GOVERNMENT OF KERALA

Abstract

Tourism Department - Crisis in the tourism industry due to the out break of COVID-19

- Tourism Working Capital Support Scheme - Relief Scheme for the industry - Approved

- Orders issued.

TOURISM (C) DEPARTMENT

G.O.(Rt)No.270/2020/TSMDated,Thiruvananthapuram, 14/08/2020

Read 1) Letter No C1/180/2020-Tour dated 16.06.2020 from Secretary to Government, Tourism to the Convenor, SLBC Kerala

2) Letters No. DIRECTOR-4046/2020 dated 16.06.2020 22.6.2020 and 11.8.2020 from the Director, Department of Tourism.


ORDER

Kerala Tourism has been a significant contributor to the economy of Kerala for decades with revenue of Rs.45,019 crores to the sector in 2019 and providing employment to approximately 1.5 million people, directly or indirectly. However, COVID-19 virus pandemic has brought the entire tourism industry to a grinding halt with an estimated loss of Rs. 20,000 crores. This effect of COVID-19 is expected to affect tourism industry for more than 6 months before the tourists get enough confidence to travel. Tourism stakeholders with no business and no income for almost five months find it difficult to function without working capital assistance.

2) The Director of Tourism, as per the letters read as 2nd paper above, has proposed a loan scheme in order to support the tourism industry in Kerala to mobilize working capital and make the industry afloat in the wake of serious losses due to COVID-19 global pandemic, in association with the State Level Bankers' Committee Kerala. This loan scheme is envisaged to make available a working capital facility for the
entrepreneurs in the tourism sector who are affected by the detrimental effect of COVID-19 pandemic.

3) The Secretary to Government, Tourism, as per the letter read as 1st paper above has requested the State Level Bankers' Committee (SLBC) Kerala to consider the proposal to extend loans to support the entrepreneurs in the tourism sector and approve a new scheme to provide credit facility for them as working capital assistance.

4) The State Level Bankers' Committee Kerala after discussions in SLBC Sub Committee has approved the 'COVID 19 Relief Scheme for the Travel and Tourism sector' and informed the Government vide letter read as 3rd paper above.

The Working Capital loan scheme approved by SLBC Kerala and the Guidelines regarding eligibility and procedure of implementation are appended to this order.

5) In this scheme, the interested Tourism Industry stakeholders can apply for working capital loan upto Rs 25 lakhs from the Banks at a rate of interest as per the approved policy of the respective Banks. The repayment of the loan shall be made by the loanee in 42 months including an initial repayment holiday of 6 months. 50% of the interest on the loan for the first 12 months will be absorbed by the Department of Tourism, Government of Kerala. Interest subvention of 50% will be on the interest applied by the Bank for the first year of the loan subject to a maximum of 4.50%.

6) Financial commitment to Government under this scheme for 50% interest subvention for 1 year for a loan amount of Rs 355 crores is approximately Rs.15 Crores.

7) Government have examined the matter in detail and are pleased to approve the Tourism Working Capital Support Scheme as detailed above and as per the SLBC loan scheme and the Guidelines appended to this order. Sanction is also accorded to meet the amount required for interest subvention under this scheme from the subsidies head of account "3452-80-800-90(26)-33 Incentives for Creation of Infrastructure facilities and Tourism products in the private sector".

8) Director of Tourism shall furnish to Government resumption proposal from the capital head of account "5452-01-101-99-00-34-03(P)" to provide equivalent amount under the head of account "3452-80-800-90(26)-33(P)" through additional authorisation in order to meet the initial requirement of Rs.5 Crores towards this scheme.

9) Director of Tourism shall prepare an online portal for implementation
of this scheme.

(By order of the Governor)

RANI GEORGE
SECRETARY

The Director, Department of Tourism, Park View, Thiruvananthapuram.
The Principal Accountant General (A&E) Kerala, Thiruvananthapuram.
The Accountant General (Audit-I&Audit-II) Kerala, Thiruvananthapuram.
The Convenor, SLBC Kerala & General Manager, Canara Bank, SLBC Cell, Circle Office, Canara Bank Building, Thiruvananthapuram.
Finance Department (Vide U.O.(F)No. 1531387/EXP.B3/190/2020-FIN dated 03.08.2020).
Information & Public Relations (Web & New Media) Department
(For publishing in the Government Website).

