

Hospitality industry seeks relief on LPG prices

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India's apex Hospitality Association - Federation of Hotel and Restaurant Associations of India (FHRAI) has submitted a representation, requesting Prime Minister Narendra Modi to provide immediate relief to the hospitality industry from the abnormal increase in the cost of Liquid Petroleum Gas (LPG).

The Association has requested that the tax rate charged on LPG supplied to standalone restaurants be reduced from the current 18 per cent to 5 per cent. It has stated that since standalone restaurants are not allowed to claim ITC, this move will help reduce the cost burden on restaur-

COVID-HIT HOSPITALITY SECTOR

➤ Amongst all the sectors, the hospitality sector has taken the biggest hit due to the pandemic

➤ Since the lockdown, 30% of hotels and restaurants have shut down permanently

➤ Close to 20% of hotels and restaurants still haven't opened fully



➤ The remaining 50% are running in losses with revenues below 50% of the pre-COVID levels

ants.

The latest price hike is the second highest increase in LPG since January 1, 2014, when the 19-kg cylinder became costlier by Rs 353.50 (in Delhi). This cooking gas cylinder now costs Rs 2,000.50 in Delhi against a price of

Rs 1,241.50 on November, 2020.

FHRAI said that restaurants, especially standalone, do not have any more headroom left to absorb such a steep increase in input costs.

FHRAI has stated that LPG being one of the most

essential commodities in the restaurant industry, the steep price increase will sound the death knell for hundreds of small restaurants from all parts of the country.

"The unprecedented increase in the cost of diesel has drastically raised the logistic tariff which in turn has led to an abnormal hike in the prices of grains, pulses, edible oil and other essentials raw materials. There has been an exponential increase in the cost of raw materials used in restaurants since the lockdown period. This cost escalation of roughly over 30 per cent is severely affecting restaurants that are trying to resume operations and stay afloat after a turbulent twenty months

of lockdown and closures."

"Add to this, the steep hike in the LPG cylinders. Under these challenging circumstances, the sector is constrained to increase the cost of food items on the menu which will directly affect the working lower and middle class population that have to eat out. We request the Government to reduce the tax rate on LPG at least for standalone restaurants from the present 18 per cent to 5 per cent. Since standalone restaurants cannot claim ITC, this move will help reduce the cost burden on the restaurants which in turn will ensure that it does not burn a hole in the consumer's pocket," said the Gurbaxish Singh Kohli, vice president, FHRAI.