

Regd. off.

105, Janpath, Bhubaneswar - 751001, Odisha
Ph : 0674 - 2535777 , fax : 0674 - 2535781, Mob.: 8895883469
Email : execsecy@hrao.org / cmd@swosti.com
Web site : www.hrao.org



HOTEL & RESTAURANT ASSOCIATION OF ODISHA
(Regd. No. 1078-296 of 1985-86)

Sri Vishal Dev, IAS
Commissioner-cum-Secretary
Dept. of Tourism, Sports & YS
Govt. of Odisha

16th May 2019

MEMORANDUM

Respected Sir

First of all we take this opportunity to thank the State Government and your esteemed self for taking quick action for restoration of Electricity, Water and cleaning of the roads etc. We would also like to congratulate the State Government for being active before the cyclone to have minimum casualty at Puri & other places.

As your esteemed self witnessed the heavy damages that occurred to the hotel industry specially in Puri, Bhubaneswar and Cuttack city. All hoteliers in Puri, Cuttack and Bhubaneswar are losing crores of rupees every day, many pre confirmed bookings / conferences / marriage bookings have also cancelled and guests are claiming for refund of their money.

In view of this an emergency meeting was called by the Hotel & Restaurant Association of Odisha (HRAO) to review the damages caused by the cyclone 'FANI' and to work out appropriate steps for rebuilding and revitalizing the tourism sector of the State.

During the meeting the following short term & long term action plan were resolved for development of the tourism sector of the State. As we are all aware that Odisha gets the lowest share in the country as far as foreign tourist arrivals are concerned, it is necessary to overcome the effects of the cyclone FANI and have a Long Term Policy towards getting more domestic and foreign tourist arrivals to the State.

Short Term Plan

- Immediate restoration of Power specially in the city of Puri along with all over Odisha.
- Sewerage line cleaning and restoration of drainage system at Puri on war footing.
- Street lights and all other public area lights must be operational with immediate effect.
- All Financial Institutions must be given clear cut instructions by the Govt. authorities to give
 - 2 years moratorium on existing term loans for repayment of Principal and Interest

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- Fresh Term loans to be disbursed for reconstruction, restoration and rehabilitations to all affected hotels with interest free moratorium period of two years and this fresh sanctions should be without any approval / documentations and on priority basis, within 30 (thirty) days from the date of submission of loan application.
- All insurance companies must be given instructions from the Govt. to disburse 50% of the claim amount by 30th May 2019. Thanks to TATA AIG being the 1st insurance company to make the Ad-hoc payment to some of the claimant as a special gesture.
- SARAI Act may please be waived off.
- One quarter Bar License Fee to be exempted.
- State Pollution Control Board may be directed for exemption of CTO (Consent to Operate) for a period of 3 years.
- Revival and restoration of surrounding tourist places for tourist attractions specially in and around Puri, Bhubaneswar and Cuttack city.
- It is estimated the damage to hotel industry is around 500 crores and govt. must plan relief measures to compensate this.
- As business hampered tremendously, HRAO proposes the Govt. should exempt employer's contribution component for PF & ESI must be exempted for a period of two years for all hoteliers.
- HRAO proposes there should be special Tax exemption for hotel industry on the heads of GST, Holding Tax, Municipal Tax and other relevant statutory taxes.
- A high level committee may be formed under the administrative control of the Tourism Secretary and the professionals from the hotel and tourism industry to resolve issues on priority basis.
- HRAO proposes there must be substantial exemption for hoteliers on Electricity Billing, Transformer & Generator restoration expenditure and subsequent relevant statutory charges.
- Immediate promotional activities by the State tourism through video films, print media (National & International), road-shows in major cities to get back the tourist flow to Odisha.
- Joint Press Conference by Govt. of Odisha, Dept. of tourism and HRAO in major cities of India.