Stock File / Office Copy
Copy to :- PS to Minister (Tourism)
                 PA to Secretary (Tourism)
                 CA to Additional Secretary (Tourism)

Forwarded /By order

Section Officer
COVID-19 Relief Scheme for Travel and Tourism Sector
Limit up to Rs.25 lakhs

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<th></th>
<th>Scheme type</th>
<th>Relief Scheme for Travel and Tourism Sector</th>
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<td>2</td>
<td>Objective</td>
<td>For resurrection of travel and tourism sector post COVID 19 outbreak</td>
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<td>3</td>
<td>Operation of the scheme</td>
<td>All Districts in the State of Kerala</td>
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<td>4</td>
<td>Validity of the scheme</td>
<td>31.03.2021</td>
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<td>5</td>
<td>Purpose</td>
<td>To provide need based working capital assistance to units functioning in travel and tourism sector affected by COVID 19 outbreak</td>
</tr>
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</table>
| 6 | Eligibility       | a. New customers & existing borrowers  
b. Proprietorship firms/Partnership firms/Ltd Companies etc  
c. Should be in possession of valid trade license as per extant guidelines  
d. Should be in possession of all statutory approvals for the functioning of the firm/unit  
e. Should be GST registered wherever applicable  
f. The borrowers should not be in SMA2 status or NPA as on 29.02.2020 with any MLIs  
g. Beneficiaries whose financials supports additional finance over and above of Guaranteed Emergency Credit Line and have the repaying capacity are also eligible for this relief Loan Scheme  
h. Borrower to submit Udyog Aadhar Certificate |
| 7 | Loan quantum      | Upto Rs.25 Lakhs |
| 8 | Documents to be obtained from the applicants | a. Know Your Customer (KYC) related documents  
b. Permits applicable to the nature of activity/trade licence/other statutory permissions, if any.  
c. Photographs  
d. Any other document as requested by the Bank during the course of appraisal of the proposal.  
e. Financial Statements and Projections |
| 9 | Nature of credit facility | Working Capital Demand Loan |
| 10 | Repayment         | To be repaid in 42 months including initial repayment holiday of 6 Months. Interest as and when due |
| 11 | Rate of interest  | Rate of Interest as applicable to the Board approved policy of respective Banks. |
| 12 | Interest subvention | Interest subvention of 50% on the Interest applied by the bank for the first year of the loan subject a maximum of 4.50%. Borrower to pay in full and upon receipt of Interest subvention from the Government of Kerala / Tourism Department the same will be credited to the loan. |
|   | **Assessment of limit** | 1. New Customers - Based on eligibility as per financials submitted  
   |   |   | 2. Existing customers - Beneficiaries whose financials supports additional finance and have the repaying capacity.  
   |   | **Processing Charges** | Waived  
   |   | **Security** | 1. **New Customers availing limit upto Rs.10 Lakhs**  
   |   |   | a. Prime security: Hypothecation of current assets created out of the facility  
   |   |   | b. Collateral security : CGTMSE Coverage  
   |   |   | 2. **New Customers availing limit above Rs.10 Lakhs upto Rs.25 Lakhs**  
   |   |   | a. Prime security: Hypothecation of current assets created out of the facility  
   |   |   | b. Collateral security :  
   |   |   | i) EM of land and building / CGTMSE Coverage  
   |   |   | 3. **Existing Customers availing limit upto Rs.10 Lakhs including existing exposure**  
   |   |   | a. Prime security: Hypothecation of current assets created out of the facility  
   |   |   | b. Collateral security : CGTMSE Coverage  
   |   |   | c. Pari-Passu charge over the existing security if any  
   |   |   | 4. **Existing Customers availing limit above Rs.10 Lakhs upto Rs.25 Lakhs including existing exposure**  
   |   |   | a. Prime security: Hypothecation of current assets created out of the facility  
   |   |   | b. Collateral security :  
   |   |   | i) EM of land and building/CGTMSE Coverage  
   |   |   | ii) Pari-Passu charge over the existing security if any  
   |   | **Co-obligation/ Personal Guarantee** | Personal Guarantee of beneficial owners  
   |   | **Annual Guarantee Fee (AGF) payable to CGTMSE** | Annual guarantee fee (ranging from 1.35% to 2.00% + GST) to be paid by the borrower every year if the facility is covered under CGTMSE.  
   |   | **Credit Information Report** | Credit Information Report to be extracted and analyzed as a pre-sanction exercise as per extant guidelines. |
Guide Lines in respect of SLBC-Tourism Loan scheme

