

Optimism as industry goes back to pre-Covid levels of operations

There is optimism amongst industry players because finally the industry has opened up or gone back to pre-Covid levels of operations. Also, the resumption of international commercial flights at 100 per cent capacity from March 27 has brought a big relief to the travel and hospitality industry. There is a spike in hotel bookings and the occupancy rates are also progressively improving since the last couple of months. Across a majority of locations, hotels are booked over 80 per cent capacity.

After a two-year of lull due to the pandemic, the events segment including exhibitions, meetings and conferences have returned in full swing and is witnessing heavy bookings. Also, with the footfalls resuming pre-pandemic levels, the rates have also got restored to what they were two years ago. The occupancy and rates are inching back towards pre-pandemic levels.

However, today the hospitality industry is at a crossroads. Hospitality businesses are in debt and there's scarcity of manpower too. The room rates are still considerably below average and hotels are in losses. Retail inflation surged to 6.95 per cent in March, the highest since October 2020. The prices of petrol and diesel have been hiked by around Rs.10 per litre over the last one month and the rates of vegetables and several other food items have gone through the roof. The industry works on wafer thin margins. We don't wish to increase the prices on the menu or increase the room rates, but the increased burden of input costs has squeezed out our margins.

Rationalise GST

Keeping this and the severe losses suffered by the industry over the last two years in mind, FHRAI has requested the Government to rationalise the GST applicable for the hospitality sector. At present, the threshold limit of hotel room tariffs with GST at 18 per cent is Rs 7500. This will have to be increased to Rs 9500. At the time, when the threshold was fixed at Rs 7500, the exchange rate of Dollar per Rupee stood at Rs 64, but today the same has breached Rs 76 per dollar. Raising the threshold limit will bring parity of rates between the

Rupee and the Dollar. Also, the threshold limit for zero GST on hotel rooms should be increased from Rs 1000 to Rs 2000 per room per day. This will help boost the lower budget segment hotels, encourage more domestic tourists to travel and promote tourism in the country. Under the present situation, promotion of domestic and inbound international tourism is the need of the hour.