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Budget fails to uplift sentiments of hospitality, travel industry players

Forum Gandhi | Updated On: Feb 01, 2022



ECLGS extended for another year for hospitality sector in the Budget

Mumbai, February 1  
extending the Emergency Credit Line Guarantee Scheme (ECLGS) for another year for the hospitality sector in the Budget, the industry seem to be only partially happy about the announcements.

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ECLGS

On Monday, Nirmala Sitharaman, Finance Minister, said that the ECLGS has provided much-needed additional credit to more than 130 lakh MSMEs. This has helped them mitigate the adverse impact of the pandemic. However, "the hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business".

Hence, considering these aspects, she said that the ECLGS would be extended up to March 2023 and its guarantee cover wexpanded by ₹50,000 crore to a total cover of ₹5-lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.

'Very disappointing'

However, The National Restaurants Association of India said that while this was not much of a relief. "It was very disappointing to see that no specific announcements were made for the restaurant industry, and we are yet again left to fend for ourselves."

BusinessLine had reported that the restaurant industry was looking forward to some relief of ease of doing business and liquidity support.

Suri said that "the restaurant Industry was eagerly looking at some immediate liquidity support, restoration of Input Tax Credit (ITC) on GST, Ease of Doing Business from over-regulation and excessive licensing, and a fair and equitable e-commerce policy for the survival and revival of the restaurant sector from the Finance Minister today.

Industry expert Rajat Mahajan, Partner, Deloitte India, argued that "while the FM did not put money directly in the hands of the consumer by providing direct tax reliefs, the Budget did bring relief for the MSMEs of hospitality and related sectors by providing exclusive additional cover under ECLGS. The Budget also focusses on fast and seamless access to travellers across the country by continued investments across seven modes of transport".

Besides this, the Finance Minister announced that the National Ropeways Development Programme would be taken up in the PPP mode. "This will not only improve the connectivity, but will also give impetus to travel and tourism sector," said Sonica Malhotra Kandhari, Joint Managing Director, MBD Group.

Second, the Budget has given a boost to the railway & infrastructure sector, with the plan to develop 400 new generation Vande Bharat trains and expansion of national highway network by 25,000 kms by 2022-23 under Gati Shakti plan.

Rikant Pittie, Co-Founder of the recently-listed online travel agency EaseMyTrip, said that the extension of ECLGS will enable small travel operators and stakeholders within the travel and tourism industry to reel back from the disruptive impact of the pandemic.

However, industry body Travel Agents Association of India's President Jyoti Mayal said that the travel and tourism industry has been "ignored once again". She added that it was expected that the government would at least work towards positive upliftment of the travel and tourism in India, which they always portray as a priority.

"In our representations to the Finance Minister over last two months, we had requested for GST input credits be made available across States for hotels and travel-tour operators. TCS was been a hinderance to the growth of outbound tourism, making Indian tour operators less competitive in the international market, due to the 5 per cent being levied on all package tour options over and above the GST," stated JMayal.

"We were also expecting to the least that travel and tourism be brought under the concurrent list for industry status," she added.

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