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# Effect of Covid-19 pandemic on the Hospitality sector in India with specific reference to Itanagar, Arunachal Pradesh.

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**Abstract.** Covid-19 has left many businesses and is still affecting many businesses in the world. The ripple effect can be seen throughout mankind and business entities causing huge loss of life as well as jobs. Hospitality sector is worst hit by pandemic. There is a major loss to business during this pandemic with people staying homes and not venturing out leading to the worst loss of businesses in the history. Huge cancellations of tours, events, flights, hotel reservation, restriction in inbound travel, suspension of PAP (Protected Area Permit) and ILP (Inner Line Permit) have led to low hotel occupancy percentage as well as the average room rates have fallen severely leading to extraordinary losses. Also, travel advisories issued by the World Health Organization to discourage travel, government movement restriction orders, lockdown orders and campaign of stay home stay safe to curb the spread of virus have added to the burden of the hospitality sector. Hospitality industry will not be the same as before during covid-19 even if lockdowns and Government order on ban of movement & travel will be eased. But the hospitality service providers cannot afford to remain shut down till the vaccine is found or operate with the existing old model of operations. Individual crisis management plans along with the guidelines set by the govt. and many important measures and innovations need to be adopted by the hotels in order to gain customer's confidence, survive and thrive. Some hopeful govt. supports to help stabilize hotel business can be relief funds, tax cuts, subsidies, relaxation on license renewal, credit facilities, employment support, vocal for local etc.

## **1. Introduction**

Prior to covid-19 most of the countries in the world have accepted tourism & hospitality as the major contributor to economic growth. Even in India tourism & hospitality is considered as the positive contributor towards economic growth and employment generation. It is evident by various government schemes and policies in favor of tourism & hospitality to attract more tourists in order to gain more revenue such as Atithidevobhava, Incredible India and various state tourism campaigns, projects and investments. Crores of funds are generated & invested to develop a tourist destination in order to attract huge tourist arrival and in return earn revenues. Government had strict guidelines as well as extreme care was undertaken by various stakeholders in giving a great tourist experience in order to maintain the reputation as well as to retain the hospitality business. However whenever there has been any major impact on the economy of any country, whether it is political unrest, terrorism, pandemic, natural calamity etc. tourism & hospitality has always been the first one to get affected as people start to cut down on their travel plans and budget. The tourism industry since it involves movement & travel of people from one corner to another corner of the world, in a way it has carried the burden of covid 19 pandemic severely. Travel has been blamed as carriers as well as the sufferer of the novel corona virus. To stop the transmission of corona, the respected Indian government has strictly stopped the movement of people which has tremendously affected the normal travel business. India has witnessed adverse effects of corona in terms of cancellation of hotel bookings; pull back of tour

programme, closed down of restaurants, postponement of events etc. All these have incurred huge losses to the normal business of hospitality sectors in India as well as losses of employment.

Due to COVID-19 we have a new normal that includes social distancing, avoiding unnecessary outings, health protocols, safety, sanitation and hygiene. Post covid 19 customers or hotel guests will look out more for their wellbeing, security and healthy environment rather than luxury or great services. Therefore the first step towards having normal hotel business is ensuring standard operating procedures amid covid-19 [Tse et al., 2006] and minimizing unnecessary operating expenses in order to have long term sustainability.

## **2. Literature survey**

Arunachal is the eastern most state in India, with Itanagar as its capital city. We have witnessed a huge blow to our state hospitality sector due to corona whether it is curfew, closure of business premises, shut down of school and colleges, lockdowns, work from home orders, inter district and interstate movements restrictions, temporary suspension of PAP and ILP etc. These challenges have resulted in temporary closure of many hospitality businesses and thereby threatened the occupation and survival of many service providers and their employees. Huge revenue loss due to closure of various tourism services was witnessed. To control the spread of coronavirus tourist traffic was strictly restricted which led to abrupt decline in tourist arrivals which directly impacted the flow of revenue due to no tourism activity [Thashneem T. et al., 2020].

Hospitality industry consists of various sectors and subsidiary services. Hotels should cooperate and perform with other stakeholders to prepare the rescue tactics to regain its foothold considering the fact that it depends on such subsidiary services for its survival. Decrease in demand for hotel rooms and other hotel businesses like events and functions has led to decline in ARR (average room rate) and REVPAR (revenue per available rooms). Hence the hotels need to plan firstly on cost-cutting measures to sustainably run on long terms. Services and areas with very less or no request should be identified and for a time being till the business stabilizes, be put under temporary closure measures in order to curb wastage. Unnecessary working equipment and heavy machinery, heavy cost incurred areas can be shut down or have strict controlled supervision so as to optimise the expenditure. Some examples are shutting down sections of guest rooms, proper planning on assigning of rooms that can be occupied or laid down, restaurant planning, controlled use of guest elevator, air conditioning planning especially in case of centralized system, lightings, controlled hotel laundry services etc [Mensah,2020].

