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2cr new hires by 2015, says NRAI

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ROOPSHREE NAIR
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India's restaurant sector is set to witness substantial growth, and employ close to 20 million people by 2015, according to a white paper released by the National Restaurant Association of India (NRAI). The paper pegs the restaurant sector's current growth at 5%-6% per annum and revenues at Rs 43,000 crore. Interestingly, it estimates that while 50% of urban Indians regularly eat out at restaurants, 25% of them mention eating out as one of their most enjoyed activities.

However, the restaurant sector, despite having huge potential, remains largely unorganised and neglected by the Government. Currently, the organised segment of the restaurant space is just about 16%, whereas the unorganised segment stands at 84%. By 2015 though, this figure is set to dramatically improve, with the organised segment occupying 45% and generating revenue to the tune of Rs 28,000 cr, out of the total projected Rs 62,500 cr.

The restaurant sector, despite having huge potential, remains largely unorganised and neglected by the Government. The Government can earn huge tax revenue from it if due steps are taken.

Licencing is one of the key problems being faced by this sector with different laws prevailing in different States, and the high costs of procurement involved. Samir Kuckreja, President, NRAI, and chief executive of Nirula's elaborates: "A restaurateur has to go through the complexity of obtaining multiple licences for one restaurant. Apart from that, the licence fees vary across States."

Sample this: While the cost of procuring a licence in Delhi is Rs 4-5 lakh per annum, in Andhra Pradesh it amounts to Rs 26 lakh. In Karnataka, one has to shell out a staggering Rs 35 lakh above the annual fee.

Vipin Luthra, Vice-president, NRAI, and managing director of Precious Hospitality and Resorts (Geoffrey's) says: "Simplification of licencing will go a long way in contributing to the growth of the restaurant industry".

In fact, there exists a strong case for declaring the restaurant sector as an industry. Hotels, which employ 0.5 million individuals are considered an industry whereas restaurants, which employ ten times that number are not. "Support from the Government is needed in the form of legislation, easier financing, simplified tax structures and encouraging private players to set up good quality training institutions", says Vipin.

The NRAI's white paper should serve as a wake up call for the Government, as it can earn significant tax revenues if due steps are taken to regulate and realise the huge potential of this sunrise sector.