

HVS Monday Musings: Reimposing Lockdowns is a Blow to the Indian Hotels Sector

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In the last few weeks, the Indian hotels sector has started to witness green shoots of recovery driven by the growth of leisure tourism and the onset of the festival and wedding season in the country. The impaired sector, however, has barely resurfaced from the perils of the daunting COVID crisis, with occupancy in most major markets showing fledgling signs of improvement. Leisure destinations, in fact, have been witnessing a strong rise in occupancy as people started travelling for a change of pace, providing the sector with a much-needed

glimmer of hope. The overall occupancy for India has improved from approximately 10% in April 2020 to close to 30% in October 2020.

In the absence of corporate travel, most branded hotels were relying on the upcoming wedding and holiday season in most part to bridge their revenue shortfall. However, the fresh restrictions imposed by several state governments amidst rising COVID cases is expected to dampen the spirits going forward.

While the ramifications caused by the ongoing pandemic on the sector are unavoidable and the need to undertake immediate action is necessary to curb the spread, a reasonable notice instead of rampant execution of lockdowns will certainly help the industry as well as its people to prepare for the eventuality, especially during such destabilizing periods.



A case in point here is the recapping of wedding guests by some state governments to 100 or even 50 in some cases, from the earlier cap of 200, with the new guidelines being implemented almost overnight. This sudden change in guidelines has left the events and its planners in disarray. Not only are hotels woefully impacted, their customers are left with dirty laundry running pillar to post trying to make fresh arrangements – from scouting of new venues to informing their guests about the change in plans, all the while trying to cope with the nuances of the ongoing pandemic and surrounding regulations.

Most of the labor-intensive sectors, including hospitality, are already highly distressed & vulnerable and these sudden changes in regulations are only adding to their woes. Coherence between central and state government policies is needed to ensure that the impact on the economy and livelihood of people is limited going forward,

Summary

In the last few weeks, demand for domestic leisure tourism has improved in India, which is a silver lining for the distressed and vulnerable Indian hotels sector. However, sudden changes in regulations are adding to the sector's woes and may dampen the spirits going forward.

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especially in the absence of sector specific packages.

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Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

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