Apart from mentioning the above mentioned measures there is a very important area which cannot be neglected in spite of cost involved, that is training and re-training. Training can be imparted to the employees on multitasking various duties & responsibilities to survive the lean season of the hotel business [Kyriakidou and Maroudas, 2010]. Reduced workloads and lesser responsibilities because of low occupancy in the hotel added with fewer manpower makes it inevitable to learn to multitask. Examples of some training that can be imparted are on hygiene, wellbeing, stress control, healthy lifestyle, new SOP training programs, departmental training programs etc. It is to ensure efficiency, professionalism, quality services as well as to improve the morale of your staff. Your employees are your strength and brand ambassador of your hotel. Trainers can be hired from within the organizations or from outside. These training can be conducted on the job or virtually using various online modes or information and communication tools (ICT). Employees should be familiarized with new protocols such as wearing masks or face shields as part of uniforms, use of sanitizers, frequent cleaning of surfaces, frequent washing of hands and wearing of PPEs in case of emergency etc. The hotel should be installed with hygiene equipment such as sanitizers, special air filters, procurement of thermal scanners. New innovations in service industry such as air purifier, disinfectant diffusers, whole body scanner, use of robots for cleanliness and sanitation purposes especially in back of the house areas. Technology such as automated systems and digital systems that can be used for hotel day to day business purposes such as check ins, reservations, functions etc. can be adopted [Webster and Ivanov.,2020; Yang et al., 2020]. The use of robots to clean and fumigate guestrooms and back areas of the premises as well as other public areas can aid in preventing the virus contamination through people. This adoption of new innovation where there is less human interaction

but more service efficiency can aid in building customers confidence and in attracting more customers to try out the new normal. However the hospitality and service industry can never run without human touch but this is the new normal due to covid-19 pandemic and we need to learn to survive in such situations. Hotels and hospitality service providers must adhere to strict and disciplined SOP [VKaushal and S Srivastava., 2020]. Any reported instance of existence or news of the virus in a certain hotel or service provider will extremely and negatively tarnish the reputation of that specific service provider.

### 3. Objective of the study

- i) To study the impact of covid-19 on the hospitality sector in Itanagar, Arunachal Pradesh.
- ii) To bring out possible solutions and measures in controlling the impact of covid-19 in the hospitality sector in itanagar, Arunachal Pradesh.

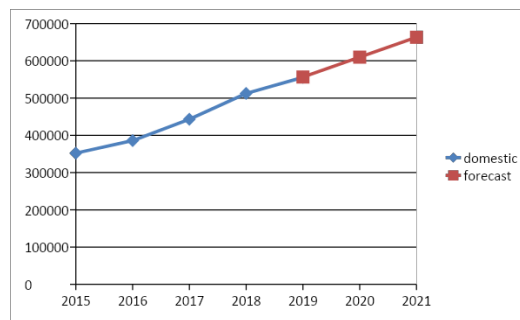
### 4. Methodology

The study is based on primary data collected through e questionnaire and telephonic interview. Secondary data available such as magazines, journal publications, books, reports, internet etc. were also referred and used. The findings are discussed on the purview of the available resources.

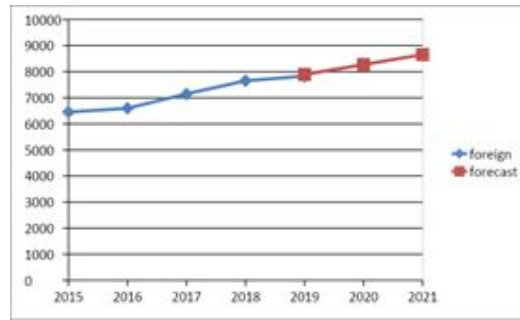
### 5. Results and Discussion

#### 5.1. Influence of Corona on tourist arrival in the state of Arunachal Pradesh.

Tourist arrivals in Arunachal Pradesh for the last five years were taken as shown in table 1. Tourism and hospitality business was performing very decent prior to covid-19. There is a positive growth of 57.77% on domestic tourist arrival and 21% on foreign tourist arrival. However, had there been no covid-19 pandemic, forecasted tourist arrival based on time series analysis for the year 2020 and 2021; domestic tourist arrival for the year 2020 is showing 609913.5 and for the year 2021 is showing 663262.2 in the Figure 1 below. Similarly forecasted foreign tourist arrival for the year 2020 is showing 8274.9 and 2021 is 8654.8 in the Figure 2 below.



