

# Shri G Kishan Reddy welcomes the decision of enhancement in the limit of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore

The Government has been taking actions and doing whatever it takes to restore and reactivate the tourism sector: Shri G Kishan Reddy

## Shri Reddy thanks Prime Minister for extending the Emergency Credit Line Guarantee Scheme validity till 31.3.2023

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ECLGS is an already operational scheme and on account of the disruptions caused by the COVID 19 pandemic on hospitality and related sectors, Government has specifically earmarked an amount of Rs. 50,000 crore for enterprises in these sectors. The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi has approved the enhancement in the limit of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore from Rs. 4.5 Lakh crore to Rs. 5 Lakh crore, with the additional amount being earmarked exclusively for enterprises in hospitality and related sectors. The increase has been done on account of the severe disruptions caused by COVID-19 pandemic on hospitality and related enterprises.

Shri G Kishan Reddy, the Union Minister for Tourism, Culture and the Development of the Northeastern Region (DoNER) welcomed the decision and said, “The ongoing pandemic has adversely impacted the hospitality and tourism related sectors severely. The enhancement in the limit of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore from Rs 4.5 Lakh crore to Rs 5 Lakh crore has been earmarked exclusively for enterprises in hospitality and related sectors. This decision is timely as the demand for these services is picking up”.

He added, “The Modi Government has been taking immediate actions and doing whatever it takes to restore and reactivate the tourism sector while protecting jobs and businesses. We are planning to support the sustainable recovery of tourism, shifting to eco-tourism and rethinking tourism for the future”. The enhancement is expected to provide much needed relief to enterprises in these sectors by incentivizing lending institutions to provide additional credit of up to Rs. 50,000 crore at low cost, thereby enabling these business enterprises to meet their operational liabilities and continue their businesses. Loans of about Rs. 3.67 Lakh crore have been sanctioned under ECLGS till 5.8.2022.

The Union Minister said, “Tourism and hospitality play a pivotal role in economic development and the central government has been actively engaging with industry and other stakeholders to revive the economy. I

thank Prime Minister Shri Narendra Modi ji for extending the Emergency Credit Line Guarantee Scheme validity till 31.3.2023. With this all business enterprises / MSMEs in the hospitality and related sectors like hotels and restaurants, marriage halls, canteens, travel agents, tour operators, adventure or heritage facilities, leisure and sporting, private bus operators, car repair services, rent a car service providers, event/conference organisers, spa clinics, beauty salons, motor vehicle aggregators, cinema halls, swimming pools, entertainment parks, theatres, bars, auditorium, yoga institutes, gymnasiums, other fitness centres, units/persons engaged in catering or cooking and floriculture products etc will be eligible for borrowing”.

The ongoing pandemic has adversely impacted contact-intensive sectors, especially the hospitality and related sectors more severely. While other sectors were back faster on the path of recovery, demand continued to be subdued for these sectors for a longer period, suggesting the need for suitable interventions for their sustenance and recovery. Further, given their high employment intensity and their direct and indirect linkages with other sectors, their revival is also necessary for supporting overall economic recovery. With high immunization levels, progressive roll-back of restrictions and overall economic recovery, conditions are in place for sustained growth in demand for these sectors as well. This additional guarantee cover is expected to support the recovery of these sectors as well.

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