

Compensate the hospitality industry for losses during lockdown: Hotel association

The new 'Break the Chain' guidelines will break the backbone of the hospitality industry in Maharashtra, feels the Hotel & Restaurant Association of Western India (HRAWI), who has appealed to the government to compensate the industry adequately to save livelihood. The industry association has demanded adequate compensation for the employees in terms of salaries and stimulus for the businesses in terms of waivers of statutory fees and other taxes.

“Even after one year, the industry has not received any relief from the government. Of the approximately 30 lakh employees engaged in the industry directly in Maharashtra, 40 per cent have faced job loss and the figures are only increasing. Many employees, who have just returned from their homes, will have to be compensated to ensure that their families are not made to suffer again. There is no way that the industry can survive another lockdown,” says Mr. Sherry Bhatia, President, HRAWI.

After suffering unprecedented damage since last year's lockdown of over 8 months, the industry is staring at another year of worse consequences. Over 20 per cent of the hospitality establishments haven't opened fully even after the lockdown was lifted and 30 per cent of hotels and restaurants in the state have shut down permanently due to financial loss. The rest continued to operate in losses and revenues are below 50 per cent of the pre-Covid level. The new 'Break The Chain' guidelines introduced by the government will force almost 90 per cent of restaurants to shut down completely, the association states in a statement.

The Maharashtra Government's latest 'Break The Chain' order is 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 has warned that without government's intervention and support, the industry is staring at a disaster, the association states.

With the latest conditions laid down by the government, 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 per cent of the total revenue. Approximately 70 to 80 per cent of a restaurant's weekly turnover is generated through weekend business and approximately 80 per cent revenue is generated in the evenings from dine-in customers. Restaurants are popular for dine-in services, for the ambience they offer and 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 entirely is the only choice.