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Hon'ble Minister of Finance
Government of India
Room No.134, North Block
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Respected Madam,

Sub: COVID-19 challenges – Stimulus measures required for the Indian Exhibition Industry

Industrial exhibitions are the catalyst for promoting trade and commerce. The Indian exhibition industry organizes over **550 events** annually with revenues of over **Rs. 23,900 crs.** While direct exhibitor spend on **space rental and exhibition services** is **Rs. 3,250 crs** the balance **Rs. 20,650 crs** arises out of indirect spend by participants on **travel, hospitality and tourism.** Government revenues, both GST and Income tax, generated by the exhibition industry through its various components is estimated at **Rs. 3,100 crs** (Annexure 1).

Most importantly, the exhibition industry facilitates trade and business transactions for exhibitors worth over **Rs. 3 lakh crs,** supporting the growth of all industry, besides generating government revenues estimated at around **Rs. 19,500 crs.** Industrial exhibitions in particular play a major role in promoting trade, with an **exhibitor spend to business generation multiplier as high as 1:12.** This is a large output for industry and significant revenues for the government, which the country cannot forgo (Annexure 1).

The industry also generates **employment of over 120,000 people,** engaged by various stakeholders both in the organized and informal sectors, with a large number of them being self-employed. The exhibition industry comprises of three major stakeholders – Exhibition venue owners; Exhibition organizers & Service providers; and Exhibitors. The impact of the COVID-19 crisis on each of the stakeholders is highlighted below.

Impact on exhibition venues

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. Such venues in the public and private sector include Pragati Maidan, New Delhi; Bangalore International Exhibition Centre (BIEC); IEML, Greater Noida and HITECH Hyderabad. These venues have invested significant capital to construct and maintain them to international standards; in some instances with the help of long term loans from leading financial institutions.

The COVID-19 pandemic has disrupted the exhibition industry, with over 100 trade shows cancelled or rescheduled in FY21. The industry expects around 50% of the exhibitions to be cancelled in FY21. FY22 is likely to be similarly affected. Normal exhibition schedules will not resume until the world is declared virus free, global economies return to full working, and international travel and shipping is restored fully. As a result, the number of exhibition days at such venues has drastically reduced, thereby reducing income levels, which will impact sustainability 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.



Impact on exhibition organizers and Service providers

Exhibition organizers and Service providers have been very adversely impacted by the COVID-19 lockdown in terms of cancellation and/or rescheduling of many events. This has resulted in direct loss of revenue and severe liquidity crunch for the organizers and the service providers, with their sustainability at great risk. Post COVID, the industrial exhibition sector expects significant reduction in participation from exhibitors, especially MSMEs and international exhibitors.

Impact on exhibitors

Exhibitors and exhibitions are critically inter-dependent on each other. Most importantly, industrial exhibitions are of significant importance to the MSME sector, which has limited resources for business promotion and advertising, unlike large corporations, therefore making it the first and possibly only choice of MSMEs for their business continuity plans post COVID. Exhibitions act as a springboard for industry and can enable faster recovery of business and trade to normalcy.

The exhibition industry has been very adversely impacted by the COVID crisis. **It will require a stimulus measure from the Government for three years (FY21-FY23) to put the industry back in action.** In order to mitigate the adverse effects of the crisis on the exhibition industry, we wish to put forth a few relief measures, by the government, to enable the industry tide over and emerge stronger from the crisis.

Stimulus measures for Exhibition venues (Annexure 2)

- Provide a **30% space rental support per annum for three years**. 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.

Stimulus measures for Exhibition organizers and Service Providers (Annexure 2)

- **Income Tax exemption on direct foreign exchange earnings from exhibitions per annum for three years**. This will significantly help exhibition organizers promote their shows globally and retain international participation in trade shows organized in India, thereby sustaining global value chains operating from India, as well as earn valuable foreign exchange for the country.
- **Grant of 10% of annual revenues of Rs. 3,250 cr per annum for three years**. This will help exhibition organizers promote their trade shows more effectively and bring in participation of industry players, especially MSMEs.

Stimulus measures for MSME and Non-MSME Exhibitors (Annexure 2)

- **Provide 100% space rental support for a maximum of 15 sqm space with a cap of Rs. 1 lakh per exhibitor for two trade shows** (i.e. a maximum support of Rs. 2 lakh per company) **per annum for three years**. In order to encourage MSMEs to get back to business at the earliest, there can be no better incentive than to encourage them to participate in industrial exhibitions.

Relief measures for the Exhibition industry in general

We had submitted a set of relief measure in our earlier communication dated 28th March 2020.



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The exhibition industry has been severely impacted due to the COVID crisis and it will take a stimulus measure from the Government to put the industry back in action.

- The size of the exhibition industry is **Rs. 24,000 crs per annum** and the taxes generated by various components of the industry is estimated to be around **Rs. 3,100 crs.**
- The exhibition industry generates business transactions to the extent of **Rs. 3 lakh crs per annum**, besides generating government revenues worth **Rs. 19,500 crs.**, which the country cannot forgo.
- The stimulus package requested by IEIA is **Rs. 1,050 crs per annum**, which is small compared to the business volume and taxes that the government will get if the industry got back to business early.
- The industry has a large employment component, estimated around **120,000 persons**, which is both in the organized and informal sectors. The self-employed form a large part of this, and their prospects will be seriously affected if the exhibition industry were to go into a long decline.

By government extending the stimulus package, the industry can gear itself up to restart exhibitions as soon as conditions for travel and international shipping becomes normal, and minimize the loss of revenue to the organizers and venue operators. It will safeguard resulting trade and business volume besides the tax revenue accruing to the government.

We look forward to your favorable consideration of our proposal.

With Warm Regards,



S. Balasubramanian
President
Indian Exhibition Industry Association (IEIA)