

HRAO / C / 1149

1st February 2021

Smt Nirmala Sitharaman,
Hon'ble Union Minister,
Ministry of Finance, Government of India
New Delhi

Greetings from Hotel & Restaurant Association of Odisha (HRAO)!

Reaction of the Hotel & Tourism Industry of Odisha on the Union Budget 2021-22

Hon'ble Madam,

After listening to the Union Budget 2021-22 announced by Hon'ble Union Finance Minister, not much benefit or incentives are there for the hotels and tourism industry in the country which has been wrost affected by Covid 19.

Tourism Industry, which is considered as the 2nd largest contributor to the National GDP and employment growth after IT Sector, (which employs 10% of the total workforce in the country and generates around 9.0% of India's GDP) needs to be supported by the Union Government.

On behalf of Hotel & Restaurant Association of Odisha, we would like to suggest the followings.

1. Since Hon'ble Prime Minister announced to encourage Domestic Tourism, GST should be waived off for people making domestic travel within the country.
2. **Infrastructure Status** : To increase classified quality hotel infrastructure, that would imply a mammoth capital expenditure which can only come from private sector and that requires a long term favourable low interest rate regime as Hotels are projects with long breakeven period. Hotels thus require to be declared as an infrastructure sector so that long term funds are accessible at suitable interest rates to attract private capital hospitality, to create all India jobs and build quality accommodation supply.
3. Hotels should be charged power rates as applicable to Industries.
4. Enhancing funding limits to raise the SEIS rates to 10 per cent for hospitality industry and is made applicable on gross foreign exchange earnings for a period of five years to enhance the quality of accommodation and to enable discharging GST liabilities.

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5. Bailout packages to fund and support the salaries in the Tourism and Hospitality Sector that was affected by Covid 19.
6. GST rates on hospitality should be slashed for at least two or three years, since, currently, large hotels are charged a GST rate of anything between 12 and 18% based on room rate charged. Now that hotels are almost empty, the GST rate should be brought down to 5 or 6%.
7. Incentivize investments in Infrastructure : A stimulus to investments in tourism infrastructure can provide a major boost to the growth of tourism sector as well as creation of jobs.
8. There needs to be made an income tax exemption on travelling within India income tax credits for upto Rs. 1.5 lakhs when spending with GST registered domestic tour operators, travel agents, hoteliers and transporters anywhere within the country. It is also needed to incentive Indian corporates to undertake domestic mice (meetings, incentives, conferences & events) by offering a 200% weighted income tax expense benefit to Indian companies which are undertaking mice events in India.
9. Incentivise the Indian corporate for holding meetings & conferences in India with 200% weighted deduction of these as tax expenses against GST invoices.
10. Incentivise Indian citizens through LTA like income tax benefits for holidaying within India. These could be a deductible expense (for eg of upto INR 1.5 lakhs) against GST invoices.

It is our sincere request to the Hon'ble Finance Minister, Govt. of India to reconsider its decision regarding the Hospitality & Tourism sector of the country and oblige.

Thanking you
Yours sincerely


J.K. Mohanty, MHCIMA

*Chairman – Hotel & Restaurant Association of Odisha & IATO Eastern Region
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