

GST, Copyright & Growth: India's hospitality needs fair play, not favours

The Federation of Hotel & Restaurant Associations of India (FHRAI), representing over 1 lakh hotels and 5 lakh restaurants nationwide, convened a special press briefing at Le Meridien, New Delhi, alongside its 69th Annual General Meeting, to draw urgent attention to the critical policy issues impacting India's hospitality sector.

The session was led by Surendra Kumar Jaiswal, the newly elected President of FHRAI, who shared his vision for the industry and called for immediate government intervention to safeguard the future of hospitality—a sector that directly and indirectly supports over 60 million livelihoods.

GST Concerns and Industry Impact

Jaiswal emphasised that 90% of India's hotels operate below a room tariff of ₹7,500 and are subject to a 5% GST without Input Tax Credit (ITC). The withdrawal of ITC has significantly increased costs on rentals, utilities, manpower, and capital expenditure, particularly in Tier II and III cities, discouraging investments and undermining domestic tourism.

FHRAI urged the government to reinstate ITC and issue a clarificatory circular to eliminate compliance ambiguities that have burdened businesses across the sector.

Copyright Harassment in Hospitality

The President also addressed ongoing challenges around copyright royalties, where multiple societies raise overlapping claims. This has subjected hotels and restaurants to unjustified legal and financial pressures. FHRAI appealed to the government to:

- Clearly define the roles of copyright societies
- Prevent multiple collections for the same content
- Protect establishments from wrongful litigation

Vision for Infrastructure and Industry Status

Highlighting FHRAI's broader vision, Jaiswal strongly advocated for Infrastructure Status and full Industry Status for hospitality. Such recognition would unlock low-cost credit, drive balanced regional development, and stimulate investments in smaller towns and cities.

He also reiterated the sector's need for ease of doing business reforms, including streamlined licensing norms and the implementation of a Single Window Clearance System.

People at the Core of Hospitality

Jaiswal reminded stakeholders that hospitality is ultimately about people and communities. Acknowledging the contribution of farmers as the backbone of the industry, he pledged to build stronger linkages between hospitality and agriculture to support farmers' socio-economic growth.

President's Statement

"Our industry is one of the largest generators of employment and a key driver of India's service economy. Yet, the GST framework without ITC has created inequities that threaten our competitiveness. We are not seeking concessions but fairness, clarity, and parity. By restoring ITC, addressing copyright ambiguities, and granting Infrastructure and Industry Status, the government can empower hospitality to support the vision of Viksit Bharat 2047 and secure India's rightful place as a global tourism hub," said Surendra Kumar Jaiswal, President, FHRAI.

Conclusion and Government Appeal

The press briefing concluded with FHRAI's strong appeal to the government for urgent corrective measures, warning that without decisive action, the sector risks losing competitiveness, investments, and its ability to contribute to India's growth story.