**Figure 1.** Forecasted foreign domestic arrival for the yr. 2020 and 2021



**Figure 2.** Forecasted foreign tourist arrival for the yr. 2020 and 2021

**Table 1.** Forecasted domestic tourist arrival for the yr. 2020 and 2021

Year	Domestic Tourist Arrival	Foreign Tourist Arrival	
2015	352176	6453	-
2016	385875	6598	-
2017	443211	7147	-
2018	512436	7653	-
2019	555639	7825	-
2020	609913.5	8274.9	Forecasted
2021	663262.2	8654.8	Forecasted

(source: Office of Directorate of Tourism, Dept. of Tourism, Itanagar, Arunachal Pradesh).

### 5.2. Influence of Corona on Hotels of Itanagar, Arunachal Pradesh.

Primary data was collected using e questionnaire and telephonic interview to understand the impact of covid 19 pandemic on the hospitality sector in Itanagar, Arunachal Pradesh India. Itanagar roughly has 29 registered hotels with lodging facilities. Prior to covid-19 things were normal for these hospitality service providers. Based on a random sample, 9 hotels were surveyed. The lockdown has had an unfortunate impact on the hospitality industry. It has resulted in a very low occupancy percentage consequently leading in some bigger hotels having to either shut operations or run with very minimum low facility. It is to be noted that most of the hotels currently have occupancy of not more than 5% to 12% and these are the people who are on quarantine or front line workers as per govt. order. Interestingly small hotels or budget hotels were least affected in terms of occupancy and having almost occupancy percentages of 60% to 80%. Similarly normal hotel operations such as guest arrival, reservation, pre booking, events and functions were severely affected in larger hotels whereas budget hotels or smaller hotels were not affected much. There is a mixed response towards the salary cut of regular staff and laying off staff. However budget and smaller hotels again seemed to do better in this

category. Some hotels even stated to be understaffed since many of the staff had left for their hometown to check upon their family members that reside in other neighbouring states such as Assam but could not return back on the job due to temporary closure of ILP services in the state to curb corona transmission. Reasons behind smaller hotels doing alright could be credited to state government order for quarantine of the returnees from other states and accommodating front line workers in the hotels of the capital complex. With fewer rooms & fewer facilities provided in the smaller hotels there are lesser expenditure on the fixed cost and other operating cost such as electricity bill, water bill, payroll, govt taxes, license fee, guest room amenities, linen & toiletries, food & beverage inventories etc, which turned helpful in surviving the lockdown period announced by the state Government.

## **6. Findings**

The state Government order that stated the use of hotel rooms for quarantine purpose for the returnees of residents of Arunachal Pradesh from other states as well as for the use of hotel rooms by front line covid warriors; has definitely benefited the budget or small hotels in the larger interest during this pandemic. It helped small hotels with fewer rooms and facilities to cover their fixed cost as well as other operating costs efficiently. Which otherwise has severely affected the larger hotels in terms of revenue earning and survival.

All the hotels agreed upon the notion that standard operating procedures SOP have to be strictly and diligently followed upon opening of hotel business which however will pick its pace by early next year or unless vaccine is found. They have all uniformly stated that they seek various supports from government for helping them stabilizing the hotel business such as relaxation in tax and deadline of paying taxes, free extension of various licenses for running of business, sanitation supplies, subsidies, relief funds, discount in payment of utility bills, employment support, credit facilities, loans with smaller interest etc.

## **7. Conclusions**

The damage caused by this pandemic is massive but surely it will settle down sooner or later. The world will learn to stay normal and simultaneously with the pandemic. We need to remain ready when we will achieve normalcy (COVID-19-Impact-on-the-Indian-Hotels, 2020). It has taught us one thing that we cannot depend on the inbound tourism market as in the present scenario cases. Hence for the hospitality sector to thrive, it must approach the local or native people and domestic market by having some interesting, simple, innovative and attractive promotional packages. Local business and people involved in the hospitality sectors need to be encouraged for gainful employment. We need to be vocal for local initiatives by our state government. One of the ways could be by these hotels getting in touch with the local farmers for organic produce and direct purchase without involving middlemen. This could be also a gesture towards corporate social responsibility (CSR). It will benefit both the party that is the hotel and the local people. Special packages and value add focusing on the 'locals' should be the new focus. Hotels can give services that were previously not part of the hotel's services to guests such as online food delivery or letting off hotel kitchens for cloud kitchen systems etc. Government & the hospitality management in collaboration can also help attract customers and encourage them to visit hotels or use its various services by giving discounts and attractive offers initially to support and encourage customers in saving the business. Hotels need to provide suitable assistance to the returning employees to once again resume their professional life with proper training etc. including aid on personal matters such as housing, medical etc. Government needs to encourage hotels to hire local people for the job by giving incentives and employment support. Hotels need to ensure that they sincerely and strictly follow their own internal guidelines as well as the SOP guidelines given by the government.

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