


## Chapter 12

# Resilience of the Hotel Industry in COVID-19: The Indian Context

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### ABSTRACT

*COVID-19 has resulted in restrictions on travelling and public get-togethers. Amid the pandemic, one of the industries to be the most severely affected is the hotel industry. In the post-covid period, the industry is struggling for its subsistence due to mounting debts, change in behavior and perception of consumers, and lack of cash flows. This has resulted in loss of employment and has also negatively impacted allied industries. However, hotel entrepreneurs have shown resilience amid the crisis and have begun to explore novel opportunities. Hotels have adopted innovative technological and digital ways to satisfy the needs of the consumers for a contactless experience. The objective of this chapter is to explore the responses of the Indian hotel industry to the pandemic and risks associated with it. It explores the new paradigm and challenges for the industry and explains the resultant new trends in the hotel industry. The emphasis is on the exploration of long-term recovery and resilience of the hotel industry in India along with the policy measures and implications for the hotel industry.*

### INTRODUCTION

Covid-19 pandemic has affected every single industry across the globe, in a way or the other, but the hospitality and tourism industry has been the affected most severely. Hospitality establishments in India and other countries had either ceased to operate or curtailed their operations to a minor fraction of their

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pre-covid capacity. Millions of workers employed by the industry lost their jobs. The pandemic has affected the hospitality industry and all its stakeholder groups- employers, employees, suppliers, vendors, customers and also the regional and local economies and communities that depend on the industry for their livelihood. Hospitality industry has been the worst affected by the outbreak of covid-19 pandemic and this sector will also take the longest to recover as tourism and travel has been affected at all levels- regional, national and global. The objective of this chapter is to explore the responses of the Indian hotel industry to the Covid-19 pandemic and the risks associated with it. It also delves into the opportunities and new prospects for the industry in the new normal. The emphasis of the chapter is on exploration of long-term recovery and resilience of the hotel industry in India.

## **BACKGROUND**

As the hotel industry is faced with the unprecedented situation, the second wave of Covid-19 brought with it new restrictions and measures. Amid the second wave, India is facing the highest ever number of active infection cases and casualties. This has made the situation more uncertain for the hospitality industry, particularly the hotels. Covid-19 had enforced restrictions on travel, due to which the hotels were witnessing zero occupancy of their rooms and banquet/ convention halls during lockdown. The hotel industry had hardly begun to experience a slight increase in demand when the second wave of the pandemic halted everything once again. The impact of COVID-19 on the hotel industry has been extremely disruptive and the industry is under immense financial stress. After having suffered unprecedented damage after last year's (2020) lockdown of over eight months, the hotel industry is looking at another year of similar or even worse consequences. According to the Federation of Hotels and Restaurant Associations of India (FHRAI), the apex body of the Indian hospitality sector, more than 20 per cent of the hotels and restaurants haven't resumed operations completely after the lockdown was ended and 30 per cent of such establishments in India have been forced to shut down permanently due to financial distress. The rest continued to operate despite the losses and current revenues are less than half of the pre-Covid earnings (FHRAI, 2021).

Due to the pandemic, the hotels were compelled to reorganise their business plans accordingly. In this scenario the hotel industry has been trying to continue their operations safely and mitigate the risks emanating from the pandemic. The hotels have to ensure the health and safety of their employees and guests along with the compliance of the regulatory requirements enforced by the government. Hotels have drastically transformed their standard operating procedures with the adoption of technology to ensure social distancing and better health and hygiene practices.

## **MAIN FOCUS OF CHAPTER**

### **Pandemic and Resilience**

Globally, among the sectors most affected by the coronavirus and the least economically resilient include construction real estate activities, tourism and hospitality, trade, and retail services, which are very sensitive to the overall health of the economy, so that further prolonged recovery, combined with relatively low resilience, could lead to significant vulnerability further down the road. (McKinsey, 2020).

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