

Hospitality industry association writes to PM Modi, warns of 4 crores job losses if support not extended

The Federation of Hotel & Restaurant Associations of India (FHRAI) which is the apex body of the Indian Hospitality Industry has written to Prime Minister Narendra Modi with an urgent request for a relief package. The association has warned of job losses for over 4 crore people employed in the sectors due to the impact of Covid-19, if immediate support is not provided. The association has said that the industry is facing an existential crisis 'as the foreign exchange earnings are nil, and the domestic earnings are also not even 10 per cent of our pre-Covid revenues. The hospitality sector is unlikely to achieve even 25 per cent of pre-Covid revenues till such time we come back to normalcy.'

In the letter, FHRAI has called for a hospitality sector-specific relief package including a complete review of the KV Kamath Committee proposed guidelines on restructuring of Covid-19 impacted loans adopted by the Reserve Bank of India (RBI). "The stringent conditions and the unrealistic parameters suggested by the Kamath Committee for restructuring has made the restructuring plan unfavourable for the hospitality industry," said the letter.

Interest waiver for the hospitality Industry from March to September 2020, direction to banks to charge interest on loans at fixed deposit rates plus 2% have also been requested. The letter also appeals that no credit rating of loans should be done by credit rating agencies until September 2021 or until complete normalcy resumes.

"The working capital requirement of the hospitality sector needs to be supported by the government through a soft loan with a low rate of the interest rate. It is necessitated because today the industry is finding it difficult to mobilise loans as the financial institutions have marked the industry in negative list or put us under negative rating," the letter further added.

The letter also warns that if a favourable policy is not drawn for the survival of the hospitality sector then at least 40 to 50 per cent of restaurants and 30 to 40 per cent of the hotels in the country will have to shut down.