

How Covid took a big bite out of the restaurant business

Among the hundreds that shut shop were popular brands that decided to consolidate, explore other models

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Covid impact assessment report on Indian food services industry (in FY2021)

- 25% food business operators shut down permanently
- Nearly 2.4 million jobs lost
- Indian food market size shrank to ₹200,762 cr from ₹423,624 cr in FY2020

Source: National Restaurant Association of India Report



Pradeep Shetty, joint honorary secretary, Federation of Hotels and Restaurant Associations of India (FHRAI), says, "While many restaurants managed to survive the first lockdown (and restrictions), the second one led to a permanent closure of 25-30 per cent of them (see box)." He adds, "The 50 per cent that may have reopened are continuing to run in losses." FHRAI represents 55,000 hotels and 500,000 restaurants.

Uncertainty, labour shortage with migratory workforce too scared to return to the cities, poor business sentiment, absence of international tourists and corporate staff working from home led to the undoing, says

Shetty. While some brands consolidated by shutting outlets to pare the losses, others tweaked their business model.