupted the business once again. The financial loss to the industry from the two waves caused around 30 per cent of hotels and restaurants to shut down permanently. During the third wave, the restrictions again lost any momentum gained. The hospitality industry has suffered a whopping Rs.1.40 lakh crore loss and millions of people lost jobs. The last two years have been one of the toughest phases for the hospitality industry. Business was at an all-time low due to the pandemic led restrictions which resulted in liquidity issues and businesses getting squeezed. The restrictions were eased out in phases and it was always a stop-start-stop nature of lockdown for the hospitality sector which did not help either.

A complete lockdown during the first wave, while was the most pragmatic step taken by the Government, spelled doom for the industry. After the second wave, businesses that had gone under during the first wave just did not dare to re-open. Those that did are carrying massive debts even today and are coping with limited staff. Disruptions and interruptions are never good for any business. Even when the restrictions were eased restaurants were allowed to operate with only 50 per cent capacity and also, were required to shut down sooner in the evenings which are prime business hours. Obligations including payments towards utility bills, statutory fees and levies and taxes, among others continued without any reprieve from the Government. A large number of hotels and restaurants across the nation was forced to close down and many others absorbed losses that they couldn't afford. Millions of families lost their livelihoods. Over the last two years, hospitality as an industry largely did not see any business.

The hotel industry is a long gestation industry which incurs losses in the initial years of operations and profitability improves only after few years. The

hospitality industry's total revenue in FY 2019-20 stood at Rs.1.82 lakh Cr. and it employed over 50 million people. During the period, the tourism and hospitality industry reported Forex earnings of US\$30 billion making it India's third-largest foreign exchange earner. However, Forex Earnings for the last two Financial Years have been entirely wiped out due to restrictions which also forced approx. 30 per cent of hotels and restaurants to shut business and millions lost their jobs.