Kerala Tourism has been a significant contributor to the economy of Kerala for decades with revenue of Rs 45,019 crores to the sector in 2019 and providing employment to 1.5 million people (directly or indirectly). Kerala received more than 1.19 million foreign tourists and 18.4 million domestic tourists last year with an impressive annual growth of 8.52% and 17.81% respectively. However, COVID-19 virus pandemic has brought the entire Tourism industry to a grinding halt with an estimated loss of Rs 20,000 crores. The ban of all domestic and international flights, cancellation of trains and all local transport has made the Tourism industry bookings to almost zero. All the stakeholders – Tour operators, Hotels/resorts, Ayurveda centres, Homestays, Houseboats, restaurants, tourist guides, transport providers etc – are losing their daily bread due to this problem. This effect of COVID-19 is expected to hit Tourism industry for more than 6 months before the tourists get enough confidence to travel. Many of the staff in these tourism establishments are facing lay off/unpaid leave/reduced wages due to nil business and they are facing lot of hardships.

The tourism stakeholders with no income for almost six months find it difficult to function without working capital assistance. There is a great need for State Government to come up with a scheme to support the Tourism industry of Kerala.

Department of Tourism, Government of Kerala, has envisaged a loan scheme in association with the SLBC Kerala to support the tourism industry of Kerala to mobilize working capital to make the industry afloat in the wake of serious losses due to COVID-19 global pandemic as detailed below.
The Government would like to introduce a loan interest subvention policy, wherein Government will bear 50% of the loan interest as subvention for the loan availed by the tourism industry under this scheme, for the first 12 months. The entire share of interest should be paid by the borrower from 13th month onwards. A repayment holiday of 6 months will be applicable for all the loans.

Under this scheme, the interested Tourism Industry stakeholders can apply for the soft loan from the designated commercial banks at an interest as applicable to the board approved policy of respective banks, of which, the borrower should pay 50% of the loan interest for the first 12 months, and the entire share of interest in the following months. The remaining 50% of the interest, subject to a maximum of 4.5% for the first 12 months will be absorbed by Department of Tourism.

**COVID 19 Relief Scheme of SLBC for the Travel and Tourism sector is attached.**

1. **Purpose:-**

The travel and tourism industry is one among the worst affected sector as a result of the Covid 19 pandemic and the subsequent lockdown. In order to provide them a relief in terms of cash crunch, the Department of Tourism has approached the Kerala State Level Bankers’ Committee (SLBC) to envisage a soft loan facility to make available a working capital facility in tourism sector such as Hotels, Resorts, Ayurveda Centres, Home stays, Serviced Villas, House Boats, Tour Operators (Accredited with Department of Tourism, Government of Kerala / India Tourism), Transport Operators accredited with India Tourism etc who are affected by the detrimental effect of COVID-19 pandemic. The scheme intends to provide interest subvention on such loans for a period of 12 months for such borrowers.

As a result of outbreak of Covid 19 pandemic, thousands of employees in the travel and tourism sector have lost their jobs and are finding it difficult to survive. Through this loan scheme, the Government intends to keep the travel and tourism industry afloat by way of providing financial liquidity to the entrepreneurs and try to minimize the job loss in the sector.
This will enable the entrepreneurs to keep the industry alive and can start functioning immediately once the pandemic is over or its spread is controlled and people start to explore the destinations.