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Long Term Plan

- According to a latest report by International Air Transport Association (IATA) the growth of more than 20% in the number of new routes in India provided a sizeable boost to passenger demand in the market due to tourism attractiveness, availability of travel alternatives and trade flows. **The HRAO demanded more international flights to operate from Biju Patnaik International Airport apart from Air – Asia & Air India to increase foreign tourist arrivals. As far as airport wise arrival of foreign tourists are concerned, Odisha is much behind the states like New Delhi (43.1%), Mumbai (18.5%), Goa (7.9%), Chennai (6.8%), Bangaluru (6.5%), Kolkata (2.7%), Cochin (2.4) etc. We can also double our domestic tourism with direct flight connectivity to Varanasi, Bodh Gaya, Pune and Ahmedabad. Odisha should focus more on domestic tourism without differentiating with international tourism.**
- States like Kerala, Maharashtra, Tamil Nadu, Rajasthan, Goa, Delhi Uttar Pradesh, West Bengal, etc., have increased foreign tourist arrivals due to availability of much more star category hotels and rooms. But in case of **Odisha (8 star hotels with 594 rooms)** FTAs have not increased in comparison to the above states. Unless our state has more number of classified hotels, we cannot increase foreign tourist footfalls in our State. **The requirement of rooms in Odisha other than Bhubaneswar & Puri are 2,000 rooms under 3-star category, 500 rooms under 5-star category and around 4000 rooms in 2-star category. We can expect more tourists only when we have more hotel rooms in different tourist locations of the State.**
- The HRAO urged upon the State Government to work out for conducting international roadshows in the countries like Bangladesh, USA, UK, Canada, Australia, Malaysia, Sri Lanka, Russian Federation, Germany, France etc., from where India receives highest number of foreign tourists. Our neighbouring states have already started doing the same. **Our State should also invite Top Travel Writers / Tour Operators from the above countries on FAM tour to witness the vast tourism potential of Odisha.**
- The Government may constitute a Tourism Development Authority for continuous infrastructure development required to retain longer duration of tourists to stay in the state. There could be game parks, water sports etc in line with Disney World or Essel World.
- An international standard convention facility is required to attract Convention Tourism which would attract large number of footfalls to the state from different countries that could help in boosting the industrial as well as the tourism footfalls to the state. The government's plan for starting the World Trade Center at Bhubaneswar should be done fast.
- Odisha Government could also develops NICHE market with specific areas like Buddhist heritage, Chilika Lake, Eco-Tourism, Wildlife, Medical Tourism, improve nightlife activities in Bhubaneswar by having daily traditional Odissi dances and start the night safari in Nandankanan which would be a great attraction for the tourists.

— Affiliated member of —

FHRAI (Federation of Hotel & Restaurant Association of India)

HRAEI (Hotel & Restaurant Association of Eastern India)

ODISHA - THE LAND OF THE LORD

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- The nature has gifted us with 1100 sq km brackish water lake 'Chilika Lake' which is the largest lagoon in the Northern Hemisphere. But, unfortunately we have not added any infrastructure or taken advantages of this nature gift to attract tourists to the State. The government may consider starting an annual Boat Race Festival at Chilika that could be open for participation by international and national level rowing associations. Water sports facilities for the youth on Chilika Lake and Development of the Biju Patnaik Park at Chilika Lake may also be done fast.
- Focus may also be turned on Spiritual Tourism and Religious Tourism to protect our Religious and Spiritual Culture.
- Cleanliness at all the temples and cultural sites should have well maintained toilets.
- Signages to the tourist sites are a bare necessity for convenience of tourists.
- Tourist Police at important crowded tourist locations must be more activated.
- Odisha completely lacks good quality tourist guides and specially in foreign languages like French, German, Chinese, Italian and Spanish.

Some of the Key Expectations from both Central & State Government

- A. **Goods & Service Tax (GST)** : Hotels with a room tariff of Rs.7,500/- and above are facing a severe constraint due to having been placed in the highest GST slab of 28%. It is perhaps the highest tax rate on hotels in the World (Indonesia 5%, China 6%, Malaysia, China, Singapore & Spain 7%, France 10%, Nepal & Sri Lanka 13%, USA 15%.

The levy of 28% GST thus constitutes a serious tax driven economic barrier for foreign tourist arrival to India and would prove unfavourable to the growth of foreign exchange earnings of hotels. Hotel industry needs to be rationalized and made tourist friendly for this GST rate. **It is therefore expected from the Government that GST on hotels having a tariff of Rs.7,500/- and above be reduced from 28% to 18%.**

- Hotels should be included in **infrastructure category** under section 80-IA of the Income Tax Act to avail deduction of 100% profits and gains obtained from the business for a time period of 10 consecutive years out of 15 years from the date of its commencement like projects such as Airports, Bridges, Highways, Sanitation, Telecom Sector, Power Plants etc.


J K Mohanty, MHCIMA

Chairman – HRAO & IATO – Eastern Region