



Reference No.IEIA/1002/2020

26th May 2020

Shri. Anil Aggarwal Joint Secretary Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry Government of India, Udyog Bhawan New Delhi - 110 011.

Dear Sir,

Sub: COVID-19 Challenges - Support for Exhibition venues in India

The Indian Exhibition Industry Association (IEIA), is the national apex body representing all segments of the exhibition industry in India, including venue owners, exhibition organizers, managers, designers and stand contractors, freight forwarders, services and facilities providers etc. IEIA is the one-stop source of information pertaining to exhibition industry in India. The Indian exhibition industry organizes over 550 events annually with revenues of around Rs. 26,500 crs. Most importantly the exhibition industry facilitates trade and business transactions for exhibitors worth over Rs. 3 lakh crore and supports both local and global value chains in India. The industry also generates employment of over 120,000 people, engaged by various stakeholders.

As the lockdown of industry continues in several parts of the country, with prospects of a slow and phased restart over the next few months, we are writing to you to highlight the impact of COVID on Exhibition Venues, which provide critical Industrial Infrastructure for the exhibition and convention industry. Exhibition venues bring together exhibition organizers, service providers, exhibitors and visitors on a single platform to conduct business and trade, by providing physical infrastructure, exhibitor facilities, visitor management, IT enabled services, etc. of international standards. In industrialized countries like Europe, US, Japan, China etc., exhibition facilities are created by Federal, State or Local Governments; and exhibition facilities are treated as industrial infrastructure supporting economic activities, local trade and business, as well as many social activities, including tourism to a considerable extent.

The Bangalore International Exhibition Centre (BIEC), India Expo Mart Limited (IEML) in Greater Noida and HITEX Hyderabad are some examples of such industrial infrastructure, set-up with the objective of providing world-class exhibition infrastructure for hosting b2b exhibitions catering to various industry segments such as engineering, agriculture, construction, machine tools, energy, mining, medical, travel & tourism, industrial automation, IT, and many more. These exhibition facilities are also offered to various institutions like CII, FICCI, Government of India, State Governments and a host of other industry Associations. International exhibition organizers from Germany, Netherlands, UK and other European countries also use these facilities for organizing trade shows.

These exhibition venues generate significant economic activity for their respective states and the national economy as a whole. For instance BIEC, established by the Indian Machine Tool Manufacturers' Association (IMTMA), organizes around 40 trade shows and events every year, which generates approx. Rs. 2,570 crore of economic activity in Bangalore. Such economic activity, generates around Rs. 345 crores of tax revenues for the Union and State governments. The estimated trade and business transactions conducted by industry at exhibitions in BIEC is around Rs. 32,300 crores.

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Similarly IEML, which is established by the Export Promotion Council for Handicrafts (EPCH), organizes around 44 trade shows and events every year, generating Rs 3,100 crore of economic activity in Greater Noida (UP), and Rs.610 Crore of tax revenues (GST, Excise & Income Tax) for the Government. The estimated trade and business transactions conducted by industry exhibitions in IEML is around Rs. 75,000 Crores including some of the major business shows related to Handicrafts, Auto, Electrical, Renewable & Pharma sectors, and many others.

Also during major shows, hotel occupancy in the respective cities goes up by 35%-40% and over 2,500 cabs are used every day. It also generates employment for 25,000 temporary staff who get employed with Stand Contractors, Logistics Service Providers, F&B agencies, and Advertising & Promotional agencies during trade shows. Besides, exhibition venues engage many agencies for the maintenance and upkeep of the premises, which generates employment for around 250 people on a regular basis in the respective cities.

The COVID-19 pandemic has disrupted the exhibition industry, with many trade shows cancelled or rescheduled in FY21. For example, BIEC which held 41 exhibitions in FY20 is facing complete cancellation of shows in Q1 and Q2 of FY21. We also expect serious impact on show schedule in Q3 and Q4 of FY21 with either complete cancellation or further postponement / reduction of show size. FY22 is likely to be similarly affected. All shows at IEML scheduled in Q1 and Q2 are either cancelled/postponed. Further, uncertainty looms very high for shows scheduled in Q3/Q4 with severe impact on the revenue.

As a result, the number of exhibition days at such venues has drastically reduced, thereby reducing income levels, which will impact sustainability of this critical industrial infrastructure seriously. Moreover, expenditures on maintaining post COVID health and safety protocols is expected to go up significantly. Notwithstanding, exhibition venues have to maintain the facilities, in order to be ready to host international exhibitions when they resume.

Exhibition venues invest significant capital to construct and maintain the industrial exhibition infrastructure to international standards. BIEC for instance, has been set up with approvals and policy support of various government agencies, and support of term loans from various financial institutions, besides internal accruals of IMTMA. While the Government of Karnataka facilitated allocation of 56 acres of land to BIEC as per its Infrastructure policy; grants from GoI for the Training & Conference Centre, term loans from financial institutions, and internal accruals from IMTMA, worth a total of Rs. 478 crores has been invested for bringing up BIEC as a world class industrial exhibition infrastructure. IEML too has invested over Rs. 670 Cr till date, including upcoming projects, to build its exhibition infrastructure.

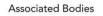
Similar to other infrastructure projects, exhibition venues require significant capital infusion with low annual returns, high maintenance costs and long payback gestation periods. The benefits from exhibition infrastructure actually accrues to businesses which participate in exhibitions, transact business, and generate enquiries for future orders; which in turn leads to a significant positive impact on the economy and trade of the nation. Benefits also accrue to support sectors like travel, hospitality and tourism.

In order to mitigate and overcome the fallout of the COVID crisis, we wish to propose to the Government, a sustainability package for exhibition venues as follows:

- A moratorium on repayment of term loan instalments for a period of two years
- A reduction of 50% in interest rate on term loans for a period of two years

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- Provide a business disruption loan at 5% interest rate with a longer repayment tenure; or provide a onetime grant in proportion to the business impact generated by the venue
- Provide a **30% space rental support for one year.** This will enable venues to provide exhibition space to organizers at rates that will incentivize them to make an early return to business in the changed circumstances

The impact of COVID has been particularly adverse for exhibition venues, with uncertainty surrounding the restart of exhibitions in the near future, despite the industry developing SOPs for a safe restart. The situation for exhibition venues is akin to other infrastructure sectors such as the airline and airport infrastructure sectors, which are also severely impacted. Meanwhile, the fixed costs related to debt servicing and operational readiness remain.

We sincerely urge your favourable consideration of the proposal, for sustainability of the exhibition infrastructure industry, and hope for a positive outcome.

With warm regards,

S. Balasubramanian President Indian Exhibition Industry Association (IEIA)

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