

# 'More than revival, it is about survival'

In two years, 25% of hotels have shut; sector on 'wait-and-watch' mode

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From hopes of recovery in 2021, the hotel and hospitality industry is bracing for volatility again as it enters 2022. Fast rising Omicron cases, slow bookings across airlines, bar on international passengers and State-wise curbs threaten to hit the industry's revenues and dash recovery hopes.

Senior industry executives say it is now a "wait and watch" situation as to whether a third wave of infections will throw the industry off-gear again, or if these are "temporary speed bumps".

If bar on businesses is imposed again in 2022, the industry bodies are expecting more restaurants, eateries and small hotels to shut shop. In a span of two

years - 2020 and 2021 - one out of every four hotels or restaurants in India have closed down due to the pandemic.

"A third year of lockdown or similar restrictions means another 10-15 per cent of establishments will close down. You can-

not survive three continuous years in an environment of business uncertainty," Pradeep Shetty, Joint Secretary, Federation of Hotel & Restaurant Associations of India (FHRAI) told *BusinessLine*.

## Counting losses

FHRAI sources say the hotel industry's total revenues fell by nearly 75 per cent in FY21 as it closed the year at ₹1.30-lakh crore. In FY20, the revenues were to the tune of ₹1.82-lakh crore.

According to hoteliers, even as the industry was expecting revival in 2021, the second wave of infections, and the accompanying lockdowns, threw plans out of gear. In early 2021, when some green shoots were

being noticed, the industry's revenue levels were just about 20 per cent less than pre-pandemic levels. Occupancies improved, as per industry sources, but revenue per available room (RevPAR) remains "significantly" lower than pre-pandemic levels. The industry re-



The second Covid wave and accompanying lockdowns dealt a heavy blow to the sector

lied on domestic tourism and corporate travel that was just about picking up, post the festival season but expected to dip again.

## International flights

International flight operations (except bubble agreements) remain suspended till January 31. International travel - a revenue driver for premium players and international chains - was also expected to see some normalisation in the second half of 2022, but now looks uncertain. "To sum up, we started the year at zero, moved up to 50-60 per cent in terms of room occupancies towards 2021. Now if a third wave of infection and lockdown come in, we fall back at 10 per cent say, some time in 2022; and then try to

move back up again for the remainder of the year. More than revival we have to worry about surviving," Shetty says.

According to Sonica Malhotra Kandhari, Joint Managing Director, MBD Group (which owns and manages the Radisson Blu MBD Noida), there is uncertainty within the industry with different updates coming. "It is currently wait-and-watch and the hospitality industry is cautiously optimistic. However, we remain optimistic for 2022-23. Hence, there will be expansion plans, be it for MBD Steinberger in the luxury space or MBD Express in the mid-market space or Asoka in education space," she said. Drivable locations or short haul stays are expected to witness some momentum.

"At the moment we do not see any reduced demand as far as short haul self-drive getaways are concerned. Leisure domestic travel to boutique resorts slightly disconnected from city centres will continue to be the mainstay in the first half of the coming year," says Akhil Anand, Director, Tree of Life Resorts and Hotels.

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