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INDUSTRY INSIDERS TERM IT TEMPORARY BLIP

Rising Airfares, Poll Fever Left Many a Room Vacant

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New Delhi: Demand and occupancy at hotels in India eased in the April-June quarter on account of the general elections, an aviation crisis caused by the grounding of Jet Airways and muted inbound tourist arrivals. However, industry officials expect to get over what they called a temporary blip.

“There is no doubt that declining growth in domestic passenger numbers, the aviation crisis and static inbound tourist arrival numbers have resulted in slower growth in the past couple of months,” said Jean-Michel Cassé, chief operating officer for India & South Asia at AccorHotels. “General elections and trepidation in the aviation industry have been the major factors for deceleration in occupancy levels.”

Foreign tourist arrivals increased by 1.9% to 3.93 million in the first four months of 2019 after registering subdued growth in 2018, according to the tourism ministry. Domestic airlines carried 12.5 million passengers in January.

The figure fell to about 11 million in April, a 4.5% decline from a year earlier, according to the national aviation regulator. Jet Airways halted operations on April 17 after it ran out of cash. Passenger numbers improved to 12.2 million in May.

“There is concern on the demand front in hospitality – foreign tourist arrival numbers are muted and domestic travel is down,” said Pavethra Ponniah, vice president and sector head at investment information and credit rating company ICRA. “Another concern is that air fares are up. Corporate results are also weaker. These could axe discretionary business and leisure travel temporarily.”

Experts expect the situation to improve after the BJP-led government was re-elected during the April-May Lok Sabha elections.

According to Mandeep Lamba, president, South Asia, at hotel consultancy HVS Anarock, there have been aberrations in demand largely owing to the general elections and the Jet Airways crisis, which impacted travel in holiday destinations, resulting in a weak May and June.