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FHRAI to ponder legal recourse on liquor ban in hotels and restaurants

Apprehends major loss to industry and image loss to Indian tourism

The emergency board meeting of Federation of Hotel & Restaurant Associations of India (FHRAI), largest body representing the hotel industry in the country, has decided to ponder legal recourse available on a war footing to overcome the current peril the hospitality industry in the country in general and the tourism industry in particular in the wake of the Supreme Court verdict banning all sorts of liquor business around 500 mtrs radius of the national and state highways in the country.

Board members of the Federation from all regions of the country has briefed the media here in Delhi today about the revenue loss to the industry and for investors who invested in a legitimate business after receiving all the approvals to run their business. The Federation has put the consolidated loss to the States and the industry at more than 2 lakh crores, with an expected job loss of half a million.

Talking to the media, SM Shervani, former President of FHRAI said that “location is the most critical component” for hospitality industry and feasibility of hospitality projects are done combining both the room business and the food and beverage business. The feasibility will go haywire if restrictions are imposed on any of these components, he said. While the spirit of the verdict is against the menace of drunken driving and loss of lives on Indian roads, he said that there is no concrete figures to prove that these accidents are caused after consuming liquor at established bars in hotels or restaurants. Taking the blame partly on the industry for the ban, Shervani said that while the court didn’t look at the issue in the right way, the industry also failed to explain or communicate its concerns to the courts in the right perspective.

Garish Oberoi, Vice President of FHRAI said that the menace of drunken driving on Indian roads can be contained if there is strict enforcement of laws at the check points available on highways. India is a country with highly regulated excise regime, through this order the industry will change from highly regulated to totally unregulated one, he said.

Expressing similar sentiments, Sudesh Poddar, President of Hotel & Restaurant Association of Eastern India (HRAEI) said that the entire hospitality industry is adversely impacted on stretches like Siliguri – Darjeeling Highway after the ban came into force. “Most of the entrepreneurs who bid as part of the government PPP projects along highways had modeled their cash flows on elements like F&B,



banqueting, conferencing, rooms, etc. If these restrictions are not lifted, most of these projects will become NPAs,” he said.

Dilip C Datwani, President of Hotel & Restaurant Association of Western India (HRAWI) asked why hospitality investors have been penalized while they have invested in a legitimate business. He said that the menace of drunken driving can be contained only by stricter enforcement of laws, and a ban is not a remedy.