

FHRAI clarifies stance on banana row, says hotel conduct was not illegal

In light of a recent incident at JW Marriott Chandigarh concerning celebrity Rahul Bose being billed Rs 442 for two bananas, the Federation of Hotel & Restaurant Associations of India (FHRAI) has clarified that the hotel has not done anything illegal. It also reiterated that charging 18% GST was a legal requirement incumbent upon the hotel.

“Chain hotels have presence across several cities and follow Standard Operating Procedures (SOPs). We need to understand that the hotel is not engaged in the sale and purchase of fruits and vegetables but it provides service of accommodation as well as restaurant service which include supply of food and beverages to its guests. Unlike a retail store where bananas can be purchased at market price, a hotel offers service, quality, plate, cutlery, accompaniment, sanitized fruit, ambience and luxury and not the commodity alone. A coffee available at ten rupees at a roadside stall could be served at Rs 250 in a luxury hotel,” said Gurbaxish Singh Kohli, vice president, FHRAI. FHRAI also clarified that the hotel has done the right thing by charging 18% GST on F&B served in the hotel premises. GST laws are not optional, but are to be charged to the customer and passed on to the government as per provisions of the law. It further stated that the rate for supply of services including goods by a restaurant is 9% CGST and 9% UT GST. It stated that the hotel has correctly charged the Goods & Service Tax (GST) on the bill which was legally payable by the customer.

However, the apex hospitality body has issued an advisory to its members on ways to handle such situations where a guest may have ordered eatables, including fruits from outside the menu. The concern is conflict resolution and for such a situation to not repeat. We do not wish for guests to experience a situation like this and are deliberating on possible measures that hotels could take. We will advise our members to sensitize the staff on the subject and will advise precautionary measures to avoid such happenings in the future,” added D V S Somaraju, honorary treasurer, FHRAI.