

90% restaurants will have to be shut down in Maharashtra

The new “Break The Chain” guidelines introduced by the State government would force almost 90% of restaurants to shut down completely due to continued losses, said Hotel and Restaurant Association of Western India (HRAWI). It said after having suffered unprecedented damage after last year’s lockdown of over eight months, the hospitality industry was headed at even worse consequences.

Over 20% of the hospitality establishments haven’t opened fully even after the lockdown was lifted and 30% of hotels and restaurants in the country have shut down permanently due to financial loss. The rest continued to operate in losses and revenues are below 50% of the pre-COVID19 level.

On account of the new guidelines, the HRAWI has appealed to the government to compensate employees engaged in the industry and their families for the loss of income, and also support hoteliers and restaurateurs by waiving off all statutory fee, taxes and utility bills.

“Even after one year, the hospitality industry has not received any relief from the government. Of the approximately 30 lakh employees engaged in the industry directly in the State, 40% have faced job loss and the figures are only increasing,” said Mr. Sherry Bhatia, president, HRAWI.

Many employees, who have just returned from their homes, will have to be compensated to ensure that their families are not made to suffer all over again. There is no way that the industry can survive another lockdown.

The HRAWI said the “Break The Chain” order was equivalent to another complete lockdown. Maharashtra has around 10,500 hotels and 210,000 restaurants. The hospitality industry, especially, the small and medium hotels and eateries, are in deep financial trouble, the HRAWI said and warned that without government’s intervention and support, the industry would collapse.

“With the latest conditions, restaurants will choose to not open at all for the month. With the WFH culture, earnings in the day are next to negligible and food delivery contributes only around 5 to 7% of the revenue,” said Mr. Pradeep Shetty, Senior Vice President, HRAWI.

He said approximately 70 to 80% of a restaurant’s weekly turnover generally gets generated through weekend business and approximately 80% revenue comes in the evenings from dine-in customers. “Food delivery is only a supplementary service. To keep an establishment open just for deliveries is not at all viable. Under such a scenario, shutting down the business is the only choice,” he said.

He said since the industry was financially drained, the government must do justice to the owners by waiving off electricity and water bills, excise licence fee and other statutory fee; and also take care of the staff salaries until the industry becomes completely operational again.