



# HOTEL AND RESTAURANT ASSOCIATION OF NORTHERN INDIA

**President** : Sanjay Sood  
**Hony. Secretary** : Surendra Kumar Jaiswal  
**Treasurer** : Garish Oberoi  
**Secretary General** : Renu Thapliyal

**Vice President** : Amarvir Singh  
**Vice President** : R. N. Kukreja  
**Hony. Jt. Secretary** : Ankit Gupta  
**Hony. Jt. Secretary** : R.D. Anand

## Press Note

### HRANI proposes lowest slab of GST for Hospitality and Tourism sector

*The Empowered Committee of States' Finance Departments are requested to create history & make Indian Tourism truly incredible by recommending the lowest slab of GST for hospitality and Tourism.*

Hotel and Restaurant Association of India (HRANI) has been demanding rationalization of taxes since long time and with the Government being on its toes to work out the implementation of the GST Bill from April 2017.

GST is going to become a game changer for the Indian industry. To ensure that Indian Tourism & Hospitality Industry can truly leverage it to unlock economic & employment advantages for India, the following are our recommendations for the GST structure for the Indian Tourism & Hospitality industry:

- Classify Tourism & Hospitality businesses (hotels & resorts, tour operators, travel agents, tourism transport operators, convention centres, destination / amusement / entertainment infrastructure creation companies in the lower slab, which we understand could be at 5%.
- Ensure zero% rating for foreign exchange earning tourism, travel & hospitality businesses.

A meeting of HRANI Managing Committee was held at Wildflower Hall in Shimla on November 8, 2016 which was followed with a press meet also.

GST at lowest slab of 5% for hospitality and Tourism was advocated by HRANI. A representation on the same was submitted to Sh. Shrikant Baldi (IAS) Addl. Chief Secy. (Finance, Planning, Economics & Statistics, Twenty Point Programme). To discuss the same in details Mr. Sanjay Sood, President, HRANI and CEO, the Devicos, Shimla; Mr. Surendra Jaiswal, Hony Secretary and Mr. Garish Oberoi, Treasurer, HRANI and MC members of HRANI met Mr. V.C. Pharka, IAS Chief Secretary Tourism & Civil Aviation, Tribal Development, Information & Public Relations. The issues concerning the hospitality fraternity of H.P. were submitted to him and Hon'ble Minister of forest including other concerned officials of Himachal Government.

During the briefing, Mr. Surendra Kumar Jaiswal, Hony Secretary, HRANI emphasised that in order to boost inbound or outbound tourism, GST should be brought at lowest slab of 5% for hospitality and tourism making India a competitive tourist destination.

Mr. Garish Oberoi, Treasurer, HRANI said that GST at lowest slab will attract more investment in the country and will also be conducive to business and growth in the sector.

While addressing the press Mr. Sanjay Sood, President HRANI stated that North India showcases a canvas of diversity propelling its tourism into the big league making it competitive with other tourist destinations and Himachal Pradesh has multi-dimensional tourist attractions showcasing a pronged agenda to package and market newer destinations and experiences, thereby ensuring adequacy of carrying capacity and exponential growth in tourism. A brand by itself, the state is well recognized as a famous tourist destination. Tourism and Hospitality industry is one of the main sources of income and employment generation in the State and contributes 9.75 per cent to the State Gross Domestic Product (SGDP).

While Himachal Pradesh offers a host of opportunities for market participants and tourists alike, however, at the same time, a lot needs to be done to tap these.

## Excise Issues

**Change in Liquor License Rule under Excise Policy:** The Liquor License Rule under Excise policy needs review. The owners of all L-3 (bar in hotels), L-4 and L-5 (restaurants), are supposed to lift 25 boxes of liquor in Urban Areas and 12 boxes in Rural Areas every month. All tourism units who have license to sell liquor will have to sell these within mentioned time-frame; in case it fails to do so then it is liable for penalty/compensation. Hence, such an anomaly must be deleted from the policy.

**Permission to avail benefits of Export Promotion Capital Goods (EPCG) license issued by Directorate General of Foreign Trade (DGFT)** Under the EPCG scheme, the Hotels and Standalone restaurants approved by Ministry of Tourism, Government of India are eligible to duty credit entitlement according to the prescribed norms issued by DGFT. The duty credit entitlement can be used for procuring imported items by these units. The duty credit can also be used for procuring imported alcoholic beverages.

The Hotels & Restaurants duly approved by Govt of India in the state are deprived from this benefit of EPCG license as they cannot procure imported alcohol at low rates using the same but are bound to purchase from HP Corporation/ local vendor which is priced at much higher rate.

## Ease of Operations

- The Himachal Government has accorded top priority for the development of tourism in the State. In order to encourage private entrepreneurs for setting up new units, the Govt. need to encourage tourism friendly investment schemes by inviting the top players of the industry helping them in all acquisitions and other official matters. This will not only provide an impetus to tourism scenario in the state but will also open new avenues for revenue for the Govt.
- The State Finance Corporations including Cooperative banks be asked to frame special schemes for financing tourism projects with all attractive benefits.
- There is an immediate need to create own land bank for potential tourism sites. This will enable them in getting all clearances and will also put them for Auction, making it easy for new investors to start their projects easily, without experiencing private and official hurdles in terms of acquiring land or any other permission.

## Department of Tourism

- The Government norm of refund in case cancellation of reservations needs an urgent review. Such refund policy is impractical and unfair on the part of stakeholders as the rooms are booked in advance and it is difficult to sell rooms at a short notice.

It is pertinent to mention here that on the one hand the excise policy mandates the stake holders to sell the liquor stock in the stipulated time frame and on the other hand the tourism department is enforcing 50% refund even if the cancellation of party is made 24 hrs before the event which is also against the fundamental rules.

- Tourism Department in the state must proceed towards evolving as 'Nodal Agency' helping investors to obtain all essential permissions in time bound manner so that delay in setting up of tourism ventures can be avoided.

## Improvement in State Connectivity

Though the number of tourists, domestic and foreign, visiting the state is increasing every year, Connectivity remains a major issue posing hindrance in tourism growth and development. Tourists return unsatisfied because of bad condition of roads, long traffic jams, shortage of parking places, lack of entertainment parks and other infra structural facilities. To add to this, poor rail and air connectivity has failed to give the required spur to high end tourism. Therefore, it is high time that sincere efforts be made to create quality infrastructure for connectivity.

FOR HRANI

**Renu Thapliyal**  
Secretary General

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*About HRANI - Hotel and Restaurant Association of Northern India (HRANI) - a Northern outfit of FHRAI is an apex body representing Hotel & Restaurant Industry of the 9 North Indian States. Since its birth, the organization has been effectively working for the cause of hospitality industry and plays an important role in developing tourism in the states, which come under its purview. These nine states are Delhi, Haryana, Punjab, Rajasthan, Chandigarh, Himachal Pradesh, Jammu & Kashmir, Uttar Pradesh and Uttarakhand.*