2. Eligibility:-
Establishments working in Kerala in travel and tourism sector in the following sectors.

a. Resorts & Hotels having valid Star classification from the Ministry of Tourism, Government of India/ valid license from the local self Government body (Copy of certificate to be enclosed)

b. Ayurveda Centres classified by Department of Tourism, Government of Kerala (Copy of certificate to be enclosed)

c. Tour Operators/ Travel Agents - Accredited with Department of Tourism, Government of Kerala / India Tourism with registered office in Kerala (Copy of certificate to be enclosed)

d. Transport Operators accredited with India Tourism with registered office in Kerala (Copy of certificate to be enclosed)

e. Tour Operators/ Travel Agents (with registered office in Kerala) who are having valid GST Registration (as tour operator/travel agent) and have filed GST returns for the last two years (Copy of GST returns for the last two years to be enclosed)

f. House Boats having valid license from the Port Department (Copy of certificate to be enclosed)

g. Restaurants classified by Department of Tourism, Government of Kerala (Copy of certificate to be enclosed)

h. Serviced Villas- Approved by Dept of Tourism (Copy of certificate to be enclosed)

i. Classified Grihasthali Units (Copy of certificate to be enclosed)

j. Home Stays-Classified by Dept of Tourism (Copy of certificate to be enclosed)

k. Tourist Motor Boat Operators having valid license from the Port Department (Copy of license to be enclosed)
Section 1:

Small loans ranging from Rs. 1 lakh to 3 lakhs for Small Hotels, Resorts, Home stays, Serviced Villas, Grihastali units, Tour Operator, Travel Agents, Tourist Motor Boat Operators etc.

i) Loan of Rs. 1 lakh each for 1000 units :-
   Eligible entities:
   a. Home Stays under Silver Category
   b. Tourist Motor Boat Operators having one motor boat with valid license from Port Dept

ii) Loan of Rs. 2 lakhs each for 750 units:-
    Eligible entities:
    a. Home Stays under Gold & Diamond Categories
    b. Grihasthali Units
    c. Tourist Motor Boat Operators having two or more motor boats with valid license from Port Dept

iii) Loan of Rs. 3 lakhs each for 750 units:-
    Eligible entities:
    a. Hotels/Resorts having less than 10 rooms
    b. Serviced Villas
    c. Unclassified Lodges/Tourist Homes
    d. Tour Operators/Travel Agents having turnover of Rs.20 - 40 lakhs /annum

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Total: Rs.47.50 cr. for 2500 units

Section 2:

Loans ranging from Rs. 5 lakhs to 25 lakhs for Hotels, Resorts, Ayurveda Centres, Tour operators, Travel agents, Houseboats, Classified Restaurants etc.

i. Loan of Rs 5 lakhs each for 750 units:-
   Eligible entities:
   a. Hotels/Resorts having 10-15 rooms
   b. Ayurveda Centres under Ayur Silver Classification
   c. Tour Operators/Travel Agents having turnover of Rs.40 -75 lakhs/annum
   d. House Boats having 1-2 Bedrooms
   e. Stand alone restaurants classified by Dept of Tourism under 1 & 2 Star
ii. Loan of Rs. 10 lakhs each for 750 units:-  
Eligible entities:  
a. Hotels/Resorts having 16-25 rooms  
b. Hotels classified under 1&2 Star  
c. Ayurveda Centres under Ayur Gold Classification  
d. Tour Operators/Travel Agents having turnover of Rs.75- 150 lakhs/annum  
e. House Boats having 3 Bedrooms  
f. Stand alone restaurants classified by Dept of Tourism under 3&4 Star

iii. Loan of Rs. 15 lakhs each for 400 units:-  
Eligible entities:  
a. Hotels/Resorts having 26-35 rooms  
b. Hotels classified under 3 Star  
c. Ayurveda Centres under Ayur Diamond Classification  
d. Tour Operators/Travel Agents having turnover of Rs.150-250 lakhs/annum  
e. House Boats having 4 Bedrooms and above.  
f. Stand alone restaurants classified by Dept of Tourism under 5 Star

iv. Loan of Rs. 20 lakhs each for 300 units:-  
Eligible entities:  
a. Hotels/Resorts having 36-50 rooms  
b. Hotels classified under 4 Star  
c. Tour Operators/Travel Agents having turnover of Rs.250-400 lakhs/annum

V. Loan of Rs. 25 lakhs each for 300 units:-  
Eligible entities:  
a. Hotels/Resorts having more than 50 rooms  
b. Hotels classified under 5 Star & above  
c. Tour Operators/Travel Agents having turnover of more than Rs.400 lakhs/annum

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Total: Rs.307.50 cr. for 2500 units.

