

Hospitality sector awaits infrastructure status, seeks GST relief in Budget

India's hospitality sector is poised for significant growth but remains constrained by high financing costs, complex regulatory frameworks, and a shortage of skilled workers. Industry leaders are urging the government to implement **infrastructure status**, **GST rationalization**, **a digital single-window clearance system**, and **workforce development measures** to unlock the sector's full potential.

Key Priorities for India's Hospitality Sector

1. Infrastructure Status for Hotels & Convention Centers

Industry stakeholders highlight the urgent need for **infrastructure status** for **hotel and convention center projects costing ₹10 crore or more**.

"Granting industry status and its allied benefits will accelerate growth, helping India achieve its vision of a **\$1 trillion tourism economy by 2047**, while boosting employment and foreign exchange earnings," said **Pradeep Shetty**, spokesperson for the **Hotel and Restaurant Association (Western India)** and VP of the **Federation of Hotel & Restaurant Associations of India (FHRAI)**.

Why it matters:



Affordable long-term financing for hotel development



Encourages international investments to expand room inventory



Supports small and medium-sized ventures, ensuring a balanced demand-supply equation

"India must prioritize hotel inventory expansion to meet 2047 goals. Without international investments, this will be difficult to achieve," added **K B Kachru**, President of the **Hotel Association of India (HAI)** and Chairman of **Radisson Hotel Group, South Asia**.

2. GST Reforms to Stay Globally Competitive

Industry leaders advocate for **GST rationalization** to enhance competitiveness against other Asian markets.

Key proposals:

✓ **Reduce GST on hotel rooms above ₹7,500 from 18% to 12%** – This will make India more attractive to global travelers.

✓ **Lower GST on MICE tourism** – A competitive tax rate will boost India's appeal for international conferences and events.

✓ **Reduce GST for hotel restaurants to 12% with full input tax credit (ITC)** – This would help them compete with **standalone restaurants**, which currently enjoy a **5% GST rate without ITC**.

"A balanced GST structure will offset operational costs, encourage expansion, and generate employment," said **Tejus José**, Director of Operations at **ibis and ibis Styles India**.

"Simplifying GST compliance for online travel agencies with **centralized registration** would also level the playing field for Indian players," added **Dhruv Shringi**, CEO of **Yatra Online**.

3. Digital Single-Window Clearance for Hotels

The industry is calling for a **digital single-window clearance system** to streamline approvals for:

- ✓ Hotel licences
- ✓ No-objection certificates (NOCs)
- ✓ Regulatory approvals

Why it matters:

 **Reduces bureaucratic delays**

 **Encourages ease of doing business**

 **Speeds up hotel and tourism project execution**

4. Public-Private Partnerships to Develop New Destinations

India's tourism sector remains **underdeveloped** in many regions, creating an opportunity for **public-private partnerships (PPPs)**.

Dharamveer Singh Chouhan, CEO of **Zo World & Zostel**, suggested incentivized schemes like:

 **Affordable land for tourism projects**


 **Infrastructure incentives to unlock untapped regions**


 **Diverse travel offerings beyond metros**

5. Reviving Foreign Tourist Arrivals

While domestic travel is booming, India still faces a **foreign tourist deficit**—sending **three times more outbound tourists than it receives inbound**.

 **Key recommendations:**

 **Investments in Tier-2 & Tier-3 city infrastructure** to spread tourism beyond metros.

 **A renewed global marketing push**—reviving campaigns like **Incredible India** to attract international visitors.

"These measures will transform tourism into a catalyst for India's economic growth," said **Shringi**.

6. Addressing High Airfares & Aviation Fuel Costs

With the **rupee depreciating against the US dollar**, airfare hikes are a growing concern.

Avinash Chandani, Partner at **Deloitte India**, suggests:

 **Subsidies or exemptions on aviation jet fuel** to stabilize airfares and support domestic travel.

7. Strengthening India's Hospitality Workforce

Industry experts stress the need for **stronger skill development programs** to ensure India's hospitality sector remains globally competitive.

 **Proposed initiatives:**

 **Greater government allocation for training & apprenticeships**

 **Digital transformation programs for hospitality staff**


 **Upskilling initiatives for new-age tourism demands**

"While progress has been made, there's still a long way to go in fully unlocking the potential of this dynamic industry," said **Rajan Bahadur**, CEO of the **Tourism & Hospitality Skill Council**.

The Road Ahead

With the right policies—**infrastructure status, GST reforms, digital ease of business, and workforce investments**—India's hospitality sector is well-positioned to become a **global tourism powerhouse**.

 **A thriving tourism industry means:**

 More investments

 Expanded hotel capacity

 Stronger employment growth

 A \$1 trillion tourism economy by 2047

As the industry awaits policy action, stakeholders remain optimistic that **strategic reforms will pave the way for India's next tourism boom**.