Note:-  
1. A single entity with multiple units in the category of Hotels/Resorts/  
Ayurveda Centres will be eligible for a cumulative maximum of Rs.75 lakhs  
for all the units.  
2. A single entity with multiple units in the category of House Boats will be  
eligible for a cumulative maximum of Rs.40 lakhs for all the units.
3. Interest Subvention from Government

a. The Banks will provide loans to the establishments at an interest rate as applicable to the board approved policy of respective banks with repayment duration of 42 months including 6 months repayment holiday. The Department of Tourism will absorb 50% of the interest, subject to a maximum of 4.5% for the first 12 months, and the remaining 50% will have to be borne by the borrower concerned. The share of interest in respect of Department of Tourism will be released direct to the Banks on a quarterly basis on receipt of demand notice from them. The interest subvention from the part of Department of Tourism, Government of Kerala is limited to 50% of the interest, subject to a maximum of 4.5% on the loan amount for a period of 12 months from the date of sanction of the loan, provided that the borrower remits the EMIs promptly.

b. Interest subvention of 50% on the interest applied by the lending bank for the first year of the loan. Borrower has to pay in full and the Bank, upon receipt of the interest subvention from the Department of Tourism, will credit the same to the loan account.

4. Procedure of implementation

- The establishment/beneficiary, as detailed in clause 2 above, shall file a formal application along with the required documents online to the Deputy Director, Department of Tourism of the respective District. The applicant establishment/beneficiary should submit the formal application in the online platform hosted in www.keralatourism.org along with the required documents.

- The Deputy Director, Department of Tourism of the concerned District will forward the application to the Director, Department of Tourism, if the application is satisfactory in all respects, for approval and onward transmission to the concerned branch of the lending
The applicant establishment/beneficiary will get a notification by email/SMS once the application is approved by the Director, Department of Tourism.

- The establishment/beneficiary should approach the concerned branch of the lending Bank along with necessary documents in original on receipt of the notification from the Director, Department of Tourism for other documentation and further proceedings.
- Deficiencies, if any, would be communicated to the establishment/beneficiary within a period of five days by the Deputy Director and the applicant should be given sufficient time to rectify the deficiencies.
- Total loan amount under this scheme is limited to Rs.355 Crores as mentioned above and the applications will be considered on a first come first served basis.
- Sanction of loan will be the sole discretion of the bank concerned.

5. Appeals

Appeals, if any, shall be filed before the Director, Department of Tourism, Thiruvananthapuram, within a period of 15 days from the date of declining of the application by the Deputy Director/concerned bank. No appeal after this period will be entertained. The appeal shall be disposed off as early as possible within one month of receipt of the appeal after giving the appellant an opportunity of being heard, if necessary.

6. Recovery & Penalty

a. Any assistance under this scheme shall be liable to be refunded by the borrowers concerned with interest @ 14% p.a. from the date of receipt of the same, on account of obtaining the assistance by any misrepresentation, forgery or deception.

b. In case of default of repayment of the loan, the borrower will not be eligible for any interest subvention. The entire interest/penal interest will have to be borne by the borrower concerned.
c. The borrower shall not perform part/full repayment of the loan amount within twelve months of availing the loan, failing which will make the borrower ineligible for interest subvention from Department of Tourism.

COVID 19 Relief Scheme of SLBC for the Travel and Tourism Sector
Application Form

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<tbody>
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<td>1</td>
<td>Name of the Establishment</td>
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<td>Address</td>
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<td>Telephone No</td>
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<td>Email ID</td>
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<td>5</td>
<td>Nature of Business</td>
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<td>6</td>
<td>Category and amount of loan sought for</td>
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<td>7</td>
<td>Bank Account details of the borrower</td>
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<td>Account Holders Name</td>
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<td>Name of Bank &amp; Branch</td>
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- **Documents to be produced directly at the Bank is mentioned in the attached COVID 19 Relief Scheme.**
- **Documents as mentioned in the eligibility condition are to be uploaded in the portal along with the online application.**

I/We hereby certify that the above facts are true to the best of my/our knowledge. Further certify that I/We have not availed any assistance under this scheme from any other bank before.

Place:                      Signature:  
Date:                        Name:    
                           Designation:
Certification by the Deputy Director, District Office, Department of Tourism, Government of Kerala

I have verified the above application and supporting documents submitted by .................................................(Name & address of the establishment), and certify that the application is eligible to be considered for availing the loan.

Place:  
Date:  
Signature:  
Name Seal of the Deputy Director